



City Council and Urban Renewal Agency (URA) Joint Work Session Meeting

Tuesday, January 23, 2024

6:00 p.m. – Joint Work Session Meeting

Welcome! The public is strongly encouraged to participate remotely but there is seating at Civic Hall for those who are not able to participate remotely. However, if you are not feeling well, please stay home and take care of yourself.

*You can live broadcast the City Council Meeting on cable channels Xfinity 11 and 331,
Ziply Fiber 29 or webstream here:*

www.mcm11.org/live

Joint Work Session Meeting

You may join online via Zoom Meeting:

<https://mcminnvilleoregon.zoom.us/j/85130877535?pwd=RQrKZVtTGl7bJ3RBtDM9L1lB5axmPJ.1>

Zoom ID: 851 3087 7535

Zoom Password: 916672

Or you can call in and listen via zoom: 1-253- 215- 8782

ID: 851 3087 7535

6:00 PM – JOINT MEETING MCMINNVILLE URBAN RENEWAL AGENCY MEETING & MCMINNVILLE CITY COUNCIL WORK SESSION – VIA ZOOM AND SEATING AT CIVIC HALL

1. CALL TO ORDER JOINT WORK SESSION
2. FISCAL YEAR 2022-23 ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE CITY OF MCMINNVILLE.
3. FISCAL YEAR 2022-23 ANNUAL FINANCIAL REPORT FOR THE MCMINNVILLE URBAN RENEWAL DISTRICT.
4. ADJOURNMENT OF JOINT WORK SESSION MEETING

Meeting Accessibility Services and Americans with Disabilities Act (ADA) Notice: Kent Taylor Civic Hall is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made a least 48 hours before the meeting to the City Recorder (503) 435-5702 or Claudia.Cisneros@mcminnvilleoregon.gov.



STAFF REPORT

DATE: January 6, 2024
TO: City Council and Audit Committee
CC: City Manager and Executive Team
FROM: Jennifer Cuellar, Finance Director
SUBJECT: FY2022-23 City of McMinnville and McMinnville Urban Renewal Financial Statements

Strategic Priority and Goal



CITY GOVERNMENT CAPACITY

Strengthen the City's ability to prioritize & deliver municipal services with discipline and focus.

Annual Financial Statements Worksession

In December 2023, the City of McMinnville Annual Comprehensive Financial Report (ACFR) and the McMinnville Urban Renewal District Annual Financial Report for FY2022-23 were issued. Our auditor, Tonya Moffitt, with Merina and Company, will present the audit document information to a Joint City-Urban Renewal Agency Worksession on January 23, 2024.

Both audits received clean opinions from the city's audit firm. The McMinnville ACFR has also been submitted to the Government Finance Officers Association for consideration in its Excellence in Financial Reporting Award program.

However, two material weaknesses findings were found in the Urban Renewal financial reporting regarding capital assets identified in the wrong period and in development loans receivable that were not accounted for. These adjustments resulted in an increase in net position for the Urban Renewal Agency of approximately \$200,000. These material weaknesses also transfer over to the City of McMinnville audit as the Agency is a blended component unit of McMinnville. Two Action Plans have been developed which will be submitted to the Oregon Secretary of State's Audit Division and are on the Council agendas for adoption.

This fiscal year, because the City of McMinnville received less than \$750,000 in federal awards that were not covid recovery related, a federal single audit was not required.

The Audit Committee also meets in January to go into more detail on the financial statements and related issues with Ms. Moffitt and staff.

The documents are available on the website:

[FY23 McMinnville Annual Comprehensive Financial Report](#)

[FY23 McMinnville Urban Renewal District Annual Financial Report](#)



City of McMinnville

CITY OF MCMINNVILLE, OREGON

ANNUAL COMPREHENSIVE FINANCIAL REPORT



YEAR ENDED JUNE 30, 2023

CITY OF MCMINNVILLE, OREGON

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

YEAR ENDED JUNE 30, 2023

Prepared by:

Finance Department

Jennifer K. Cuellar-Smith
Finance Director

City of McMinnville, Oregon
Annual Comprehensive Financial Report
Year Ended June 30, 2023

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INTRODUCTORY SECTION



City of McMinnville

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

December 28, 2023

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, 2023. The ACFR presents the financial position of the City of McMinnville (City) as of June 30, 2023, 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.

Transmittal Letter
Year Ended June 30, 2023

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 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 2023 (put together by the Oregon Office of Economic Analysis) is projecting that Oregon's baseline economic outlook is for a soft landing. Excerpts from the report include:

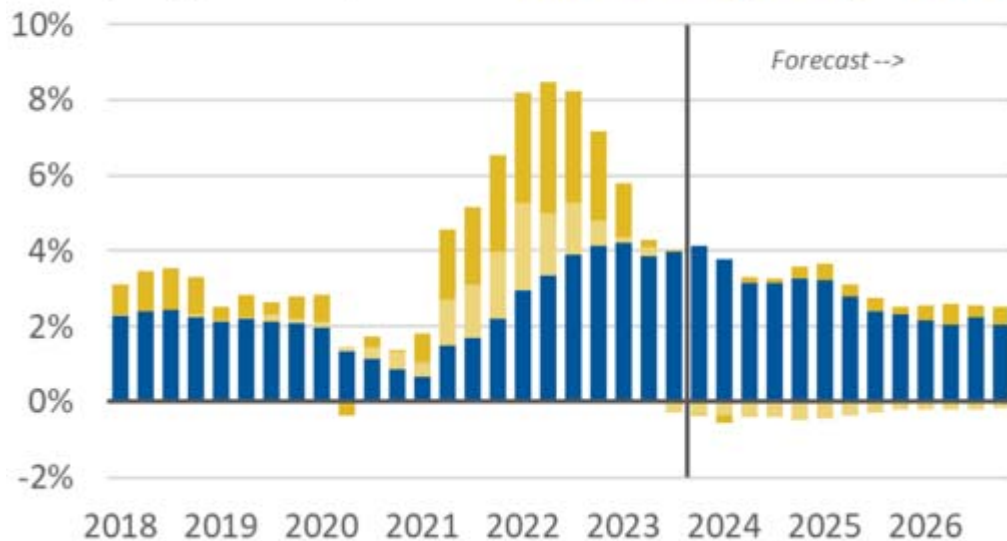
Most forecasters, including the Fed (*Federal Reserve*) itself, expects a couple of small interest rate cuts in the second half of 2024, however the rebalancing labor market and cooler inflation readings may allow the Fed to cut sooner than expected. Lower rates will spur more activity, ensuring the economic expansion continues.

Local economic growth is driven by a return to full employment, combined with stronger business investment and productivity gains. Recently released Census data confirm that the economic recovery from the pandemic has been inclusive and broad-based. Looking forward, a modest rebound in migration in the years ahead will allow local businesses to hire and expand at a faster pace than the nation. However, should migration not return as expected, Oregon's economy will not crater, but rather grow at a slower rate than in the baseline.

The Forecast includes several charts that give additional context. The first included in this transmittal letter focuses on year over year inflation rates in the West Region from 2018 to date and forecasts for 2024 through 2026. Near term inflation is shown to likely be in the four percent range, diminishing as time goes by to less than three percent in 2026. These are less than half of the near nine percent inflation seen in the summer of 2022. The Forecast noted that recent inflation information that came in during October 2023 and was too recent to be included in the forecast "showed zero percent inflation on a month-over-month basis," suggesting that an even faster slowdown in inflation may be seen.

West Region Consumer Price Index

Decomposing year-over-year inflation: **Food and Energy**, **Goods**, and **Services**



Goods and services are excluding food and energy | Latest: 2023q3 | Source: BLS, IHS Markit, OR Office of Econ Analysis

The next graphic plots actual and forecasted interest rates. The Forecast describes the trend further by saying "Expectations from forecasters, and including the Fed itself, have been for one more rate increase in late 2023, followed by two surgical rate cuts in the second half of 2024."

The Federal Reserve and Interest Rates

The Fed's own forecast of the Fed Funds Rate



Latest Actual: October 2023 | Source: Federal Reserve, IHS Markit, Oregon Office of Economic Analysis

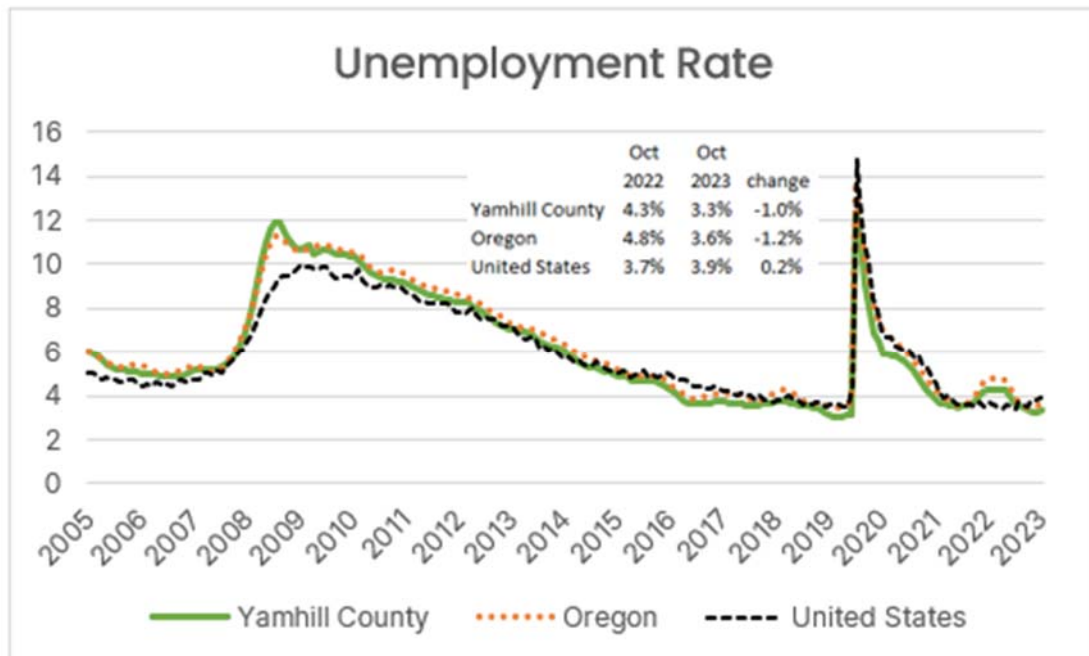
Transmittal Letter
Year Ended June 30, 2023

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 hosts approximately 100 manufacturers, engaged in the production of a diverse range of products such as recycled steel rebar, food and beverage, metalworking and metal fabrication, CNC machining, medical devices, aerospace products and parts, unmanned aerial vehicles, software, electronics, and high technology. Additionally, McMinnville has attracted emerging, potentially high-value businesses at the forefront of pioneering research and development in sustainability, carbon sequestration, and regenerative agricultural.

Along Three Mile Lane, on Highway 18, a 140-acre property, has been identified for a future Innovation Campus. In 2023, the City of McMinnville secured funds for a feasibility study on building out an innovation campus on this property. The community plan includes a vision for high-density, high-wage job creation with office space, research and development companies, and sites for industrial entrepreneurs and manufacturers.

Employment: Yamhill County unemployment rates (seasonally adjusted) are now trending 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 2022 was 4.3% while in October of 2023 it came down to 3.3%. For the state, last October was 4.8% and this October unemployment was 3.6%. Yamhill County and the state overall have seen improvements in the unemployment rate in the last year which is now roughly equivalent to pre-pandemic unemployment levels.



Source: Oregon Employment Department, seasonally adjusted

Looking at increased jobs over the last year, Yamhill County data from the Oregon Employment Department comparing June 2022 to June 2023, job gains of 950 positions were seen; 58% were in the private sector and 42% of those positions were added in government. Of private sector new employment, the health care sector had the highest level of gains followed by agriculture/forestry, professional/business services and leisure/hospitality. These private sector increases were balanced out by losses in manufacturing and finance/insurance activities jobs.

Transmittal Letter
Year Ended June 30, 2023

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. Approximately 250 wineries are found within a 20-mile radius of McMinnville with 20 craft beverage 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, the Oregon county with the largest number of acreage in vineyards, is part of the North Willamette Valley region; the latest data released in September 2023 shows an increase of 15% in wine production year over year.

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). This event, which began in 1987, normally brings 950 registered attendees for the weekend, along with representatives from 70+ wineries from Oregon and around the world.

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 to the highest levels seen per year in FY2022-23.

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 5.5%, with the most recent census estimates indicating a small increase in 2023 after two years of decreases. 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 6.9%, while the State of Oregon's population grew 8.3%.

Population Estimates

<u>Year</u>	<u>McMinnville</u>		<u>Yamhill County</u>		<u>State of Oregon</u>	
	<u>Population</u>	<u>Percent Change</u>	<u>Population</u>	<u>Percent Change</u>	<u>Population</u>	<u>Percent Change</u>
2014	32,705	0.60%	102,252	0.84%	3,962,565	1.11%
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	33,662	-1.72%	108,427	0.15%	4,267,598	0.02%
2023	34,491	2.46%	109,331	0.83%	4,290,225	0.53%

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

McMinnville's population is projected to reach approximately 39,055 by 2035, an increase of 13.2% from its 2023 population. Yamhill County's population is projected to increase by 12.7% to 123,259 in 2035, according to the PRC.

Residential, Commercial, and Industrial Development: Fiscal year 2022-23 saw a decline in permits issued relative the prior year with 1,176 this year compared to 1,283 in FY2022-23. The McMinnville Growth

Transmittal Letter
Year Ended June 30, 2023

Management and Urbanization Plan (MGMUP) was adopted in December 2020, 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% in the last five years and 45% 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)

<u>Fiscal Year End</u>	<u>McMinnville</u>				<u>Yamhill County</u>	
	<u>Taxable Value</u>	<u>Percent Change</u>	<u>Real Market Value</u>	<u>Percent Change</u>	<u>Real Market Value</u>	<u>Percent Change</u>
2014	2,233,167	1.55%	2,748,715	-0.68%	9,156,128	2.75%
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%
2023	3,296,309	4.83%	6,155,627	21.35%	21,280,443	21.74%

Source: Yamhill County Assessor's Office

From 2014 to 2023, real market value for McMinnville increased by over 120% and Yamhill County's real market value grew by over 130% in the last ten years. The City's real market value has shown a steady increase over the last five years with the increase more than doubling year over year to 21%. Taxable value as a percentage of estimated real market value was 54% in 2023.

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>
2014	5.02	0.63		5.65	16.56
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
2023	5.02	0.89	0.20	6.11	16.69

Source: Yamhill County Assessor's Office

In the upcoming fiscal year, the City has opted to under-levy its permanent rate of \$5.02 per thousand of assessed value by \$1.50 due to the establishment of a separate fire services taxing district enacted by voters in May 2023. FY2023-24 is the transition year when the fire services function will be moved from the City to the new district; the Budget Committee recommended, and the Council adopted, a budget foregoing the approximate amount of property tax that had annually supported fire and emergency medical activities pending a community engagement effort to discuss how much of the full permanent rate should be brought back in future years and allocated to which core city services and one-time investments.

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 2022-23, the City's General Fund ending fund balance is over 22% 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.17.

Major Initiatives:

After several years of review and assessment by third-party experts on the best way to serve residents, voters were asked in May 2023 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 of \$2 per thousand of assessed value to support those services. As discussed above, community engagement work and discussion at the Budget Committee and Council will determine how and when to utilize the property tax that had supported fire and emergency medical services to fill funding gaps for other core city services, capital replacement, deferred facilities maintenance and/or other one-time investments.

Transmittal Letter
Year Ended June 30, 2023

In the prior year the City Council, with support of the Budget Committee, considered and approved 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. \$1.2 million of the funds were spent on these projects at the close of FY2022-23. The City opted to exercise the ability to draw down the balance of its ARPA funds as Revenue Recovery, thus closing out the ARPA grant program in this fiscal year. The \$6.5 million in revenue recovery has been set aside as a committed balance in the General Fund and will continue to support the 28 originally approved projects.

The FY2022-23 period has seen advancement on and completion of a number of projects and core service activity metrics including:

- Completion of the NE High School Basin Sanitary Sewer Rehabilitation project
- Biosolids Tank and Mixer project, FY24 construction completion
- Development of a Mercury Water Quality Pollution Control Plan to meet the Oregon Department of Environmental Quality (DEQ) Mercury Total Maximum Daily Load requirements
- Work on Third Street Streetscape improvement continued, which will mean a significant, multi-year investment in the City's primary downtown thoroughfare
- Parks, Recreation and Open Space Plan Update technical and community engagement work got underway this year, FY24 plan completion anticipated
- Summer Fun program brought 170 fun and free activities in different geographic areas of the city to our community, serving almost 9,000 people at the events
- The Fire Department's fire/rescue responses totaled approximately 2,800 during the year
- The Police took over 32,000 calls for service in calendar year 2022, up 1.4% relative the prior calendar year and started up a drone program in FY2022-23 to assist in its public safety mission
- The library had an 11% increase in items circulated compared to last fiscal year and also increased the number of items in circulation by 6%
- The City broke ground on its affordable housing and navigation construction project, FY24 completion date anticipated

Also of significance to the community, a new City Services Charge began in January 2023. This charge on utility bills was the most meaningful new sustainable revenue source that was initiated after a year-long effort by policy makers to find equitable solutions to address the persistent funding shortfall in the general fund. The \$1.1 million in FY23 receipts supported a broad portfolio of city core services including public safety, recreational and cultural programming, upkeep of McMinnville greenspace and building facilities and basic community planning and business services.

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, 2022. 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

Transmittal Letter
Year Ended June 30, 2023

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, 2022

Christopher P. Morill

Executive Director/CEO

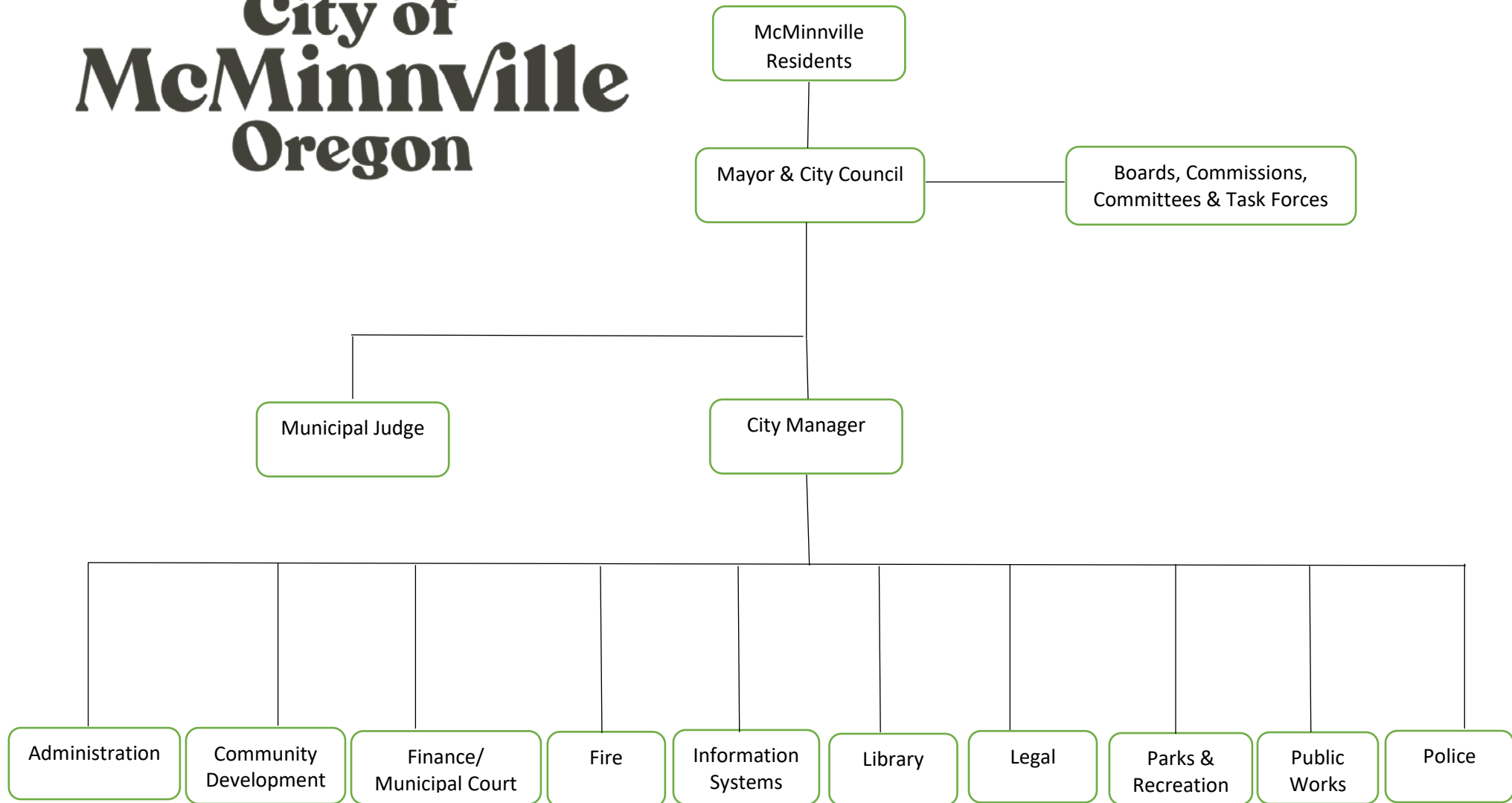
City of McMinnville, Oregon

**Elected Officials
And
Principal Appointed Officers of the City
June 30, 2023**

	<u>CITY COUNCIL</u>	<u>TERM EXPIRES</u>
Remy Drabkin	Mayor	December 31, 2024
Sal Peralta	Ward I	December 31, 2026
Chris Chenoweth	Ward I	December 31, 2024
Kellie Menke	Ward II	December 31, 2024
Zack Geary	Ward II	December 31, 2026
Adam Garvin	Ward III	December 31, 2024
Jessica L. Payne	Ward III	December 31, 2026

CITY ADMINISTRATION

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



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 unit, each major fund, and the aggregate remaining fund information of City of McMinnville, Oregon, as of and for the year ended June 30, 2023, 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 unit, each major fund, and the aggregate remaining fund information of City of McMinnville, Oregon, as of June 30, 2023, 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. 96, *Subscription Based Information Technology Agreements* and GASB Statement No. 100, *Accounting Changes and Error Corrections*. 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 the 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 statement 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 statement 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. The 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 comprehensive financial report (ACFR). 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 28, 2023 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 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 28, 2023, 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 28, 2023

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, 2023. 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 \$264.2 million at June 30, 2023, consisting of \$163.3 million in capital assets, \$62.5 million in unrestricted cash and investments, \$15.3 million in restricted cash and investments, and \$23.1 million in other assets and deferred outflows of resources. Total assets and deferred outflows of resources increased by \$9.9 million from the previous fiscal year.
- The City's liabilities and deferred inflows of resources totaled \$74.1 million at June 30, 2023 consisting of \$50.1 million in long-term liabilities and \$11.2 million in accounts payable and other liabilities, \$9.4 million in deferred inflows related to pensions and \$3.4 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 \$190.1 million at the close of fiscal year 2023. Unrestricted net position totaled \$42.7 million. The City's net investment in capital assets totaled \$139.4 million and net position restricted for capital projects, building operations, and debt service totaled \$8.0 million.
- For its governmental activities, the City generated \$13.1 million in charges for services and received \$8.1 million in operating grants and \$4.8 million in capital grants and contributions. Direct expenses, including interest on long-term debt, were \$43.8 million for the year. Total revenues, including \$31.7 million of general revenues received, and total expenditures resulted in an increase in net position of \$13.9 million.
- For its business-type activities, the City generated \$13.1 million in charges for services, capital grants and contributions, and other revenue to fund direct expenses of \$8.1 million. Year over year, an increase in net position of \$5.0 million was seen.
- Fund balance in the City's governmental funds was \$26.3 million on June 30, 2023, an increase of \$8.6 million from June 30, 2022. Approximately \$6.3 million is available for spending at the City's discretion (unassigned fund balance), up \$628,000 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.

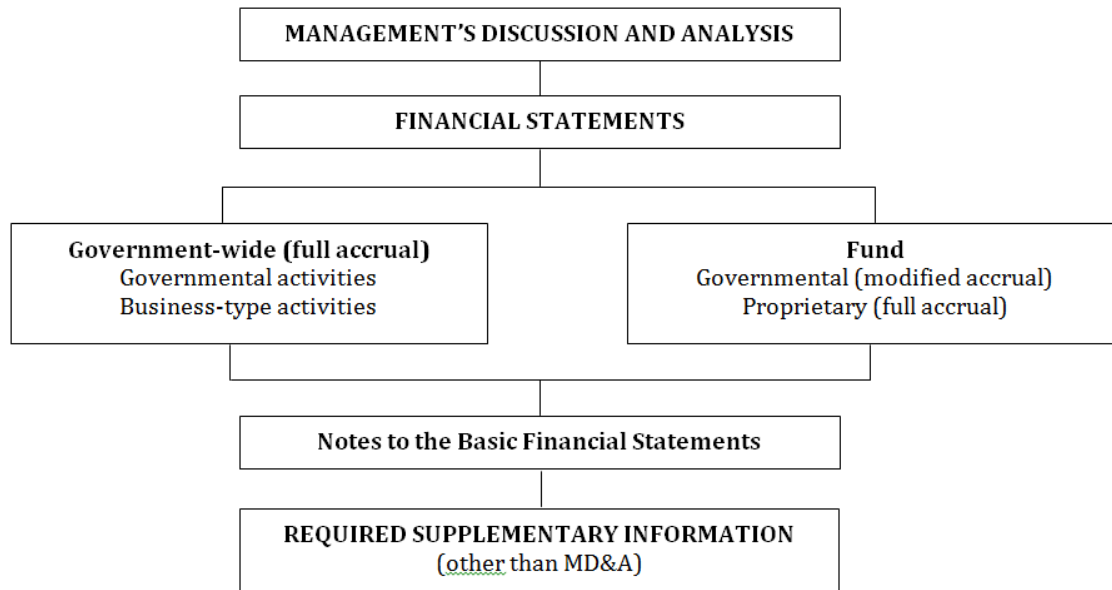
Overview of the Financial Statements

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, Affordable Housing 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 \$190.1 million at the close of fiscal year 2023.

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.

Statement of Net Position
June 30, 2023 and 2022
(in millions)

	Primary Government									Component Unit Water and Light The "Department"		
	Governmental Activities			Business-Type Activities			Total City			The "Department"		
	2023	2022	Change	2023	2022	Change	2023	2022	Change	2023	2022	Change
Cash and investments	\$ 29.6	\$ 25.3	\$ 4.3	\$ 48.2	\$ 43.2	\$ 5.0	\$ 77.8	\$ 68.5	\$ 9.3	\$ 63.4	\$ 57.3	\$ 6.1
Other assets	10.0	8.8	1.2	2.1	2.2	(0.1)	12.1	11.0	1.1	10.8	10.6	0.2
Capital assets	105.1	104.3	0.8	58.2	58.1	0.1	163.3	162.4	0.9	152.9	147.1	5.8
Total assets	144.7	138.4	6.3	108.5	103.5	5.0	253.2	241.9	11.3	227.1	215.0	12.1
Deferred outflows of resources	10.2	11.5	(1.3)	0.8	0.9	(0.1)	11.0	12.4	(1.4)	3.8	5.6	(1.8)
Other liabilities	10.5	12.6	(2.1)	0.7	0.5	0.2	11.2	13.1	(1.9)	5.9	6.7	(0.8)
Non-current liabilities	47.8	45.8	2.0	2.3	1.8	0.5	50.1	47.6	2.5	9.5	8.1	1.4
Total liabilities	58.3	58.4	(0.1)	3.0	2.3	0.7	61.3	60.7	0.6	15.4	14.8	0.6
Deferred inflows of resources	12.0	20.8	(8.8)	0.8	1.5	(0.7)	12.8	22.3	(9.5)	2.9	5.6	(2.7)
Net investment in capital assets	81.2	78.3	2.9	58.2	58.0	0.2	139.4	136.3	3.1	152.9	147.1	5.8
Restricted	8.0	7.4	0.6	-	-	-	8.0	7.4	0.6	0.2	-	0.2
Unrestricted	(4.6)	(15.0)	10.4	47.3	42.6	4.7	42.7	27.6	15.1	59.5	53.1	6.4
Total net position	\$ 84.6	\$ 70.7	\$ 13.9	\$ 105.5	\$ 100.6	\$ 4.9	\$ 190.1	\$ 171.3	\$ 18.8	\$ 212.6	\$ 200.2	\$ 12.4

The largest portion of the City's net position, or \$139.4 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 \$8.0 million and represents amounts that are legally restricted for capital expansion, debt service, or other purposes. The total \$44.7 million unrestricted net position is the net of a \$4.6 million unrestricted net position deficit in governmental activities and \$47.3 million unrestricted net position in business-type activities.

For governmental activities, total net position increased by \$13.9 million compared to fiscal year 2022. Net investment in capital assets increased by \$2.9 million. Restricted net position increased by \$600,000 and the unrestricted net position deficit became smaller by \$10.4 million compared to the previous fiscal year. Capital assets increased by \$800,000 compared to 2022 due to this year's investment in new capital assets – primarily in the vehicle and equipment categories – exceeded depreciation for the year. Deferred outflow of resources, predominantly related to future pension obligations, decreased by \$1.3 million. Long term liabilities increased by \$2.0 million, primarily due to an increase in net pension liabilities. One debt refinancing which also added debt for a capital roadway project took place during FY23 but because no draw downs on the new spending capacity were made, long term debt liability declined year over year as all commitments included annual debt service payments.

City of McMinnville - Management's Discussion and Analysis

For business-type activities, total net position increased by \$5.0 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 2023 by \$5.0 million operating surplus.

Department - Statement of Net Position: Total net position for the Department increased by \$12.4 million due to increased net investment in capital assets as well as a stronger cash and investment position relative the prior year. Total combined non-current liabilities increased in 2023 by \$1.4 million.

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

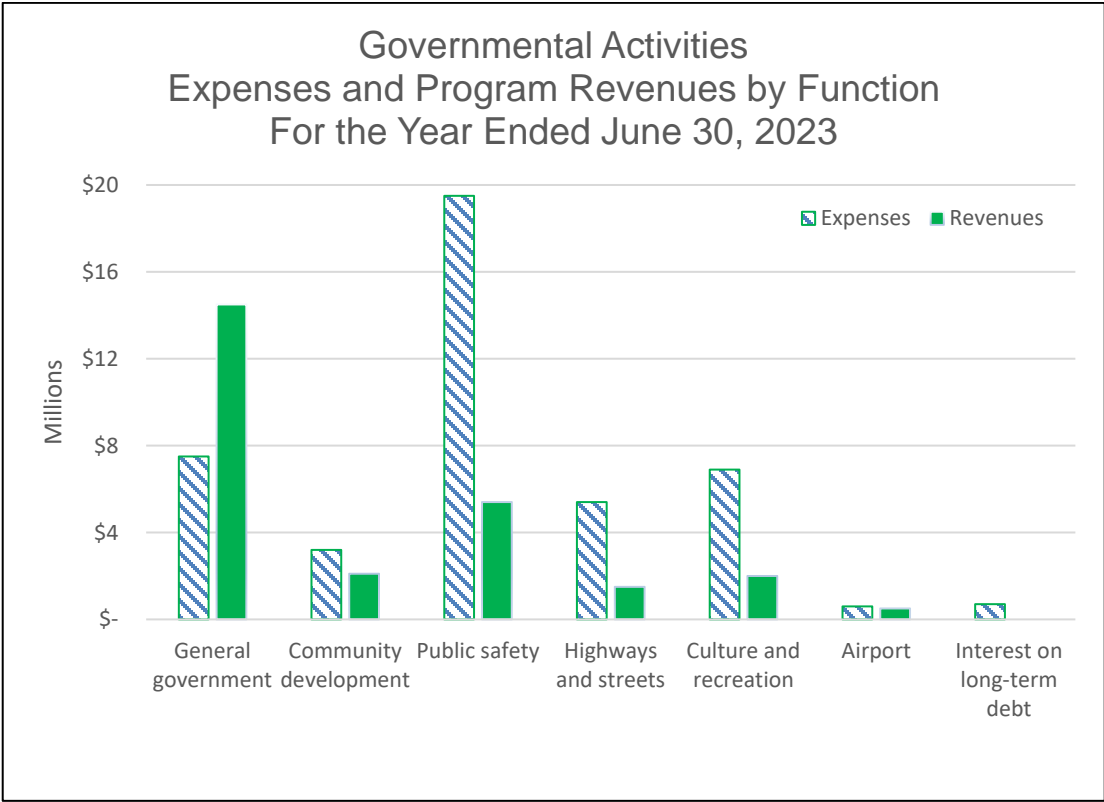
Statement of Activities June 30, 2023 and 2022 (in millions)												
	Primary Government									Component Unit		
	Governmental Activities			Business-Type Activities			Total City			Water and Light The "Department"		
	Restated						Restated			Restated		
	2023	2022	Change	2023	2022	Change	2023	2022	Change	2023	2022	Change
Revenues:												
Program revenues:												
Charges for service	\$ 13.1	\$ 12.6	\$ 0.5	\$ 11.1	\$ 10.8	\$ 0.3	\$ 24.2	\$ 23.4	\$ 0.8	\$ 51.6	\$ 50.8	\$ 0.8
Operating grants & contributions	8.1	1.8	6.3	-	0.1	(0.1)	8.1	1.9	6.2	0.5	0.1	0.4
Capital grants & contributions	4.8	2.4	2.4	1.0	1.8	(0.8)	5.8	4.2	1.6	3.8	3.8	-
General revenues:												
Property taxes	19.3	18.5	0.8	-	-	-	19.3	18.5	0.8	-	-	-
Franchise taxes	4.2	3.9	0.3	-	-	-	4.2	3.9	0.3	-	-	-
Other	8.2	6.8	1.4	0.9	0.2	0.7	9.1	7.0	2.1	6.0	4.3	1.7
Total revenues	57.7	46.0	11.7	13.0	12.9	0.1	70.7	58.9	11.8	61.9	59.0	2.9
Expenses:												
Governmental activities:												
General government	7.5	6.3	1.2	-	-	-	7.5	6.3	1.2	-	-	-
Community development	3.2	2.6	0.6	-	-	-	3.2	2.6	0.6	-	-	-
Public safety	19.5	18.3	1.2	-	-	-	19.5	18.3	1.2	-	-	-
Highways and streets	5.4	3.3	2.1	-	-	-	5.4	3.3	2.1	-	-	-
Culture and recreation	6.9	6.2	0.7	-	-	-	6.9	6.2	0.7	-	-	-
Airport	0.6	0.6	-	-	-	-	0.6	0.6	-	-	-	-
Interest on long-term debt	0.7	0.8	(0.1)	-	-	-	0.7	0.8	(0.1)	-	-	-
Busines-type activities:												
Wastewater	-	-	-	8.1	6.6	1.5	8.1	6.6	1.5	-	-	-
Component unit	-	-	-	-	-	-	-	-	-	49.5	50.5	(1.0)
Total expenses	43.8	38.1	5.7	8.1	6.6	1.5	51.9	44.7	7.2	49.5	50.5	(1.0)
Change in net position	13.9	7.9	6.0	4.9	6.3	(1.4)	18.8	14.2	4.6	12.4	8.5	3.9
Beginning net position as previously	70.7	62.5	8.2	100.6	94.3	6.3	171.3	156.8	14.5	200.2	191.7	8.5
Change in accounting principle	-	0.3	(0.3)	-	-	-	-	0.3	(0.3)	-	-	-
Beginning net position as restated	70.7	62.8	7.9	100.6	94.3	6.3	171.3	157.1	14.2	200.2	191.7	8.5
Total net position	\$ 84.6	\$ 70.7	\$ 13.9	\$ 105.5	\$ 100.6	\$ 4.9	\$ 190.1	\$ 171.3	\$ 18.8	\$ 212.6	\$ 200.2	\$ 12.4

City of McMinnville - Management’s Discussion and Analysis

For governmental activities, program revenues increased by \$9.2 million due to increases in all program revenue categories. American Rescue Plan Act one-time operating grant revenues totaled \$7.3 million in FY23. Donated park land in the contributed capital category of \$3 million was another significant, one-time contribution. Charges for services increased due to the first, partial year of a new city services charge adopted to address the persistent funding gap in the general fund for core city services including public safety, recreational and cultural programming, upkeep of McMinnville greenspace and building facilities and basic community planning and business services (\$1.1 million in FY23). General revenues increased by \$2.5 million compared to the prior year due to over \$1 million growth in interest earnings revenues and \$800,000 increase (5%) in general fund property tax receipts, explained by the statutory 3% cap on assessed property and new properties added to the rolls during FY23.

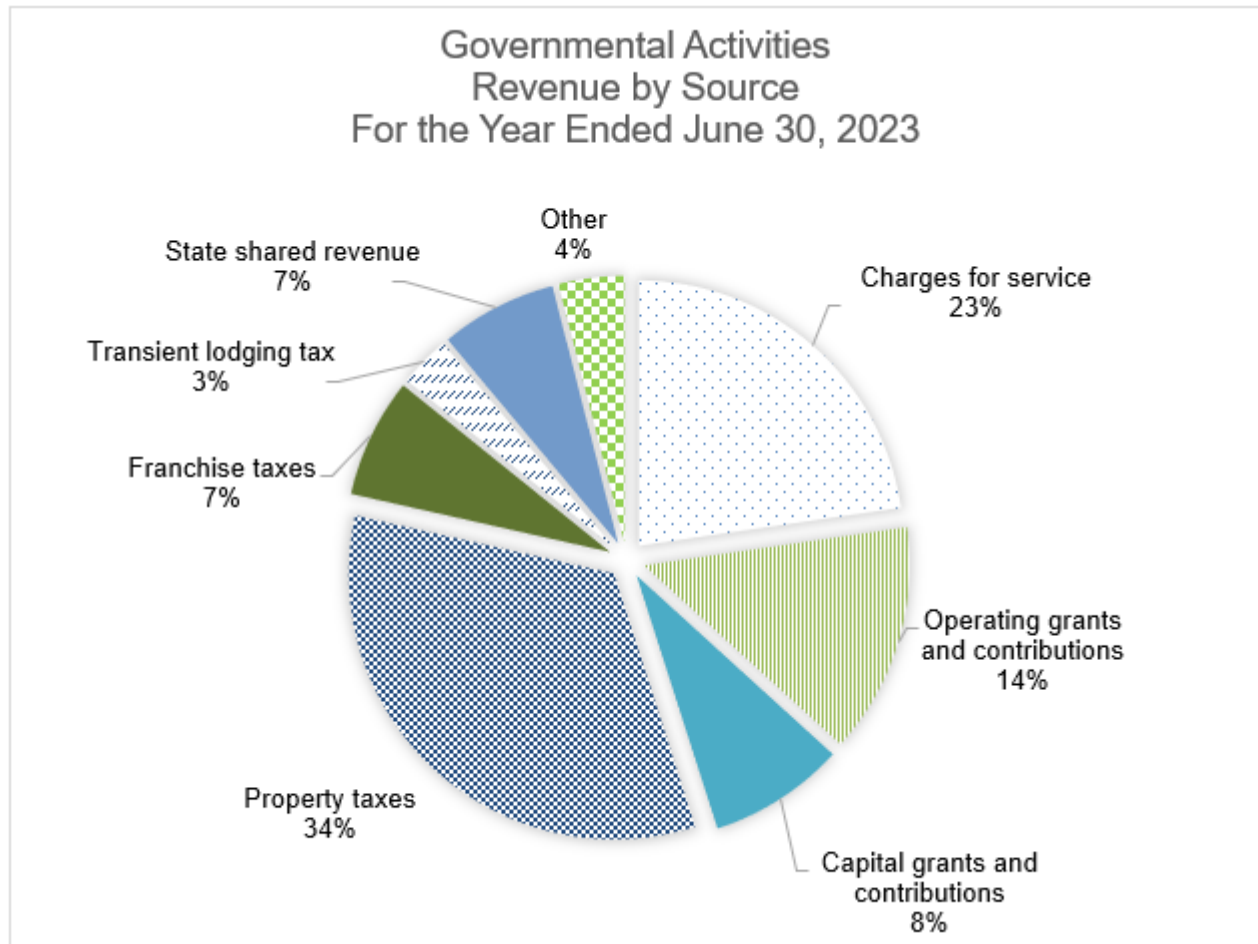
Total expenses for governmental activities increased by \$5.7 million compared to the prior year. Generally, expenses for governmental activities increase due to higher salaries and fringe benefits costs; this year, that accounts for approximately \$1.7 million in added personnel cost, or up 7% relative the prior year. Materials and services expenditures also increased year over year at \$1.2 million or up by 11%. The net impact of annual depreciation expense offset by capital investments rounded out the significant differences relative the prior year with a \$2.4 million increase. Frequently the impacts of 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 but FY23 expense relative FY22 was less than \$50,000 in lower expense. The City’s employee retirement pension plan is discussed in more detail in the notes to the financial statements, Note IV.M.

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.

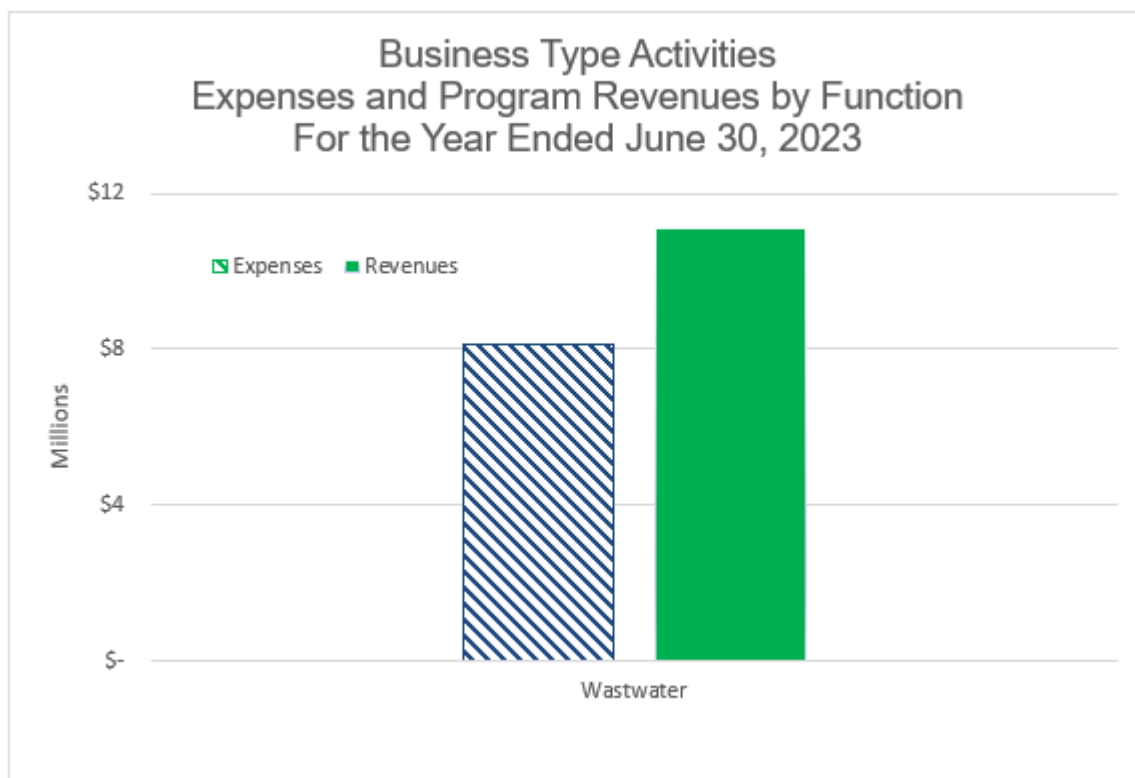


City of McMinnville - Management's Discussion and Analysis

For business-type activities, total revenue increased by \$260,000, the difference in wastewater charges for services to rate payers for wastewater services.

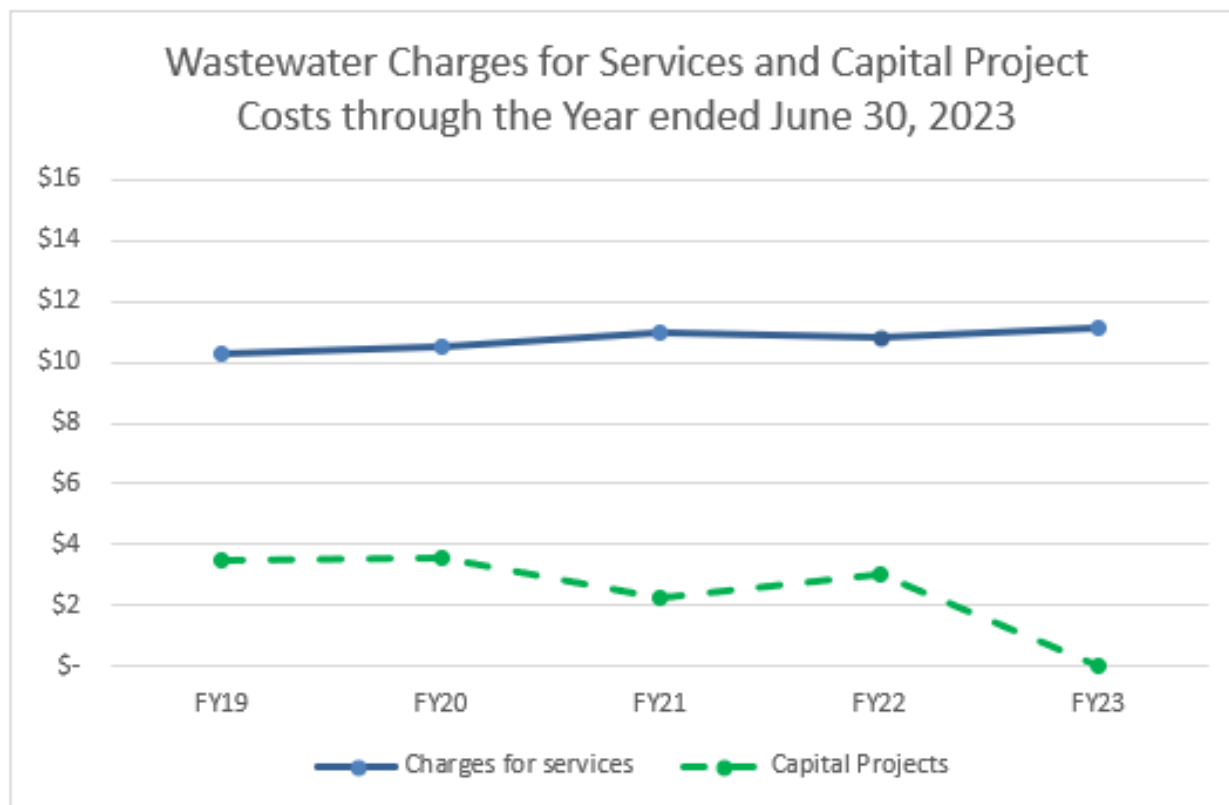
Expenses for business-type activities increased by \$1.5 million compared to the prior year. Similar to the governmental fund, this increase is pushed by an 11% increase in payroll costs year over year, with pension cost differentials not being a factor.

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 mostly shows consistent capital project costs as well, capital project costs can vary due to the number and size of projects in any given year. In the current fiscal year, depreciation expense was larger than capital additions so the net capital cost for Wastewater goes to zero.



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 (1.73% and 2% respectively) and consumption was up as well. Total combined operating expenses decreased by \$1.2 million. However, excluding supply and transmission costs, total combined operating costs increased approximately \$1.5 million, but high BPA financial reserves triggered BPA's Reserve Distribution Clause which reduced MWL power and transmission bills over 10 months beginning December 2022. Total BPA invoice reductions were approximately \$2.6 million for distribution customers. The result was a combined operating revenue increase of just under \$2 million. Increased construction-in-aid contributions and strong timber revenues also contributed to the \$4.9 million increase in combined net position for FY 2023. Economic and/or weather conditions, along with conservation continue to be factors for both water and electric consumption.

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 \$9.2 million, or 31.1%, compared to the prior year. Property tax increased in the typical range but intergovernmental increased by \$6.5 million – more than doubling the total from the prior year due to the one-time American Rescue Plan Act (ARPA) that was closed out in the current year. Charges for Services also saw an unusually large annual increase of \$1.3 million due primarily to the first year of a new City Service Charge in place for the last six months of the year. The miscellaneous category increased 45% over the prior year, driven by the increase in interest earnings for the year. Licenses and permits category (increase) and fines and forfeiture category (flat) were the least significant changes in terms of actual dollars. 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 expenditure increased by \$3.9 million compared to the prior year. Over 70% of these increases happened in the public safety and culture and recreation functional areas and were driven by personnel, outlays for vehicles and equipment (largely funded by grants), and increased repairs, maintenance and janitorial costs. The most significant factor in the increase in general government category was increased legal costs due to internal legal services personnel unfilled in FY23. Community Development category also had increased expenses relative the prior year due to being more fully staffed in FY23 and one-time economic development expenses supported by grants.

In the General Fund, total revenues exceeded expenses by \$6.3 million in FY23, the primary driver of this was the one-time ARPA grant dollars.

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, 2023 and 2022
(in thousands)

	Ending Fund Balances													
	Major Funds										Non-major Funds			
	General		Airport Maintenance		Affordable Housing		Transportation		Debt Service		Urban Renewal Debt Service		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Nonspendable	\$ 8	\$30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8	\$ 30
Restricted	-	-	819	617	307	1	4,128	3,481	314	463	-	-	4,809	9,095
Committed	6,494	-	-	-	-	-	-	-	-	-	-	-	154	152
Assigned	884	834	-	-	-	-	-	-	-	-	-	-	2,065	2,949
Unassigned	6,779	6,704	-	-	-	-	-	-	-	-	(475)	(1,028)	-	-
Ending Fund Balance	<u>\$14,165</u>	<u>\$7,568</u>	<u>\$ 819</u>	<u>\$ 617</u>	<u>\$ 307</u>	<u>\$ 1</u>	<u>\$4,128</u>	<u>\$3,481</u>	<u>\$ 314</u>	<u>\$ 463</u>	<u>\$ (475)</u>	<u>\$ (1,028)</u>	<u>\$ 7,028</u>	<u>\$ 6,612</u>
													<u>\$ 26,286</u>	<u>\$ 17,714</u>

General Fund nonspendable fund balance includes \$8,000 in prepaid expenses. The committed fund balance are for programs and projects created to assist the City and community in the response and recovery from the COVID-19 pandemic by the City Council. The assigned fund balance includes \$884,000 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 III.M.2. Unassigned fund balance increased by \$750,000 compared with the prior year.

The Airport Maintenance Fund restricted balance was \$819,000 at the end of FY23, up by approximately \$200,000. Charges for services revenue, including rental payments for land and building leases, were flat relative the prior year. Beginning balance resources, grant funds were received for prior year expenses in FY23 and increased

City of McMinnville - Management's Discussion and Analysis

interest earnings are the major contributors to the increased fund balance. Operating expenditures, primarily maintenance and improvements costs for buildings and runways, vary from year to year depending on projects.

The Transportation Fund's fund balance rose by \$647,000 in FY23 due to the completion in the prior years of most bond-funded support activities designed to expand and improve City streets. System Development Charge revenues are accumulating from prior years and, in the current fiscal year, a decline in expenditure by \$100,000.

The Debt Service Fund restricted balance decreased by \$149,000 compared with the prior year as debt service payments are made as planned and no new voter-approved bonded debt was added in the year. 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.

The Affordable Housing Fund's fund balance rose by \$306,000 this year. This is a new fund which houses the Affordable Housing Construction Excise Tax and its programming and grants that pay for affordable housing projects. In FY23, the grant revenues and expenses offset and did not impact fund balance. The fund balance is due to the new excise tax which began in FY23 and the delay in building out the programming for the activities supported by this restricted revenue source.

Non-major governmental fund ending fund balances include amounts restricted for urban renewal programs, street maintenance, and transient lodging taxes. Year over year the resources available for those activities grew by \$416,000.

For proprietary funds, total ending net position, including internal services funds, increased by almost \$5.0 million compared to FY22; Wastewater's unrestricted net position increased by \$4.8 million while internal service fund net position declined by \$3,000. 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, as the IS Fund's fund balance increase of just under \$50,000 was almost exactly offset by the fund balance decrease in Insurance Services Fund. 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 FY23, the City paid \$56,000 more in combined premiums and paid claims relative FY22. 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, 2023 and 2022 (in thousands)

	Ending Net Position					
	Wastewater		Internal Service		Total	
	2023	2022	2023	2022	2023	2022
Unrestricted	\$ 47,330	\$42,575	\$ 291	\$338	\$ 47,621	\$ 42,913
Restricted	27	46	7	12	34	58
Net investment in capital assets	58,209	57,964	470	421	58,679	58,385
Ending Fund Balance	\$105,566	\$100,585	\$ 768	\$ 771	\$106,334	\$101,356

City of McMinnville - Management's Discussion and Analysis

General Fund and Other Budgetary Highlights

During the fiscal year, two supplemental budgets were adopted by the City Council that amended City's adopted budget. One was to appropriate adjustments in planned spending of American Rescue Plan Act programs carried out in general fund departments, the information services fund and wastewater services fund for a total of \$769,000 in new appropriations. The second was to address just over \$200,000 in appropriations for small budget changes that arose during the course of the year in the general fund, transient lodging fund and wastewater services funds. It also included an appropriations transfer for the Affordable Housing fund.

Total General Fund revenues came in \$2.4 million higher than the final budget for the year primarily due to higher intergovernmental revenues than anticipated. These revenues were offset by a lower than anticipated charges for services as the City services charge began later in the year than originally anticipated. Total General Fund expenditures were \$6.0 million less than budget. This favorable variance in expenditures was due to budget savings in every General Fund department. While much of the savings was seen in the personnel category (36% of the total variance), slower spending on some multi-year projects was also a factor (almost 40% of variance). Lower than anticipated spending for building improvements and vehicle acquisitions were just over \$400,000 (7% of the variance). The balance of the expenditures had small variances both under and over budget throughout the general fund's departments.

City of McMinnville - Management's Discussion and Analysis

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, 2023 and 2022 (in millions)						
	Governmental Activities		Business-Type Activities		Total City	
	2023	Restated 2022	2023	Restated 2022	2023	Restated 2022
Capital assets						
Land	\$ 31.6	\$ 28.6	\$ 0.8	\$ 0.8	\$ 32.4	\$ 29.4
Easements	1.9	1.9	0.2	0.2	2.1	2.1
Public art	0.3	0.3	-	-	0.3	0.3
Land improvements	31.1	31.0	0.1	0.1	31.2	31.1
Buildings	33.4	33.4	55.5	55.5	88.9	88.9
Machinery and equipment	6.9	7.2	3.1	3.3	10.0	10.5
Vehicles	7.1	6.4	1.0	1.0	8.1	7.4
Infrastructure	94.3	93.5	58.9	55.6	153.2	149.1
Construction in progress	0.3	0.2	2.9	4.0	3.2	4.2
Total capital assets	206.9	202.5	122.5	120.5	329.4	323.0
Accumulated depreciation	(102.9)	(98.4)	(64.3)	(62.5)	(167.2)	(160.9)
Lease assets						
Land	0.4	0.2			0.4	0.2
Equipment	0.1	0.1	0.0	0.0	0.1	0.1
Total lease assets	0.5	0.3	0.01	0.01	0.51	0.31
Accumulated lease amortization	(0.12)	(0.07)	0.00	0.00	(0.12)	(0.07)
Subscription-based information technology arrangement assets						
SBITA assets	0.8	0.7	0.1	0.1	0.9	0.8
Total SBITA assets	0.8	0.7	0.08	0.07	0.88	0.77
SBITA amortization	(0.1)	-	(0.0)	-	(0.1)	-
Net capital assets	\$ 105.1	\$ 105.0	\$ 58.3	\$ 58.1	\$ 163.4	\$ 163.1

Capital Assets: The City's total net capital assets increased \$300,000.

- Governmental activities total capital assets increased by \$100,000 including the new capital categories of lease assets and subscription-based information technology arrangement assets.
- For business-type activities, total capital assets increased \$200,000, because wastewater asset additions exceeded depreciation and amortization expense by that margin.

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 PERS related debt for the PERS transition liability.

Outstanding Debt June 30, 2023 and 2022 (in millions)						
	Governmental Activities		Business-Type Activities		Total City	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 18.9	\$ 21.4	\$ -	\$ -	\$ 18.9	\$ 21.4
Full faith and credit	4.3	4.6	-	-	4.3	4.6
Pension related debt	1.6	2.0	0.1	0.2	1.7	2.2
Capital leases	0.1	0.2	-	-	0.1	0.2
Total outstanding debt	\$ 24.9	\$ 28.2	\$ 0.1	\$ 0.2	\$ 25.0	\$ 28.4

Outstanding Debt: At June 30, 2023, the City had \$24.9 million in outstanding debt compared to \$28.2 million in the prior year, excluding liabilities related to other post-employment benefits (OPEB), for a net decrease of \$3.3 million. The decrease in general obligation bonds of \$2.5 million was due to planned debt service payments. Full faith and credit debt also decreased due to planned debt service payments. PERS related debt also decreased by \$0.5 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 \$3.9 million is due within one year.

For business-type activities, the total debt outstanding of \$0.1 million at June 30, 2023 is PERS related debt. Business type PERS related debt came down by \$16,000 relative the prior year due to planned principal payments in the fiscal year.

The \$18.9 million in governmental activities general obligation debt is entirely payable from property taxes levied specifically for that purpose. The remaining \$4.3 million in full faith and credit obligation and \$1.6 million in PERS 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. J.

Bond Ratings: The City maintained its Aa3 rating from Moody's Investor's Services, Inc. in its Annual Comment publication issued in June of 2023. The review was of the City's outstanding general obligation debt.

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 4.8% 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 21.4% in 2023 compared to the prior year. Real market values have been steadily increasing the last five years. For fiscal year 2023, assessed property values are 53.6% of real market value compared to 62.0% in 2022.

City of McMinnville - Management's Discussion and Analysis

- The total value of commercial, industrial and residential building permits decreased to \$64.1 million in 2023 compared to \$81.5 million in 2022; the decline was \$12.9 million in commercial and industrial permits and \$4.5 million in residential permits.
- Yamhill County unemployment rates (seasonally adjusted) were lower than the employment trends both of the state of Oregon and US as a whole with 3.3% unemployed in October 2023 compared to 4.3% in October 2022.
- For the fiscal year ended June 30, 2023, the assessed value of McMinnville's Urban Renewal district was \$139.1 million, an increase of 61.1% 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 FY2021-23 biennia increased by 5.2% compared to the average of PERS categories in the prior biennia. Rates for the next FY2023-25 biennia will be 5.65% 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.

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 MC MINNVILLE, OREGON
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 14,280,041	\$ 48,172,480	\$ 62,452,521	\$ 63,424,423
Accounts receivable, net	5,649,440	735,259	6,384,699	4,874,355
Due from component unit	308,286	811,072	1,119,358	-
Assessments receivables	6,779	-	6,779	-
Lease receivable	281,726	11,380	293,106	14,227
Loans receivable	21,148	-	21,148	-
Prepays	618,497	-	618,497	-
Inventories	-	-	-	2,396,239
Other current assets	-	-	-	1,989,888
Renewable energy certificates	-	-	-	161,938
Regulatory asset-pension	-	-	-	324,397
Regulatory asset-conservation charges	-	-	-	872,514
Internal balances	(420,369)	420,369	-	-
Restricted cash and investments	15,289,264	-	15,289,264	-
Total current assets	36,034,812	50,150,560	86,185,372	74,057,981
Noncurrent assets:				
Lease receivable	3,101,851	94,760	3,196,611	16,725
Loans receivable	85,044	-	85,044	-
Capital assets:				
Non-depreciable	34,131,014	3,973,562	38,104,576	15,985,666
Depreciable, net	69,906,859	54,233,539	124,140,398	136,949,704
Lease asset, net	393,049	5,217	398,266	-
Subscription-based information technology asset, net	632,808	74,421	707,229	-
Net OPEB asset	316,098	27,435	343,533	153,841
Total noncurrent assets	108,566,723	58,408,934	166,975,657	153,105,936
Total assets	144,601,535	108,559,494	253,161,029	227,163,917
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding	138,093	-	138,093	-
Deferred outflows related to pensions	9,779,039	835,799	10,614,838	3,685,706
Deferred outflows related to OPEB	311,677	27,051	338,728	126,482
Total deferred outflows of resources	10,228,809	862,850	11,091,659	3,812,188
Total assets and deferred outflows of resources	\$ 154,830,344	\$ 109,422,344	\$ 264,252,688	\$ 230,976,105
LIABILITIES:				
Current liabilities:				
Accounts payable and accrued expenses	\$ 1,543,837	\$ 554,773	\$ 2,098,610	\$ 2,966,136
Due to primary government	-	-	-	1,119,358
Accrued payroll and other payroll liabilities	1,765,425	50,039	1,815,464	362,459
Deposits	257,702	-	257,702	344,536
Other liabilities	-	-	-	314,945
Unearned revenue	2,118,241	1,300	2,119,541	-
Interest payable	357,683	-	357,683	-
PERS related liabilities	333,233	28,977	362,210	-
Compensated absences	359,766	33,686	393,452	831,467
Current lease payable	100,718	1,786	102,504	-
Current subscription-based information technology payable	129,114	14,293	143,407	-
Current notes and bonds payable	3,515,288	-	3,515,288	-
Total current liabilities	10,481,007	684,854	11,165,861	5,938,901
Noncurrent liabilities:				
Compensated absences	772,536	65,565	838,101	-
Net pension liability	24,081,881	1,994,838	26,076,719	8,030,461
Net OPEB liability	1,085,750	94,233	1,179,983	1,454,570
PERS related liability	1,351,241	117,499	1,468,740	-
Lease payable	270,918	3,478	274,396	-
Subscription-based information technology arrangements payable	508,843	58,068	566,911	-
Notes and bonds payable	19,712,477	-	19,712,477	-
Total noncurrent liabilities	47,783,646	2,333,681	50,117,327	9,485,031
Total liabilities	58,264,653	3,018,535	61,283,188	15,423,932
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pensions	7,696,047	647,464	8,343,511	2,403,471
Deferred inflows related to OPEB	994,912	86,349	1,081,261	475,732
Deferred inflows related to leases	3,297,288	103,629	3,400,917	30,952
Total deferred inflows of resources	11,988,247	837,442	12,825,689	2,910,155
NET POSITION:				
Net investment in capital assets	81,076,620	58,209,114	139,285,734	152,935,370
Restricted for:				
Airport	819,367	-	819,367	-
Capital projects	6,528,049	-	6,528,049	-
Debt service	313,575	-	313,575	-
OPEB benefits	316,098	27,435	343,533	153,841
Donations	133,671	-	133,671	-
Unrestricted	(4,609,936)	47,329,818	42,719,882	59,552,807
Total net position	84,577,444	105,566,367	190,143,811	212,642,018
Total liabilities, deferred inflows of resources, and net position	\$ 154,830,344	\$ 109,422,344	\$ 264,252,688	\$ 230,976,105

The accompanying notes are an integral part of these financial statements

CITY OF MC MINNVILLE, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 7,524,683	\$ 4,556,298	\$ 6,958,716	\$ 3,018,056
Public safety	19,521,683	5,083,207	304,856	31,548
Highways and streets	5,362,800	430,538	1,346	1,063,020
Culture and recreation	6,941,579	1,164,385	777,958	34,484
Community development	3,166,174	1,422,473	56,499	649,040
Airport	613,110	476,805	52,161	2,634
Interest on long-term debt	735,544	-	-	-
Total governmental activities	43,865,573	13,133,706	8,151,536	4,798,782
Business-type activities:				
Wastewater	8,186,343	11,101,882	3,741	1,010,654
Total government	\$ 52,051,916	\$ 24,235,588	\$ 8,155,277	\$ 5,809,436
Component Unit				
Water and Light	\$ 49,465,113	\$ 51,599,656	\$ 489,967	\$ 3,812,459
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				
Gain on sale of capital assets				
Transfers in (out)				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Prior period adjustment, note IV.I				
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
\$ 7,008,387	\$ -	\$ 7,008,387	\$ -
(14,102,072)	-	(14,102,072)	-
(3,867,896)	-	(3,867,896)	-
(4,964,752)	-	(4,964,752)	-
(1,038,162)	-	(1,038,162)	-
(81,510)	-	(81,510)	-
(735,544)	-	(735,544)	-
(17,781,549)	-	(17,781,549)	-
-	3,929,934	3,929,934	-
(17,781,549)	3,929,934	(13,851,615)	-
			6,436,969
19,350,262	-	19,350,262	-
4,206,075	-	4,206,075	-
1,824,641	-	1,824,641	-
4,107,693	-	4,107,693	-
321,052	1,009,090	1,330,142	1,619,291
-	-	-	3,095,384
1,893,555	27,421	1,920,976	1,281,410
3,405	-	3,405	-
(16,182)	16,182	-	-
31,690,501	1,052,693	32,743,194	5,996,085
13,908,952	4,982,627	18,891,579	12,433,054
70,459,273	100,583,740	171,043,013	199,266,644
209,219	-	209,219	942,320
\$ 84,577,444	\$ 105,566,367	\$ 190,143,811	\$ 212,642,018

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.

Affordable Housing Fund

This fund accounts for grant proceeds under the Oregon Department of Administrative Service Navigation Center. Additionally, this fund accounts for activity associated with the City's Construction Excise Tax.

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, 2023

	General Fund	Airport Maintenance Fund	Affordable Housing Fund	Transportation Fund	Debt Service Fund	Urban Renewal Debt Services Fund	Total Non-Major Governmental Funds	Total Governmental
ASSETS:								
Cash and cash equivalents	\$ 13,744,547	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,744,547
Accounts receivable, net	4,022,835	112,398	480,475	4,573	171,237	31,309	826,613	5,649,440
Assessments receivables	-	-	-	-	-	-	6,779	6,779
Lease receivable	294,297	3,089,280	-	-	-	-	-	3,383,577
Loans receivable	-	-	-	-	-	-	106,192	106,192
Prepays	7,500	-	-	-	-	-	-	7,500
Advances to other funds	147,307	-	-	-	-	-	-	147,307
Due from component unit	309,266	-	-	-	-	-	-	309,266
Interfund loan receivables	1,454,830	-	-	-	-	-	-	1,454,830
Restricted cash and investments	133,671	848,735	1,633,310	4,138,163	259,773	969,203	7,306,409	15,289,264
Total assets	<u>\$ 20,114,253</u>	<u>\$ 4,050,413</u>	<u>\$ 2,113,785</u>	<u>\$ 4,142,736</u>	<u>\$ 431,010</u>	<u>\$ 1,000,512</u>	<u>\$ 8,245,993</u>	<u>\$ 40,098,702</u>
LIABILITIES:								
Accounts payable and accrued expenses	\$ 638,954	\$ 16,901	\$ 341,802	\$ 15,043	\$ -	\$ -	\$ 462,882	\$ 1,475,582
Due to component unit	-	-	-	-	-	-	980	980
Accrued payroll and other payroll liabilities	1,714,876	1,089	-	-	-	-	36,977	1,752,942
Deposits	257,702	-	-	-	-	-	-	257,702
Advances to other funds	-	-	-	-	-	-	147,307	147,307
Interfund loans payable	420,369	-	-	-	-	1,454,830	-	1,875,199
Unearned revenue	299,698	22,919	1,465,106	-	-	-	464,189	2,251,912
Total liabilities	<u>3,331,599</u>	<u>40,909</u>	<u>1,806,908</u>	<u>15,043</u>	<u>-</u>	<u>1,454,830</u>	<u>1,112,335</u>	<u>7,761,624</u>
DEFERRED INFLOWS OF RESOURCES:								
Unavailable revenue - property taxes	607,390	-	-	-	117,435	21,006	-	745,831
Unavailable revenue - other	1,715,964	100,857	-	-	-	-	105,301	1,922,122
Unavailable revenue - leases receivable	294,297	3,089,280	-	-	-	-	-	3,383,577
Total deferred inflows of resources	<u>2,617,651</u>	<u>3,190,137</u>	<u>-</u>	<u>-</u>	<u>117,435</u>	<u>21,006</u>	<u>105,301</u>	<u>6,051,530</u>
FUND BALANCES:								
Nonspendable	7,500	-	-	-	-	-	-	7,500
Restricted	-	819,367	306,877	4,127,693	313,575	-	4,809,433	10,376,945
Committed	6,494,348	-	-	-	-	-	154,231	6,648,579
Assigned	883,782	-	-	-	-	-	2,064,693	2,948,475
Unassigned	6,779,373	-	-	-	-	(475,324)	-	6,304,049
Total fund balances	<u>14,165,003</u>	<u>819,367</u>	<u>306,877</u>	<u>4,127,693</u>	<u>313,575</u>	<u>(475,324)</u>	<u>7,028,357</u>	<u>26,285,548</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,114,253</u>	<u>\$ 4,050,413</u>	<u>\$ 2,113,785</u>	<u>\$ 4,142,736</u>	<u>\$ 431,010</u>	<u>\$ 1,000,512</u>	<u>\$ 8,245,993</u>	<u>\$ 40,098,702</u>

The accompanying notes are an integral part of these financial statements

CITY OF MC MINNVILLE, OREGON
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2023

Total fund balances - governmental funds	\$ 26,285,548
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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.	160,670
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Non-depreciable	34,131,014	
Depreciable, net	69,437,155	
Lease assets, net	393,049	
Subscription-based information technology arrangements, net	<u>632,808</u>	104,594,026

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

Property taxes earned but not available	745,831	
Other receivables earned but not available	1,922,122	
Leases receivable earned but not available	86,289	
Senior center donation	<u>133,671</u>	2,887,913

Pension-related changes	(21,514,960)
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OPEB related-changes	(1,419,108)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Compensated absences payable	(1,079,683)	
Lease payable	(371,636)	
Subscription-based information technology arrangements payable	(637,957)	
Notes and bonds payable	(23,227,765)	
PERS related liabilities	(1,647,855)	
Deferred amount on bond refunding	138,093	
Interest payable	<u>(357,683)</u>	(27,184,486)

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>767,841</u>

Total net position - governmental activities	<u><u>\$ 84,577,444</u></u>
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CITY OF MCMINNVILLE, OREGON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2023

	General Fund	Airport Maintenance Fund	Affordable Housing Fund	Transportation Fund	Debt Service Fund	Urban Renewal Debt Services Fund	Total Non-Major Governmental Funds	Total Governmental
REVENUES:								
Property taxes	\$ 15,856,876	\$ -	\$ -	\$ -	\$ 2,832,781	\$ 652,989	\$ -	\$ 19,342,646
Special assessments	-	-	-	-	-	-	64,200	64,200
Licenses and permits	4,415,455	-	313,956	-	-	-	2,912,596	7,642,007
Intergovernmental	10,418,324	54,795	515,369	201,248	1,958	354	2,941,809	14,133,857
Charges for services	6,768,525	390,346	-	430,500	-	-	386,282	7,975,653
Fines and forfeitures	358,554	-	-	-	-	-	-	358,554
Miscellaneous	1,163,350	43,970	34,318	82,453	17,588	19,791	227,734	1,589,204
Total revenues	38,981,084	489,111	863,643	714,201	2,852,327	673,134	6,532,621	51,106,121
EXPENDITURES:								
Current:								
General government	3,179,952	-	557,579	-	-	-	1,584,076	5,321,607
Public safety	19,611,563	-	-	-	-	-	713,702	20,325,265
Highways and streets	-	-	-	152,217	-	-	2,322,016	2,474,233
Culture and recreation	6,773,277	-	-	-	-	-	166,163	6,939,440
Community development	2,387,078	-	-	-	-	-	908,072	3,295,150
Airport	-	252,506	-	-	-	-	-	252,506
Nondepartmental	111,406	-	-	-	-	-	-	111,406
Capital outlay:								
Highways and streets	-	-	-	89,006	-	-	271,282	360,288
Debt service:								
Principal	494,050	-	-	146,097	2,185,000	-	31,592	2,856,739
Interest	99,807	-	-	55,151	817,150	32,058	5,580	1,009,746
Total expenditures	32,657,133	252,506	557,579	442,471	3,002,150	32,058	6,002,483	42,946,380
Revenues over (under) expenditures	6,323,951	236,605	306,064	271,730	(149,823)	641,076	530,138	8,159,741
OTHER FINANCING SOURCES (USES):								
Proceeds on the sale of capital assets	5,605	-	-	-	-	-	-	5,605
Right to use proceeds	267,924	-	-	-	-	-	-	267,924
Transfers in	702,571	-	-	375,000	-	-	801,301	1,878,872
Transfers out	(702,772)	(34,481)	-	-	-	(88,820)	(914,864)	(1,740,937)
Total other financing sources (uses)	273,328	(34,481)	-	375,000	-	(88,820)	(113,563)	411,464
Net change in fund balance	6,597,279	202,124	306,064	646,730	(149,823)	552,256	416,575	8,571,205
FUND BALANCE, BEGINNING	7,567,724	617,243	813	3,480,963	463,398	(1,027,580)	6,611,782	17,714,343
FUND BALANCE, ENDING	\$ 14,165,003	\$ 819,367	\$ 306,877	\$ 4,127,693	\$ 313,575	\$ (475,324)	\$ 7,028,357	\$ 26,285,548

The accompanying notes are an integral part of these financial statements

CITY OF MC MINNVILLE, 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, 2023

Amounts reported in the statement of activities are different because:

Net change in fund balance	\$ 8,571,205
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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)
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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	(5,061,338)	
Current year amortization	(175,199)	
Loss on disposal of asset	(2,200)	
Capital asset additions	1,305,557	(3,933,180)

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

Capital contributions	3,632,816
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	812,522
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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.	1,494,575
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Governmental funds report OPEB contributions as expenditures. However, in the statements of activities, the cost of OPEB earned net of employee contributions is reported as OPEB expense.	111,393
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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	38,052	
Interest expense associated with deferred charge on refunding	(36,825)	1,227

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	(131,880)	
Lease principal payments	106,025	
Subscription-based information technology arrangement principal payments	126,413	
Debt service principal payments	2,807,734	
PERS related liability payments	315,787	3,224,079

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.	(3,020)
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Change in net position of governmental activities	\$ 13,908,952
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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

These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City 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 MC MINNVILLE, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2023

	Business-Type Activities - Enterprise Funds		Governmental Activities
	Wastewater Operations	Total	Internal Service Funds
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 48,172,480	\$ 48,172,480	\$ 535,494
Accounts receivable, net	735,259	735,259	-
Due from component unit	811,072	811,072	-
Lease receivable, current portion	11,380	11,380	-
Prepaid expenses	-	-	450,327
Interfund loan receivable	420,369	420,369	-
Total current assets	50,150,560	50,150,560	985,821
Noncurrent assets:			
Lease receivable	94,760	94,760	-
Capital assets:			
Non-depreciable	3,973,562	3,973,562	-
Depreciable, net	54,233,539	54,233,539	469,704
Lease assets, net	5,217	5,217	-
Subscription-based information technology arrangement assets, net	74,421	74,421	-
Net OPEB asset	27,435	27,435	7,349
Total noncurrent assets	58,408,934	58,408,934	477,053
Total assets	108,559,494	108,559,494	1,462,874
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	835,799	835,799	223,896
Deferred outflows related to OPEB	27,051	27,051	7,246
Total deferred outflows of resources	862,850	862,850	231,142
Total assets and deferred outflows of resources	\$ 109,422,344	\$ 109,422,344	\$ 1,694,016
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 554,773	\$ 554,773	\$ 68,255
Accrued payroll and other payroll liabilities	50,039	50,039	12,483
Unearned revenue	1,300	1,300	-
PERS related liabilities - due in one year	28,977	28,977	7,244
Accrued compensated absences	33,686	33,686	17,859
Current portion of lease payable	1,786	1,786	-
Current portion of subscription-based information technology arrangements payable	14,293	14,293	-
Total current liabilities	684,854	684,854	105,841
Noncurrent liabilities:			
Noncurrent portion of lease payable	3,478	3,478	-
Noncurrent portion of subscription-based information technology arrangements payable	58,068	58,068	-
Accrued compensated absences	65,565	65,565	34,760
Net pension liability	1,994,838	1,994,838	534,381
Net OPEB liability	94,233	94,233	25,243
PERS related liabilities	117,499	117,499	29,375
Total noncurrent liabilities	2,333,681	2,333,681	623,759
Total liabilities	3,018,535	3,018,535	729,600
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	647,464	647,464	173,444
Deferred inflows related to OPEB	86,349	86,349	23,131
Deferred inflows related to lease receivables	103,629	103,629	-
Total deferred inflows of resources	837,442	837,442	196,575
NET POSITION:			
Net investment in capital assets	58,209,114	58,209,114	469,704
Restricted for:			
OPEB benefits	27,435	27,435	7,349
Unrestricted	47,329,818	47,329,818	290,788
Total net position	105,566,367	105,566,367	767,841
Total liabilities, deferred inflows of resources, and net position	\$ 109,422,344	\$ 109,422,344	\$ 1,694,016

The accompanying notes are an integral part of these financial statements

CITY OF MC MINNVILLE, OREGON
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		Governmental Activities
	Wastewater Operations	Total	Internal Service Funds
OPERATING REVENUES:			
Charges for services	\$ 11,082,642	\$ 11,082,642	\$ 2,600,833
Intergovernmental	3,741	3,741	108,505
Miscellaneous	19,240	19,240	70,672
Total operating revenues	11,105,623	11,105,623	2,780,010
OPERATING EXPENSES:			
Personnel service	2,339,521	2,339,521	592,263
Materials and service	3,712,688	3,712,688	2,013,201
Depreciation/amortization	2,133,645	2,133,645	36,043
Total operating expenses	8,185,854	8,185,854	2,641,507
Operating income (loss)	2,919,769	2,919,769	138,503
NON-OPERATING REVENUES (EXPENSES):			
Interest income	1,009,090	1,009,090	12,594
Interest expense	(489)	(489)	-
Other revenue	27,421	27,421	-
Total non-operating revenues (expenses)	1,036,022	1,036,022	12,594
Net income (loss) before transfers	3,955,791	3,955,791	151,097
TRANSFERS:			
Transfers from other funds	16,182	16,182	-
Transfers to other funds	-	-	(154,117)
Total transfers	16,182	16,182	(154,117)
Net income (loss) before contributions	3,971,973	3,971,973	(3,020)
CAPITAL CONTRIBUTIONS:			
Capital contributions - infrastructure	303,585	303,585	-
Capital contributions - grants and fees	707,069	707,069	-
Total capital contributions	1,010,654	1,010,654	-
Change in net position	4,982,627	4,982,627	(3,020)
NET POSITION, BEGINNING	100,583,740	100,583,740	770,861
NET POSITION, ENDING	\$ 105,566,367	\$ 105,566,367	\$ 767,841

The accompanying notes are an integral part of these financial statements

CITY OF MC MINNVILLE, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		Governmental Activities
	Wastewater Operations	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and users	\$ 11,068,180	\$ 11,068,180	\$ -
Cash received from interfund services provided	-	-	2,709,446
Cash received from other operating sources - insurance reimbursements	-	-	70,577
Cash paid to employees and others for salaries and benefits	(2,361,907)	(2,361,907)	(591,744)
Cash paid to suppliers and others	(3,633,063)	(3,633,063)	(2,204,301)
Cash received for rental revenue	27,421	27,421	-
Net cash provided by (used for) operating activities	5,100,631	5,100,631	(16,022)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Principal paid on pension-related obligations	(16,257)	(16,257)	(6,776)
Transfers to/(from) other funds	16,182	16,182	(154,117)
Interfund loan payments	146,839	146,839	-
Net cash provided by (used for) non-capital financing activities	146,764	146,764	(160,893)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(1,941,027)	(1,941,027)	(85,219)
Principal paid on lease payable	(1,767)	(1,767)	-
Principal paid on subscription-based information technology arrangements	(15,329)	(15,329)	-
Capital contributions to other governments	707,069	707,069	-
Interest paid	(489)	(489)	-
Net cash provided by (used for) capital and related financing activities	(1,251,543)	(1,251,543)	(85,219)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	1,009,090	1,009,090	12,594
Net cash provided by investing activities	1,009,090	1,009,090	12,594
Net increase (decrease) in cash and cash equivalents	5,004,942	5,004,942	(249,540)
CASH AND CASH EQUIVALENTS, BEGINNING	43,167,538	43,167,538	785,034
CASH AND CASH EQUIVALENTS, ENDING	\$ 48,172,480	\$ 48,172,480	\$ 535,494
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating Income	\$ 2,919,769	\$ 2,919,769	\$ 138,503
Adjustments:			
Cash from rental activities, recognized as non-operating on the Statement of Revenue, Expenses, and Changes in Net Position	27,421	27,421	-
Depreciation and amortization	2,133,645	2,133,645	36,043
Amortization of deferred lease resources	(13,727)	(13,727)	-
Decrease (increase) in:			
Accounts receivable and due from other funds	(40,572)	(40,572)	13
Due from component unit	20,060	20,060	-
Prepays	2,560	2,560	(109,267)
Increase (decrease) in:			
Accounts payable	193,686	193,686	(8,681)
Accrued payroll and other payroll liabilities	5,134	5,134	-
Retainage payable	(116,621)	(116,621)	136
Unearned revenue	(3,204)	(3,204)	-
Compensated absences	2,206	2,206	1,739
Net other post employment benefits	(2,404)	(2,404)	(211)
Net pension benefits	(27,322)	(27,322)	(1,145)
Other liabilities	-	-	(73,152)
Net cash provided by (used for) operating activities	\$ 5,100,631	\$ 5,100,631	\$ (16,022)
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Capital contributions to other governments	\$ 303,585	\$ 303,585	\$ -
Total non-cash capital financing activities	\$ 303,585	\$ 303,585	\$ -

The accompanying notes are an integral part of these financial statements

City of McMinnville, Oregon
Notes to Basic Financial Statements
Year Ended June 30, 2023

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 units. *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, 2023

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, 2023

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, 2023

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.
- Affordable Housing Fund – is a special revenue fund which accounts for grant proceeds under the Oregon Department of Administrative Service Navigation Center. Additionally, this fund accounts for activity associated with the City's Construction Excise Tax.
- 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, 2023

- 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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

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 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 they are 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, land rights, and right-to-use assets) 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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

Capital assets, including intangibles, 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.

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 buildings 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
Right-to-use assets	*
Department:	
Office and other equipment	5-10
Transportation and equipment	5-10
Electricity and water infrastructures	20-100
* Estimated useful life depends on the life of the lease or subscription	

7. Lease and Subscription-Based Information Technology Arrangement Assets

Lease and subscription-based information technology arrangement assets are assets which the City has the right to use for a term of more than one year. The value of these assets is determined by the net present value of the asset's payback at the City's incremental borrowing rate at the time of the 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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

The Department receives RECs as part of its purchase agreements with Bonneville Power Administration (BPA), Grant County Public Utility District, and Waste Management Renewable Energy (WMRE). RECs received include Incremental Efficiency Hydro RECs (from BPA and Grant County), Wind Resource RECs (from BPA), and Bio Gas RECs from WMRE. These RECs are also available for sale 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 Commission approval. The RECs are recorded at cost, based on the most recent price at which the Department purchases the RECs.

9. Regulatory Asset – Conservation Charges

In November 2008, the Department entered into a long-term power purchase agreement with the BPA. The McMinnville Water and Light (MWL) 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. The amortization period is equivalent to the period these charges will be recovered through the Department's rates.

10. 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 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.

11. Leases and Subscription-Based Information Technology Arrangements Payable

In the government-wide financial statements, leases and subscription-based information technology arrangements payable are both reported as liabilities in the Statement of Net Position.

12. 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.

13. 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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of 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.

14. 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.

15. 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.

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 three sources: property taxes, other receivables, 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 and Department 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 and Department 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.

16. 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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

17. 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 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.

The McMinnville 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 in or prior to the fiscal year 2025-26 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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

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 two amendments to the budget during the fiscal year ending June 30, 2023. 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 one appropriation transfers during the fiscal year ending June 30, 2023. 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.

For the year ended June 30, 2023, expenditures exceeded appropriations as follows:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
General Fund	Non-Departmental	\$ 1,407

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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

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, 2023 was unmodified. The fair value of the City's position in the Pool at June 30, 2023 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 \$13,364,250 and the bank balance was \$13,206,843. 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, 2023, the City's cash, cash equivalents and investment balances were as follows:

Cash held in city offices	\$ 3,450
Deposits with financial institutions	13,364,250
Oregon State Local Government Investment Pool – City's general account	53,333,186
Oregon State Local Government Investment Pool – Urban Renewal loan proceeds	118,583
Investments:	
Mutual funds - LOSAP	883,782
Certificates of deposits	10,038,534
Total City cash and investments	<u>\$ 77,741,785</u>

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

	Governmental Activities	Business-type Activities	Total
Cash and investments:			
Unrestricted	\$ 14,280,041	\$ 48,172,480	\$62,452,521
Restricted	15,289,264	-	15,289,264
Total cash and investments	<u>\$ 29,569,305</u>	<u>\$ 48,172,480</u>	<u>\$77,741,785</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

At June 30, 2023, the Department's cash and investment balances were as follows:

	Fair Value
Cash on hand	\$ 11,700
Deposits with financial institutions	476,958
Oregon State Local Government Investment Pool	49,739,606
Oregon State Local Government Intermediate Fund	5,356,772
US Treasury investments	7,839,387
Total Department cash and investments	<u>\$63,424,423</u>

1. Custodial Risk

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, 2023, the City does not have investments exposed to custodial credit risk.

2. Interest Rate 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.

As of June 30, 2023, the City had the following investments organized using the segmented time distribution method as noted below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity < 12 Months</u>
Mutual funds	\$ 883,782	\$ -
Certificates of deposits	10,038,534	10,038,534
	<u>\$ 10,922,316</u>	<u>\$ 10,038,534</u>

3. Credit Risk

State statutes govern the City's investment policy. Permissible investments for governmental funds include general obligations of the United States government and its agencies, obligations of the states of Oregon, California, Idaho, and Washington that have a rating at settlement of AA or better, A-1 rated commercial paper and bankers' acceptances, Aa rated corporate bonds, time deposits, repurchase agreements, and the LGIP. The City's LOSAP plan maintains a separate investment policy that allows investment in mutual funds in addition to the above investment types.

The LGIP was created to offer a short-term investment alternative to Oregon local governments. The investments are regulated by the Oregon Short-Term Fund Board, which is not registered with the U.S. Securities and Exchange Commission as an investment company. The LGIP funds are approved by the Oregon Investment Council (ORS 294.805 to 294.898). Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer. The State of Oregon LGIP and money market account are unrated for credit quality.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

4. Concentration of Credit Risk

To avoid incurring unreasonable risks inherent in over-investing in specific instruments or in individual financial institutions, the City diversifies its portfolio and follows the City's investment policy which sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. In accordance with GASB 40, the City is required to report all individual non-federal investments which exceed 5.0% of total invested funds. As of June 30, 2023 the City held no individual investments which exceeded this threshold.

5. Fair Value of Investments

The City categorizes its fair value investments within the guidelines established by GAAP. All of the City's investments are classified as level 1 and are valued using prices quoted in active markets for those securities.

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:

Receivables:	General	Airport Maintenance	Affordable Housing	Transportation	Debt Service	UR Debt Service	Total Non-Major	Governmental Activities
Accounts	\$ 3,143,888	\$ 112,398	\$ 480,475	\$ 4,573	\$ -	\$ -	\$ 826,613	\$ 4,567,947
Property taxes	692,523	-	-	-	135,150	24,016	-	851,689
Cash with county	186,424	-	-	-	36,087	7,293	-	229,804
Assessments	-	-	-	-	-	-	6,779	6,779
Lease	294,297	3,089,280	-	-	-	-	-	3,383,577
Loans	-	-	-	-	-	-	106,192	106,192
Due from component unit	309,266	-	-	-	-	-	-	309,266
Total	<u>\$ 4,626,398</u>	<u>\$ 3,201,678</u>	<u>\$ 480,475</u>	<u>\$ 4,573</u>	<u>\$ 171,237</u>	<u>\$ 31,309</u>	<u>\$ 939,584</u>	<u>\$ 9,455,254</u>

As of June 30, 2023, the City reported the following development loans receivable:

Fiscal Year Ending June 30	Principal	Interest
2024	\$ 21,148	\$ 1,676
2025	13,478	1,437
2026	13,478	1,196
2027	13,478	957
2028	13,478	718
2029-2031	31,132	750
Total	<u>\$ 106,192</u>	<u>\$ 6,734</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

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

	<u>Total Governmental</u>
Gross revenue	\$ 19,886,896
Less: discounts and adjustment	(536,634)
Net revenue	<u>\$ 19,350,262</u>

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, delinquent fire fees, and long-term development loans.

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. Lease Receivable

Governmental Activities:

	<u>June 30, 2022</u>		<u>June 30, 2023</u>
	<u>Balance</u>	<u>Additions</u>	<u>Balance</u>
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	\$ 876,861	\$ -	\$ 807,738
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	2,156,458	-	1,991,803
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	477,792	-	289,739
Fire Cell Tower Lease; interest at 1.76%, total annual principal and interest payments range from \$29,000 to \$34,500, due 2033	317,976	-	294,297
	<u>\$ 3,829,087</u>	<u>\$ -</u>	<u>\$ 3,383,577</u>

Business-Type Activities:

WRF Land Leases; interest at 1.45%, total annual principal and interest payments are \$12,500, due 2030	\$93,773	\$ -	\$ 82,635
WRF Stormwater Discharge Pond Lease; interest at 2.58%, total annual principal and interest payments are \$686, due 2108	23,583	-	23,505
	<u>\$ 117,356</u>	<u>\$ -</u>	<u>\$ 106,140</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

Future maturities are as follows:

Fiscal Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 281,726	\$ 64,009	\$ 11,380	\$ 1,806
2025	296,656	59,033	11,546	1,640
2026	305,667	53,820	11,714	1,472
2027	297,704	48,495	11,885	1,301
2028	229,770	43,148	12,059	1,127
2029-2033	1,195,754	145,845	24,935	3,493
2034-2038	658,039	40,463	533	2,895
2039-2043	66,708	10,718	606	2,822
2044-2048	33,288	4,442	688	2,740
2049-2053	18,265	1,194	781	2,647
2054-2058	-	-	888	2,540
2059-2063	-	-	1,009	2,419
2064-2068	-	-	1,146	2,282
2069-2073	-	-	1,302	2,126
2074-2078	-	-	1,479	1,949
2079-2083	-	-	1,680	1,748
2084-2088	-	-	1,908	1,520
2089-2093	-	-	2,168	1,260
2094-2098	-	-	2,462	966
2099-2103	-	-	2,797	631
2104-2108	-	-	3,174	253
	<u>\$ 3,383,577</u>	<u>\$ 471,167</u>	<u>\$ 106,140</u>	<u>\$ 39,637</u>

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

3. Department

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

Accounts and notes receivable	\$ 4,912,405
Less: allowance for uncollectibles	<u>(38,050)</u>
Net receivables	<u>\$ 4,874,355</u>

The Department is a lessor for a non-cancellable lease of real property with lease terms through 2025. For the year ended June 30, the Department recognized lease revenue of \$13,119, and lease interest income of \$1,845.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

C. Capital Assets

In the government-wide financial statements, the City's governmental activities' capital asset, lease, and subscription-based information technology arrangement activity for the year ended June 30, 2023 is illustrated in the following table.

	Restated Balance June 30, 2022	Additions	Reductions	Reclassification	Balance June 30, 2023
Capital assets not being depreciated					
Land	\$ 28,629,321	\$2,987,306	\$ -	\$ -	\$ 31,616,627
Easements	1,949,600	-	(1)	-	1,949,599
Public art	263,303	30,750	-	-	294,053
Construction in process	162,837	122,311	-	(14,413)	270,735
Total capital assets not being depreciated	31,005,061	3,140,367	(1)	(14,413)	34,131,014
Capital assets being depreciated					
Land improvements	31,037,347	25,576	-	-	31,062,923
Buildings	33,367,295	10,925	(9,559)	14,413	33,383,074
Machinery and equipment	7,186,786	205,075	(481,551)	-	6,910,310
Vehicles	6,356,559	899,001	(101,754)	-	7,153,806
Infrastructure	93,536,330	742,648	-	-	94,278,978
Total capital assets being depreciated	171,484,317	1,883,225	(592,864)	14,413	172,789,091
Less accumulated depreciation					
Land improvements	(15,080,154)	(856,057)	-	-	(15,936,211)
Buildings	(23,004,807)	(692,955)	7,359	-	(23,690,403)
Machinery and equipment	(6,088,733)	(177,977)	481,551	-	(5,785,159)
Vehicles	(4,597,647)	(445,937)	101,754	-	(4,941,830)
Infrastructure	(49,604,175)	(2,924,454)	-	-	(52,528,629)
Total accumulated depreciation	(98,375,516)	(5,097,380)	590,664	-	(102,882,232)
Total capital assets being depreciated	73,108,801	(3,214,155)	(2,200)	14,413	69,906,859
Lease assets					
Land	200,000	235,404	-	-	435,404
Equipment	75,939	-	-	-	75,939
Total lease assets being amortized	275,939	235,404	-	-	511,343
Less accumulated amortization:					
Land	(36,665)	(28,581)	-	-	(65,246)
Equipment	(37,992)	(15,056)	-	-	(53,048)
Total accumulated amortization	(74,657)	(43,637)	-	-	(118,294)
Total lease assets being amortized	201,282	191,767	-	-	393,049
Subscription-based information technology arrangement assets					
Subscription-based information technology arrangements	731,850	32,520	-	-	764,370
Total subscription-based information technology arrangement assets being depreciated	731,850	32,520	-	-	764,370
Less accumulated amortization:					
Subscription-based information technology arrangements	-	(131,562)	-	-	(131,562)
Total accumulated amortization	-	(131,562)	-	-	(131,562)
Total subscription-based information technology arrangement assets being amortized	731,850	(99,042)	-	-	632,808
Total capital assets, net	<u>\$ 105,046,994</u>	<u>\$ 18,937</u>	<u>\$ (2,201)</u>	<u>\$ -</u>	<u>\$ 105,063,730</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

Activity includes additions, dispositions, annual depreciation/amortization expense and adjustments. The City restated the June 30, 2022 capital asset balances to include \$97,219 in construction in progress as well as beginning subscription-based information technology right to use assets. See note IV.I.2 for more information on the prior period adjustment.

At June 30, 2023, the City's government-wide governmental activities construction in progress consisted of costs related to the Urban Renewal Agency's streetscape project and parking initiative, a civic art installation, and audio visual equipment.

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

	Total
General government	\$ 257,485
Comm development	37,878
Public safety:	
Police	528,493
Fire / Ambulance	350,428
Emergency communications	15,941
Highways and streets	2,966,032
Parks & Rec/Maintenance	655,228
Library	45,225
Airport	360,604
I/S Fund	36,043
Building Fund (Govtl-Cmty Dev)	19,222
Total	<u>\$ 5,272,579</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

In the government-wide financial statements and proprietary fund financial statements, the City's business-type activities' capital asset, lease, and subscription-based information technology arrangement activity for the year ended June 30, 2023 is illustrated in the following table. Activity includes additions, dispositions, annual depreciation/amortization expense, and adjustments.

	Restated Balance June 30, 2022	Additions	Reductions	Reclassification	Balance June 30, 2023
Capital assets not being depreciated					
Land	\$785,223	\$ -	\$ -	\$ -	\$ 785,223
Easements	240,735	-	-	-	240,735
Construction in process	4,006,397	1,335,421	-	(2,394,214)	2,947,604
Total capital assets not being depreciated	5,032,355	1,335,421	-	(2,394,214)	3,973,562
Capital assets being depreciated					
Land improvements	80,655	-	-	-	80,655
Buildings	55,478,609	-	-	-	55,478,609
Machinery and equipment	3,349,762	46,895	(336,541)	-	3,060,116
Vehicles	1,028,418	-	-	-	1,028,418
Infrastructure	55,639,022	862,388	(1)	2,394,214	58,895,623
Total capital assets being depreciated	115,576,466	909,283	(336,542)	2,394,214	118,543,421
Less accumulated depreciation					
Land improvements	(79,363)	(1,293)	-	-	(80,656)
Buildings	(41,689,417)	(692,410)	-	-	(42,381,827)
Machinery and equipment	(2,246,480)	(174,944)	336,450	-	(2,084,974)
Vehicles	(858,552)	(37,739)	-	-	(896,291)
Infrastructure	(17,653,929)	(1,212,205)	-	-	(18,866,134)
Total accumulated depreciation	(62,527,741)	(2,118,591)	336,450	-	(64,309,882)
Total capital assets being depreciated	53,048,725	(1,209,308)	(92)	2,394,214	54,233,539
Lease assets					
Equipment	8,787	-	-	-	8,787
Total lease assets being amortized	8,787	-	-	-	8,787
Less accumulated amortization:					
Equipment	(1,785)	(1,785)	-	-	(3,570)
Total accumulated amortization	(1,785)	(1,785)	-	-	(3,570)
Total lease assets being amortized	7,002	(1,785)	-	-	5,217
Subscription-based information technology arrangement assets					
Subscription-based information technology arrangements	73,029	14,661	-	-	87,690
Total subscription-based information technology arrangement assets being depreciated	73,029	14,661	-	-	87,690
Less accumulated amortization:					
Subscription-based information technology arrangements	-	(13,269)	-	-	(13,269)
Total accumulated amortization	-	(13,269)	-	-	(13,269)
Total subscription-based information technology arrangement assets being amortized	73,029	1,392	-	-	74,421
Total capital assets, net	<u>\$ 58,161,111</u>	<u>\$ 125,720</u>	<u>\$ (92)</u>	<u>\$ -</u>	<u>\$ 58,286,739</u>

At June 30, 2023, the City's business-type activities construction in progress consisted of costs related to various wastewater projects. City restated the June 30, 2022 capital asset balances to include beginning subscription-based information technology right to use assets.

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

	Total
Wastewater Operations	<u>\$ 2,133,645</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

The Department's capital asset activity for the year ended June 30, 2023 was as follows:

	Balance June 30, 2022	Additions	Reductions	Reclassification	Balance June 30, 2023
Capital assets not being depreciated					
Land	\$ 10,984,518	\$ 47,797		\$ (61,618)	\$ 10,970,697
Construction in progress	4,968,657	9,203,398	(9,157,086)		5,014,969
Total capital assets not being depreciated	15,953,175	9,251,195	(9,157,086)	(61,618)	15,985,666
Capital assets being depreciated					
Structures and improvements	10,203,715	1,766,644		61,618	12,031,977
Water treatment plant	35,037,250	20,076			35,057,326
Supply and distribution systems	147,190,398	7,833,783	(817,935)		154,206,246
Furniture and equipment	3,426,769	173,707			3,600,476
Transportation equipment	4,558,151	1,047,110	(625,874)		4,979,387
Total capital assets being depreciated	200,416,283	10,841,320	(1,443,809)	61,618	209,875,412
Less accumulated depreciation					
Structures and improvements	(4,636,957)	(184,834)			(4,821,791)
Water treatment plant	(5,717,490)	(350,416)			(6,067,907)
Supply and distribution systems	(52,795,590)	(3,706,388)	439,906		(56,062,073)
Furniture and equipment	(3,190,535)	(77,979)			(3,268,513)
Transportation equipment	(2,913,487)	(307,387)	515,451		(2,705,424)
Total accumulated depreciation	(69,254,060)	(4,627,005)	955,357	0	(72,925,708)
Total capital assets being depreciated	\$ 147,115,398	\$ 15,465,510	\$ (9,645,538)	\$ -	\$ 152,935,370

D. Interfund Balances and Transfers

The City's General Fund receives a monthly payment in lieu of tax payment from the Department as required by ORS 225.270 when the electric utility is operated by the municipal government. The Department bills and collects the City's sewer user charges and its city services fee 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	\$ 308,286
Major enterprise fund - Wastewater Fund	Department	811,072
		<u>\$ 1,119,358</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

Interfund transfers for the year ended June 30, 2023, consisted of the following:

	Transfers In:				
	General Fund	Transportation Fund	Nonmajor Governmental Funds	Wastewater Operations	Total
Transfer Out:					
General Fund	\$ -	\$ -	\$ 702,772	\$ -	\$ 702,772
Affordable Housing	34,481	-	-	-	34,481
Urban Renewal Debt Service Fund	-	-	88,820	-	88,820
Nonmajor Governmental Funds	539,864	375,000	-	-	914,864
Internal Service Funds	128,226	-	9,709	16,182	154,117
	<u>\$ 702,571</u>	<u>\$ 375,000</u>	<u>\$ 801,301</u>	<u>\$ 16,182</u>	<u>\$ 1,895,054</u>

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 To:		
	Governmental Activities	Business Type Activities	Total Internal Loans Payable
Due From:	General	Wastewater Capital	
Governmental Activities:			
General - Police	\$ -	\$ 197,727	\$ 197,727
General - Fire/EMS	-	222,642	222,642
Urban Renewal Debt Service Fund	1,454,830	-	1,454,830
Total Internal Loans receivable	<u>\$ 1,454,830</u>	<u>\$ 420,369</u>	<u>\$ 1,875,199</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

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
2024	\$ 158,420	\$ 28,875
2025	161,660	25,626
2026	164,980	22,312
2027	168,370	18,929
2028	171,810	15,477
2029-2032	629,590	25,948
Total	<u>\$ 1,454,830</u>	<u>\$ 137,166</u>

The amount payable to the Wastewater Capital Fund relates to the purchase of three patrol vehicles and emergency communications equipment for the police and fire/EMS departments in the general fund is as follows:

Fiscal Year ending June 30	Principal	Interest
2024	\$ 149,663	\$ 7,966
2025	152,542	5,087
2026	118,164	2,152
Total	<u>\$ 420,369</u>	<u>\$ 15,205</u>

F. Renewable Energy Certificates (REC) – Department

As of June 30, 2023, 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 \$134,073. The value of these RECs is based on management's estimate of fair value of \$161,938.

The Department also holds 482,807 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, 2023.

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. The amortization period is equivalent to the period these charges will be recovered through the Department's rates.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

H. Leases Payable

Leases payable currently outstanding as of June 30, 2023 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>
Governmental Activities:					
Emergency Comms Equip, Govt Cap Corp	4.15	05/14/19	2024-2026	\$ 228,449	\$ 102,862
2019 MPD pursuit vehicles (3), Mun Asset Mgt	3.88	03/22/19	2024	153,497	31,844
Police parking storage lot	2.84	07/01/22	2024-2027	235,404	213,996
Copier and postage leases	0.51 - 11.26	Various	2024-2027	43,154	22,934
Total governmental leases payable:				<u>\$ 660,504</u>	<u>\$ 371,636</u>
Business-type Activities:					
Copier and postage leases	1.06	Various	2024-2027	\$ 8,787	\$ 5,264
Total business-type leases payable:				<u>\$ 8,787</u>	<u>\$ 5,264</u>

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

<u>Fiscal Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	100,718	12,010
2025	65,637	8,491
2026	64,834	6,133
2027	27,394	3,723
2028	27,074	2,926
2029-2033	85,979	4,022
Total	<u>\$371,636</u>	<u>\$37,305</u>

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

<u>Fiscal Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,786	\$ 47
2025	1,805	28
2026	1,673	9
Total	<u>\$ 5,264</u>	<u>\$ 84</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

I. Subscription-Based Information Technology Arrangements

The City has entered into subscription-based information technology arrangements (SBITAs) involving:

- A payment receipting software subscription for the City's Parks and Recreation Department – interest at 2.18%, annual principal and interest payments of \$7,200, due 2030;
- Geographic information system (GIS) user software and server subscription – interest at 1.71%, annual principal and interest payments of \$12,800, due 2028;
- Freedom of Information Act (FOIA) software – interest at 2.36%, annual principal and interest payments of \$14,863, due 2030;
- Information technology security awareness training software – interest at 2.18%, annual principal and interest payments of \$8,446, due 2029;
- Data security and recovery software – interest at 1.71%, annual principal and interest payments of \$13,007, due 2028;
- Server virtualization software– interest at 1.71%, annual principal and interest payments of \$12,440, due 2028;
- Various desktop and server software subscriptions– interest ranging from 1.71% to 3.43%, approximate annual principal and interest payments of \$89,000, due 2030.

	Restated			
	June 30, 2022			June 30, 2023
	Balance	Increases	Decreases	Balance
Subscription-based information technology arrangements				
Governmental	\$ 731,850	\$ 32,520	\$ (126,413)	\$ 637,957
Business-Type	73,029	14,661	(15,329)	72,361
	<u>\$ 804,879</u>	<u>\$ 47,181</u>	<u>\$ (141,742)</u>	710,318
Current portion				(143,407)
Long-term portion				<u>\$ 566,911</u>

The City restated the June 30, 2022 balance to include subscription-based information technology liability at existed on June 30, 2022 following the adoption of GASB 96. The future subscription payments under subscription-based information technology arrangements for governmental activities are as follows:

Fiscal		
Year	Principal	Interest
2024	\$ 129,114	\$ 13,066
2025	109,195	10,500
2026	112,614	8,244
2027	117,738	5,912
2028	110,848	3,455
2029-2033	58,448	1,838
	<u>\$ 637,957</u>	<u>\$ 43,015</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

The future subscription payments under subscription-based information technology arrangements for business-type activities are as follows:

Fiscal Year	Principal	Interest
2024	\$ 14,293	\$ 1,459
2025	13,872	1,172
2026	14,154	891
2027	14,441	603
2028	14,735	309
2029-2033	866	21
	<u>\$ 72,361</u>	<u>\$ 4,455</u>

The Department adopted GASB 96 *Subscription-Based Information Technology Arrangements*, and it did not have an impact on its financial reporting.

J. 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, 2023.

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

General Obligation bonds currently outstanding as of June 30, 2023, 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	2024-2027	\$ 7,235,000	\$ 3,095,000
Transportation	2015	2.50 - 5.00	04/16/15	2024-2030	16,085,000	8,730,000
Transportation	2018	3.00 - 4.00	02/28/18	2024-2033	7,915,000	5,640,000
Total Governmental Activities Bonds:					<u>\$ 31,235,000</u>	<u>\$ 17,465,000</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

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

Fiscal Year ending June 30	Principal	Interest
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	1,865,000	668,400
2029-2033	5,805,000	20,800
Total	<u>\$ 17,465,000</u>	<u>\$ 2,897,000</u>

2. Full Faith and Credit Obligations

Full Faith and Credit obligations include a loan from Oregon Department of Transportation related to the Newberg-Dundee Bypass (OTIB), a loan to purchase fire equipment, and an Urban Renewal Agency loan for capital improvement projects.

In December 2023, the original OTIB loan balance for the Dundee Bypass Project, originally issued in 2013, was refinanced and an additional \$3,622,000 loan was added to the new loan amount, as of June 30, 2023 no drawdowns had taken place so actual outstanding balance was \$2,184,354.

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, 2023, are as follows:

Governmental Activities:	Interest Rate(s)	Date of Issue	Remaining Years	Amount of Original Note	Principal Outstanding
OTIB Loan Dundee Bypass, ODOT*	2.88	12/13/23	2024-2066	\$ 2,330,450	\$ 2,184,354
Fire Vehicle, Key Bank	3.10	05/20/14	2024	1,370,000	626,816
Urban Renewal, Chase	2.04	10/31/16	2024-2032	2,192,300	1,454,830
Total Governmental Activities Notes:				<u>\$ 5,892,750</u>	<u>\$ 4,266,000</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

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

Fiscal Year ending June 30	Principal	Interest
2024	\$ 961,338	\$ 72,709
2025	317,522	71,013
2026	324,364	64,176
2027	331,356	57,191
2028	338,480	50,055
2029-2033	1,521,170	140,607
2034-2036	471,771	131,973
Total	\$ 4,266,000	\$ 587,725

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, 2023, are as follows:

	Interest Rate(s)	Date of Issue	Remaining Years	Amount of Original Note	Principal Outstanding
PERS Transitional Liability, Chase	2.73	10/31/16	2024-2028	\$ 3,525,860	\$ 1,830,950
Allocation					
Governmental Activities:					
Allocation Governmental Funds	90.00%			\$ 3,173,274	\$ 1,647,855
Allocation Internal Service Funds	2.00%			70,517	36,619
Business Type	8.00%			282,069	146,476
Total Pension Obligation Notes				\$ 3,525,860	\$ 1,830,950

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

Fiscal Year ending June 30	Governmental Funds		Gov'tal Int Serv Funds		Business Type		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 325,989	\$ 42,798	\$ 7,244	\$ 951	\$ 28,977	\$ 3,804	\$ 362,210	\$ 47,554
2025	348,048	33,750	7,734	750	30,938	3,000	386,720	37,500
2026	371,196	24,092	8,249	535	32,995	2,142	412,440	26,769
2027	395,442	13,795	8,788	307	35,150	1,226	439,380	15,328
2028	207,180	2,828	4,604	63	18,416	251	230,200	3,142
Total	\$ 1,647,855	\$ 117,264	\$ 36,619	\$ 2,606	\$ 146,476	\$ 10,423	\$ 1,830,950	\$ 130,293

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 19,650,000	\$ -	\$ 2,185,000	\$ 17,465,000	\$ 2,290,000
Unamortized premium	1,760,715	-	263,950	1,496,765	263,950
Notes payable	4,624,784	2,330,450	2,689,233	4,266,000	961,338
PERS Transitional Liability, Chase	1,963,642	-	315,787	1,647,855	325,989
Compensated absences	947,803	1,188,064	1,056,184	1,079,683	341,907
Governmental Totals	\$ 28,946,944	\$ 3,518,514	\$ 6,510,154	\$ 25,955,303	\$ 4,183,185
<u>Internal service funds</u>					
PERS Transitional Liability, Chase	\$ 43,395	\$ -	\$ 6,776	\$ 36,619	\$ 7,244
Compensated absences	50,880	26,628	24,889	52,619	17,859
Internal service fund Totals	\$ 94,275	\$ 26,628	\$ 31,665	\$ 89,238	\$ 25,103
<u>Business type activities</u>					
PERS Transitional Liability, Chase	\$ 162,733	\$ -	\$ 16,257	\$ 146,476	\$ 28,977
Compensated absences	97,045	94,168	91,962	99,251	33,686
Business type totals	\$ 259,778	\$ 94,168	\$ 108,219	\$ 245,727	\$ 62,663

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

K. Fund Balances

Fund balances by classification for the year ended June 30, 2023 were as follows:

Fund Balances	General Fund	Airport	Affordable Housing	Transportation	Debt Service	Urban Renewal Debt Service	Other Government Funds	Total Government Funds
Nonspendable:								
In Form	\$ 7,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,500
Restricted for:								
Street Maintenance	-	-	-	-	-	-	2,263,202	2,263,202
Tourism Promotion	-	-	-	-	-	-	464	464
Airport Maintenance	-	819,367	-	-	-	-	-	819,367
Grants and Assessments	-	-	306,877	-	-	-	145,411	452,288
Capital Projects	-	-	-	4,127,693	-	-	2,400,356	6,528,049
Debt Service	-	-	-	-	313,575	-	-	313,575
Committed to:								
Emergency Communications	-	-	-	-	-	-	154,231	154,231
Capital Projects	6,494,348	-	-	-	-	-	-	6,494,348
Assigned to:								
LOSAP Benefit Plan	883,782	-	-	-	-	-	-	883,782
Telecommunications	-	-	-	-	-	-	2,005	2,005
Building	-	-	-	-	-	-	2,062,688	2,062,688
Unassigned:	6,779,373	-	-	-	-	(475,324)	-	6,304,049
Total fund balances	\$ 14,165,003	\$ 819,367	\$ 306,877	\$ 4,127,693	\$ 313,575	\$ (475,324)	\$ 7,028,357	\$ 26,285,548

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

L. 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:

	Implicit Rate Subsidy	PERS RHIA Plan	Total OPEB on Financials
Net OPEB Asset	\$ -	\$ 343,533	\$ 343,533
Deferred Outflows of Resources			
Change in Assumptions	28,730	2,690	31,420
Difference in Expected and Actual Experience	97,490	-	97,490
Change in Proportionate Share	-	120,380	120,380
Contributions After MD	87,886	1,552	89,438
Net OPEB Liability	(1,179,983)	-	(1,179,983)
Deferred Inflows of Resources			
Difference in Expected and Actual Experience	(622,254)	(9,310)	(631,564)
Difference in Earnings	-	(26,199)	(26,199)
Change in Assumptions	(381,748)	(11,451)	(393,199)
Change in Proportionate Share	-	(30,299)	(30,299)
OPEB Expense/(Income)	(18,092)	(6,484)	(24,576)

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>.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

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, 2022, the following employees were covered by the benefit terms:

Active employees	133
Eligible retirees	10
Spouses of ineligible retirees	0
Total participants	<u>143</u>

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 \$1,179,983 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2022.

For the fiscal year ended June 30, 2023, the City recognized OPEB income from this plan of \$18,092. At June 30, 2023, 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	\$ 97,490	\$ 622,254
Changes of assumptions	28,730	381,748
Total (prior to post-MD contributions)	126,220	1,004,002
Contributions subsequent to the MD	87,886	-
Total	<u>\$ 214,106</u>	<u>\$ 1,004,002</u>

Deferred outflows of resources related to OPEB of \$87,886 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, 2024. 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>	
2024	\$ (155,498)
2025	(155,498)
2026	(155,498)
2027	(155,498)
2028	(143,991)
Thereafter	(111,799)
Total	<u>\$ (877,782)</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

Actuarial Assumptions and Other Inputs:

The net OPEB liability in the July 1, 2022 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	2.40 percent
Discount Rate	3.54 percent
Projected Salary Increases	3.40 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: 6.75 percent per year decreasing to 3.75 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 3.54% to 2.16%.

	Net OPEB Liability
Balance as of June 30, 2022	\$ 1,461,576
Changes for the year:	
Service cost	104,287
Interest on total OPEB liability	33,119
Effect of economic demographic gains or losses	(164,942)
Effect of assumptions changes or inputs	(188,509)
Benefit payments	(65,548)
Balance as of June 30, 2023	<u>\$ 1,179,983</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

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 (2.54 percent) or 1-percentage-point higher (4.54 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 (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Net OPEB Liability	\$ 1,268,340	\$ 1,179,983	\$ 1,097,524

Healthcare Cost Trend:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 1,066,124	\$ 1,179,983	\$ 1,313,515

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/ACFR/2022-Annual-Comprehensive-Financial-Report.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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

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, 2020 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 liabilities being amortized over 20 years. The City's total for the year ended June 30, 2022 contributions was \$1,552.

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

At June 30, 2023, the City reported an asset of \$343,533 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the net OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. 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, 2023, the City's proportionate share was 0.0967%, which is a decrease from its proportion of 0.1757% as of June 30, 2022.

For the year ended June 30, 2023, the City recognized OPEB income from this plan of \$6,484. At June 30, 2023, 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	\$ -	\$ 9,310
Changes of assumptions	2,690	11,451
Net difference between projected and actual earnings on investments	-	26,199
Changes in proportionate share	120,380	30,299
Total (prior to post-MD contributions)	123,070	77,259
Contributions subsequent to the MD	1,552	-
Total	<u>\$ 124,622</u>	<u>\$ 77,259</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

Deferred outflows of resources related to OPEB of \$1,552 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, 2024. 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>		
2024	\$	29,776
2025		24,178
2026		(16,532)
2027		8,389
Total	\$	<u>45,811</u>

Actuarial Methods & Assumptions:

The net OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 2021
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: 27.5% Disabled retirees: 15%
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>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

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 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

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.

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>Target Allocation</u>
Debt Securities	15.0%	25.0%	20.0%
Public Equity	25.0%	35.0%	30.0%
Real Estate	7.5%	17.5%	12.5%
Private Equity	15.0%	27.5%	20.0%
Risk Parity	0.0%	3.5%	2.5%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			<u>100.0%</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
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	<u>100.00%</u>	

Assumed Inflation - Mean

2.40%

Discount rate:

The discount rate used to measure the net OPEB asset 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 asset.

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:

Discount Rate:

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
Net OPEB Asset	\$ (309,620)	\$ (343,533)	\$ (372,605)

OPEB plan fiduciary net position:

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

Changes in Plan Provisions During the Measurement Period:

There were no changes during the June 30, 2022 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date:

There were no changes subsequent to the June 30, 2022 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 III.L.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, 2023 contributions was \$829.

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, 2022, the following employees were covered by the benefit terms:

Active employees	69
Retired employees	<u>7</u>
Total	<u>76</u>

Changes in Net OPEB Liability:

	Net OPEB Liability
Balance as of June 30, 2022	<u>\$ 1,289,993</u>
Changes for the year:	
Service cost	53,662
Interest on total OPEB liability	30,604
Effect of changes to benefit terms	309,482
Effect of economic demographic gains or losses	5,102
Effect of assumptions changes or inputs	(90,513)
Benefit payments	(125,515)
Net RHIA change	<u>(18,245)</u>
Balance as of June 30, 2023	<u><u>\$ 1,454,570</u></u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

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:

	<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Net OPEB Liability	\$ 1,734,324	\$ 1,454,570	\$ 1,489,408

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:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 1,462,725	\$ 1,454,570	\$ 1,776,841

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

For the year ended June 30, 2023, the Department recognized an OPEB credit of \$25,998. At June 30, 2023, the Department reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,110	\$ 6,200
Changes of assumptions	27,600	448,213
Net difference between projected and actual earnings on investments	-	11,732
Changes in proportion	-	9,587
Total (prior to post-MD contributions)	46,710	475,732
Contributions subsequent to the MD	79,772	-
Total	<u>\$ 126,482</u>	<u>\$ 475,732</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

Deferred outflows of resources related to OPEB of \$79,772 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	\$ (118,451)
2025	(109,654)
2026	(103,216)
2027	(57,973)
2028	(9,629)
Thereafter	(30,099)
Total	<u>\$ (429,022)</u>

M. 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 Annual Comprehensive Financial Report and Actuarial Valuation that can be obtained at <https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf>

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 2021. The limit will be equal to \$210,582 in 2022 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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

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.

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 2021. The limit will be equal to \$210,582 in 2022 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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

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.

Benefit Changes after Retirement – Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

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, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. 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. Re-employed retirees do not accrue additional benefits while they work after retirement. Employer contributions for the year ended June 30, 2023 were \$3,977,745, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2023 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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

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 \$883,056 for the year ended June 30, 2023.

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 \$3,333 per month, 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, 2023, the City and Department reported liabilities of \$24,979,174 and \$8,030,461, respectively for their proportionate share of the plan pension liability excluding LOSAP. The net pension liability was measured as of June 30, 2022 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 0.1631% and the Department's proportion was 0.0524%. The City's and Department's proportionate share at the prior measurement date was 0.1590% and 0.0503%, respectively.

For the year ended June 30, 2023, the City and Department recognized pension expense, excluding LOSAP of \$2,417,325 and \$2,197,881, respectively. The Department has elected to use regulatory accounting to recognize pension expense in conjunction with the required employer contribution rates.

At June 30, 2023, 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	\$ 1,212,537	\$ 155,775
Changes of assumptions	3,919,367	35,807
Net difference between projected and actual earnings on investments	-	4,465,793
Changes in proportion	1,150,102	887,349
Differences between employer contributions and proportionate share of contributions	206,052	2,562,754
Total (prior to post-MD contributions)	6,488,058	8,107,478
Contributions subsequent to the MD	3,977,745	-
Total	<u>\$ 10,465,803</u>	<u>\$ 8,107,478</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

Deferred outflow and inflow pension data for the Department:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 389,814	\$ 50,079
Changes of assumptions	1,260,023	182,286
Net difference between projected and actual earnings on investments	-	11,512
Changes in proportion	654,299	1,435,691
Differences between employer contributions and proportionate share of contributions	37,460	723,903
Total (prior to post-MD contributions)	2,341,596	2,403,471
Contributions subsequent to the MD	1,344,110	-
Total	<u>\$ 3,685,706</u>	<u>\$ 2,403,471</u>

City and Department's contributions subsequent to the measurement date of \$3,977,745 and \$1,344,110, 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, 2024. 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:

<u>Year ended June 30:</u>	
2024	\$ (502,639)
2025	(976,604)
2026	(2,119,835)
2027	2,013,583
2028	(33,925)
Total	<u>\$ (1,619,420)</u>

Department:

<u>Year ended June 30:</u>	
2024	\$ 163,434
2025	(134,882)
2026	(617,528)
2027	582,613
2028	(55,512)
Total	<u>\$ (61,875)</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

Actuarial Assumptions:

The employer contribution rates effective July 1, 2021 through June 30, 2023 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.

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, 2020 actuarial valuation was determined using the actuarial methods and assumptions that are the same as listed above in Note III.L.3 – Actuarial Methods and Assumptions.

Long-Term Expected Rate of Return:

Are the same as listed above in Note III.L.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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

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.

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)	\$ 44,298,405	\$ 24,979,174	\$ 8,809,870
	<u>1% Decrease (5.90%)</u>	<u>Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
Department's proportionate share of the net pension liability (asset)	\$ 14,241,329	\$ 8,030,461	\$ 2,832,252

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, 2023, the City's payable to OPERS for defined benefit contributions was approximately \$447,500. 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, 2023.

Changes in Plan Provisions During the Measurement Period:

There were no changes during the June 30, 2022 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Period:

There were no changes subsequent to the June 30, 2022 measurement period that require disclosure.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

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 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.

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, 2023, 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 \$25,788 and \$21,048 for fiscal years 2023 and 2022, respectively.

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

For the year ended June 30, 2023, the LOSAP pension expense as defined by GASB 68 was \$42,717.

At June 30, 2023, the City reported LOSAP 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	\$ 6,763	\$ 33,705
Changes of assumptions	142,272	202,328
Total	<u>\$ 149,035</u>	<u>\$ 236,033</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

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:	
2024	\$ (6,643)
2025	(6,643)
2026	(7,012)
2027	(22,074)
2028	(44,626)
Total	<u>\$ (86,998)</u>

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 LOSAP's Service Cost for the valuation year.

Actuarial Methods and Assumptions:

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.

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>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

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:

	<u>1% Decrease (2.54%)</u>	<u>Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Net LOSAP pension liability	\$ 1,286,041	\$ 1,097,545	\$ 948,104

Changes in total pension liability:

	<u>Net LOSAP Pension Liability</u>
Balance as of June 30, 2022	\$ 1,069,882
Changes for the year:	
Service cost	16,034
Interest on total pension liability	37,417
Benefit payments	<u>(25,788)</u>
Balance as of June 30, 2023	<u>\$ 1,097,545</u>

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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

B. Commitments and Contingencies

1. City

At June 30, 2023, the City was committed to 29 contracts. In the major governmental funds, a total of approximately \$2.2 million is for construction of a transitional housing facility and navigation center, \$140,000 for a variety of non-capital professional services, \$540,000 in audit and city engineering services, \$465,000 in economic development contracts, \$226,000 for ambulances, \$160,000 in HVAC maintenance services, \$307,000 for a slurry seal road rehabilitation project and \$578,000 in Municipal Airport master planning and professional services. In the non-major fund for Emergency Communication \$58,000 is for communications equipment maintenance, Other non-major fund commitments include \$114,000 remaining in parks master planning services, \$435,000 in street maintenance services, \$50,000 for building inspection and planning services and \$22,000 in HVAC preventative maintenance. In the Wastewater Fund, a business-type activity, a single contract of over \$18.2 million to construct a solids treatment facility was entered into at the end of the fiscal year and approximately \$5.47 million remained on contracts for sanitary sewer rehabilitation projects, biosolid hauling services, master planning services, smaller professional services contracts, utility line installation in a local bridge, a swap-loaded truck, and a water reclamation facility biosolids project.

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, 2023 were approximately \$820,000.

C. Pollution Remediation Liability

GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations established accounting and financial reporting standards for pollution remediation obligations. The City has three properties with remediation issues. Estimated remediation costs for each property are being provided through external contractors. The City recognizes a pollution remediation obligation when it can reasonably estimate the range of expected cash outlays.

The remediation obligation estimates that appear in this report are subject to change over time. Costs may vary due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, changes to statutes or regulations, and other factors that could result in revisions to these estimates. Prospective recoveries from responsible parties may reduce the City's obligation. As of June 30, 2023, the City was unable to reasonably estimate the potential obligation.

D. Major Customer and Supplier – Department

Department sales of electricity were made to one major commercial customer during the year ended June 30, 2023 in amounts exceeding 30% of total sales. This customer accounted for approximately \$13,042,000 of revenues during the year ended June 30, 2023. At June 30, 2023, accounts receivable from this same customer amounted to approximately \$968,882.

Department purchases were made from one major supplier of power, including supply, transmission and distribution during the year ended June 30, 2023, which accounted for 91% of the total of such purchases. The supplier accounted for \$26,314,000 of purchases during the year ended June 30, 2023. At June 30, 2023, amounts due to this same supplier, and included in accounts payable, amounted to \$1,704,000.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

E. 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 \$666,000 in member contributions to YCOM in fiscal year 2023. 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 \$32,000 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.

F. McMinnville Rural Fire Protection District

McMinnville Rural Fire Protection District (MRFPD) contracts with the City for fire protection services. For fiscal year 2023, the City received approximately \$573,000 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.

G. 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, 2023 has been abated under the following programs:

Program and Statutory Authority		Amount of Abatement
Housing for low income rental	ORS 307.517	\$ 48,379
Historic property	ORS 358.475 - 358.545	1,527
Total		<u>\$ 49,906</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

H. Deficit Fund Balance/Net Position

The following fund had a deficit fund balance/net position at June 30, 2023. This deficit will be financed through future revenues.

Fund	Amount
Urban Renewal Debt Service Fund	\$ (475,324)

I. Prior Period Adjustments

1. Department

The Department restated accounts receivable and timber revenues for the fiscal year ended June 30, 2022 for the water system after determining it had incorrectly recorded certain timber revenues in the wrong period. The restatement resulted in increases of \$942,320 to accounts receivable and net position on the statement of net position, as well as the same increase for timber revenues and the change in net position on the statement of revenues, expenses and changes in net position. The following details the individual line items impacted as a result of the restatement.

2. City

The City restated beginning net position for the fiscal year ended June 30, 2022 for construction in process after determining it should have been recorded capitalized during the period. The restatement included increases of \$97,219 to capital assets and net position on the statement of net position. Additionally, \$112,000 in development loans receivable were not reported in the prior period. The total restatement was for an increase in net position of \$209,219.

J. McMinnville Fire District

In May 2023 the voters of the City of McMinnville and those living in the McMinnville Rural Fire Protection District approved a ballot measure establishing an independent fire district to serve both geographic areas. The new McMinnville Fire District was established on July 1, 2023. During the upcoming fiscal year, a transition process will be taking place that includes transferring the employees of the fire service from the City to the new District, providing support to the District as it establishes its own administrative services and the transfer of fire service related assets and liabilities from the City to the new District. The City committed to under-levy its permanent property tax rate in the fiscal year 2023-24 year by the approximate amount that had historically been dedicated to fire services and engage the community in a discussion regarding the future disposition of this taxing authority in fiscal year 2024-25 and beyond.

K. New Accounting Pronouncement

The City adopted the provisions of GASB Statement No. 91, *Conduit Debt Obligations*. The primary objective of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This pronouncement did not impact the preparation of these financial statements.

The City and Department adopted the provisions of GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). This pronouncement did not impact the preparation of these financial statements for the City or the Department.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2023

The City and Department adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. See notes III.C and III.I for more information on the impacts of this new pronouncement on the City and Department's financial statements.

The City adopted the provision of GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This pronouncement impacts how the prior period adjustment is presented in the City's financial statements, see note IV.I.2 above.

L. Subsequent Events

In July 2023, the City purchased industrial property for \$4.3 million. The City has entered into a 5-year intergovernmental agreement with the McMinnville Urban Renewal Agency to reimburse the City's General Fund for the actual amount of interest due starting in fiscal year 2024. The annual debt service reimbursement amount will not exceed \$219,675.

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
 - Affordable Housing 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
- Notes to Required Supplementary Information

CITY OF MC MINNVILLE, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 15,930,000	\$ 15,930,000	\$ 15,856,876	\$ (73,124)
Licenses and permits	4,343,450	4,343,450	4,415,455	72,005
Intergovernmental	6,660,440	7,335,440	10,418,324	3,082,884
Charges for services	6,348,032	6,348,032	5,324,540	(1,023,492)
Fines and forfeitures	393,700	393,700	358,554	(35,146)
Miscellaneous	757,293	757,293	1,131,290	373,997
Total revenues	34,432,915	35,107,915	37,505,039	2,397,124
EXPENDITURES:				
General government:				
Administration	1,826,360	1,906,360	1,722,129	184,231
Finance	981,469	981,469	923,988	57,481
Community development:				
Engineering	1,189,151	1,189,151	1,034,560	154,591
Planning	3,139,028	3,139,028	1,352,518	1,786,510
Public safety:				
Police	10,154,087	10,154,087	9,149,326	1,004,761
Municipal court	632,065	642,065	601,076	40,989
Fire	10,830,170	10,830,170	9,625,757	1,204,413
Culture and recreation:				
Parks and recreation	2,767,168	2,949,168	2,622,265	326,903
Park maintenance	1,496,644	1,941,644	1,803,908	137,736
Library	2,494,658	2,547,658	2,347,104	200,554
Nondepartmental:				
Personnel services	14,999	14,999	-	14,999 *
Materials and services	-	95,000	111,406	(16,406) *
Debt service:				
Principal	494,050	494,050	494,050	-
Interest	89,020	89,020	89,019	1
Contingency	1,000,000	904,000	-	904,000
Total expenditures	37,108,869	37,877,869	31,877,106	6,000,763
Revenues over (under) expenditures	(2,675,954)	(2,769,954)	5,627,933	8,397,887
		36,390,799		
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	7,500	7,500	5,605	(1,895)
Interfund loan proceeds	187,288	187,288	187,288	-
Interfund loan payments	(157,625)	(157,625)	(157,625)	-
Transfers in	2,313,785	2,407,785	2,146,556	(261,229)
Transfers out	(1,519,344)	(1,519,344)	(1,204,087)	315,257
Total other financing sources (uses)	831,604	925,604	977,737	52,133
Net change in fund balance	(1,844,350)	(1,844,350)	6,605,670	8,450,020
FUND BALANCE, BEGINNING - BUDGETARY BASIS	5,384,824	5,384,824	6,524,872	1,140,048
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 3,540,474</u>	<u>\$ 3,540,474</u>	13,130,542	<u>\$ 9,590,068</u>
Outstanding interfund loan receivable			1,454,830	
Outstanding interfund loan payable			(420,369)	
FUND BALANCE, ENDING GAAP BASIS			<u>\$ 14,165,003</u>	

* Appropriated together as non-departmental

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental	\$ 307,000	\$ 307,000	\$ 54,795	\$ (252,205)
Charges for services	377,500	377,500	390,346	12,846
Miscellaneous	23,500	23,500	43,970	20,470
Total revenues	708,000	708,000	489,111	(218,889)
EXPENDITURES:				
Airport:				
Personnel services	-	-	58,119	(58,119) *
Materials and services	718,800	718,800	175,067	543,733 *
Contingency	300,000	300,000	-	300,000
Total expenditures	1,018,800	1,018,800	233,186	785,614
Revenues over (under) expenditures	(310,800)	(310,800)	255,925	566,725
OTHER FINANCING SOURCES (USES):				
Transfers out	(53,801)	(53,801)	(53,801)	-
Total other financing sources (uses)	(53,801)	(53,801)	(53,801)	-
Net change in fund balance	(364,601)	(364,601)	202,124	566,725
FUND BALANCE, BEGINNING - BUDGETARY BASIS	581,081	581,081	617,243	36,162
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 216,480	\$ 216,480	\$ 819,367	\$ 602,887

* Expenditures are appropriated together as airport operations.

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Licenses and permits	\$ 600,000	\$ 600,000	\$ 313,956	\$ (286,044)
Intergovernmental	2,300,000	2,300,000	515,369	(1,784,631)
Miscellaneous	-	-	34,318	34,318
Total revenues	2,900,000	2,900,000	863,643	(2,036,357)
EXPENDITURES:				
General government:				
Materials and services	1,220,000	1,115,500	29,280	1,086,220
Capital outlay	2,700,000	2,700,000	480,688	2,219,312
Contingency	-	180,000	-	180,000
Total expenditures	3,920,000	3,995,500	509,968	3,485,532
Revenues over (under) expenditures	(1,020,000)	(1,095,500)	353,675	1,449,175
OTHER FINANCING SOURCES (USES):				
Transfers out	(180,000)	(104,500)	(47,611)	56,889
Total other financing sources (uses)	(180,000)	(104,500)	(47,611)	56,889
Net change in fund balance	(1,200,000)	(1,200,000)	306,064	1,506,064
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,200,000	1,200,000	813	(1,199,187)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 306,877	\$ 306,877

CITY OF MC MINN VILLE, OREGON
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Last Ten Fiscal Years

City	(b/c) City's				
	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Measurement Date June 30,					
2022	0.16313456%	\$ 24,979,174	\$ 15,464,857	161.52%	84.50%
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	(b/c) Department's				
	(a) Department's proportion of the net pension liability (asset)	(b) Department's proportionate share of the net pension liability (asset)	(c) Department's covered payroll	proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Measurement Date June 30,					
2022	0.05244552%	\$ 8,030,461	\$ 5,630,164	142.63%	84.50%
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%
2013	0.06292673%	3,364,338	n/a	-	91.97%

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

CITY OF MC MINNVILLE, OREGON
SCHEDULE OF CONTRIBUTIONS - PENSIONS
For the Last Ten Fiscal Years

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
2023	\$ 3,977,745	\$ 3,977,745	\$ -	\$ 16,333,325	24.35%
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
2023	\$ 1,344,110	\$ 1,344,110	\$ -	\$ 5,655,384	23.77%
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%
2014	589,680	589,680	-	4,665,911	12.64%

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

CITY OF MC MINNVILLE, 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
2022	0.09667870%	\$ (343,533)	\$ 15,464,857	-2.22%	194.6%
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
2022	0.04329466%	\$ (153,841)	\$ 5,630,164	-2.73%	194.6%
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.

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
2023	\$ 1,552	\$ 1,552	\$ -	\$ 16,333,325	0.75%
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
2023	\$ 1,205	\$ 1,205	\$ -	\$ 5,655,384	0.02%
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.

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

City	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Interest	\$ 104,287	\$ 101,203	\$ 79,797	\$ 70,664	\$ 143,891	\$ 156,197
Interest	33,119	32,133	45,165	45,716	79,991	64,110
Changes of benefit terms	-	-	-	-	-	-
Differences between economic/demographic gains or losses	(164,942)	-	142,487	-	(959,788)	-
Changes of assumptions	(188,509)	5,851	(70,713)	40,455	(179,625)	(164,168)
Benefit payment	(65,548)	(60,445)	(48,629)	(64,858)	(63,859)	(54,197)
Net change in total OPEB liability	(281,593)	78,742	148,107	91,977	(979,390)	1,942
Total OPEB liability - beginning	1,461,576	1,382,834	1,234,727	1,142,750	2,122,140	2,120,198
Total OPEB liability - ending (a)	\$ 1,179,983	\$ 1,461,576	\$ 1,382,834	\$ 1,234,727	\$ 1,142,750	\$ 2,122,140
Covered-employee payroll	\$ 16,333,325	\$ 15,464,857	\$ 15,074,044	\$ 14,648,781	\$ 14,345,060	\$ 13,566,496
	7.22%	9.45%	9.17%	8.43%	7.97%	15.64%

Total OPEB liability as a percentage of covered-employee payroll

Department	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Interest	\$ 53,662	\$ 52,032	\$ 44,132	\$ 38,871	\$ 80,853	\$ 88,568
Interest	30,604	32,293	53,716	59,779	81,690	70,010
Differences between economic/demographic gains or losses	5,102	-	(3,225)	-	-	-
Difference between expected and actual experience	309,482	-	-	-	34,195	-
Changes of assumptions	(90,513)	4,803	(34,242)	42,160	(699,861)	(138,226)
Benefit payment	(125,515)	(144,637)	(138,581)	(173,010)	(210,866)	(164,408)
Net RHIA change	(18,245)	(75,182)	28,853	(37,320)	(32,427)	(33,002)
Net change in total OPEB liability	164,577	(130,691)	(49,347)	(69,520)	(746,416)	(177,058)
Total OPEB liability - beginning	1,289,993	1,420,684	1,470,031	1,539,551	2,285,967	2,463,025
Total OPEB liability - ending (a)	\$ 1,454,570	\$ 1,289,993	\$ 1,420,684	\$ 1,470,031	\$ 1,539,551	\$ 2,285,967
Covered-employee payroll	\$ 5,655,384	\$ 5,630,164	\$ 5,330,572	\$ 5,000,050	\$ 4,865,881	\$ 4,888,677
	25.72%	22.91%	26.65%	29.40%	31.64%	46.76%

Total OPEB liability as a percentage of covered-employee payroll

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

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

CITY OF MC MINNVILLE, OREGON
SCHEDULE OF CONTRIBUTIONS TO OPEB - IMPLICIT RATE SUBSIDY
For the Last Ten Fiscal Years¹

City					
Year Ended June 30,	(a) Actuarially 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
2023	\$ 87,886	\$ 87,886	\$ -	\$ 16,333,325	0.18%
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) Actuarially 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
2023	\$ 79,772	\$ 79,772	\$ -	\$ 5,655,384	1.41%
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.

City of McMinnville, Oregon
Notes to Required Supplementary Information
Year Ended June 30, 2023

A. Schedule of the Proportionate Share of the Net Pension Liability

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 2022, annual salary in excess of \$210,582 (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.

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 of Assumptions

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability. The changes include the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 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. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. For June 30, 2021, the long-term expected rate of return was lowered to 6.90 percent, and the inflation rate was lowered from 2.5 to 2.4 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
Notes to Required Supplementary Information (Continued)
Year Ended June 30, 2023

B. Schedule of Contributions – Pension

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective	July 2021 - June 2023	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method	Entry Age Normal				Projected Unit
Amortization method	Level percentage of payroll				
Asset valuation method	Market Value				
Remaining amortization periods	20 years				N/A
Actuarial assumptions:					
Inflation rate	2.40 percent	2.50 percent		2.75 percent	
Projected salary increases	3.40 percent	3.50 percent			
Investment rate of return	6.90 percent	7.20 percent	7.50 percent	7.75 percent	8.00 percent

C. Schedule of the Proportionate Share of OPEB - RHIA

Changes of Assumptions

The Plan is provided to employees with other post-employment 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 changed to reflect an updated trends and mortality improvement scale for all groups.

D. Schedule of Contributions to OPEB – RHIA

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2021 - June 2023	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:	20 years				N/A
Actuarial assumptions					
Inflation rate	2.40 percent	2.50 percent		2.75 percent	
Projected salary increases	3.40 percent	3.50 percent			3.75 percent
Investment rate of return	6.90 percent	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				

E. Schedule of Changes in OPEB Liability and Related Ratios – Implicit Rate Subsidy

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

City of McMinnville, Oregon
Notes to Required Supplementary Information (Continued)
Year Ended June 30, 2023

F. Schedule of Contributions to OPEB – Implicit Rate Subsidy

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	July 1, 2022	July 1, 2020	July 1, 2018	July 1, 2016
Effective:	June 30, 2023 and 2024	June 30, 2021 and 2022	June 30, 2019 and 2020	June 30, 2017 and 2018
Actuarial cost method:	Entry Age Normal			
Amortization method:	Level percentage of payroll, closed			
Amortization period:	10.0 years	5.8 years	6.8 years	7.7 years
Asset valuation method:	Market value			
Remaining amortization periods:	20 years			
Actuarial assumptions:				
Inflation rate	2.40 percent	2.50 percent		
Projected salary increases	3.40 percent	3.50 percent		



**City of
McMinnville**

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:

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.

Transient Lodging Fund

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

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 MC MINNVILLE, OREGON
TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental	\$ 201,248	\$ 201,248	\$ 201,248	\$ -
Charges for services	500,000	500,000	430,500	(69,500)
Miscellaneous	15,000	15,000	82,453	67,453
Total revenues	716,248	716,248	714,201	(2,047)
EXPENDITURES:				
Highways and streets:				
Materials and services	522,300	522,300	31,998	490,302
Capital outlay	620,000	620,000	89,006	530,994
Debt service:				
Principal	149,399	149,399	146,097	3,302 *
Interest	51,850	51,850	55,151	(3,301) *
Contingency	500,000	500,000	-	500,000
Total expenditures	1,843,549	1,843,549	322,252	1,521,297
Revenues over (under) expenditures	(1,127,301)	(1,127,301)	391,949	1,519,250
OTHER FINANCING SOURCES (USES):				
Transfers in	375,000	375,000	375,000	-
Transfers out	(120,219)	(120,219)	(120,219)	-
Total other financing sources (uses)	254,781	254,781	254,781	-
Net change in fund balance	(872,520)	(872,520)	646,730	1,519,250
FUND BALANCE, BEGINNING - BUDGETARY BASIS	3,325,111	3,325,111	3,480,963	155,852
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 2,452,591	\$ 2,452,591	\$ 4,127,693	\$ 1,675,102

* Appropriated together as debt service

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 2,859,800	\$ 2,859,800	\$ 2,832,781	\$ (27,019)
Intergovernmental	-	-	1,958	1,958
Miscellaneous	16,000	16,000	17,588	1,588
Total revenues	2,875,800	2,875,800	2,852,327	(23,473)
EXPENDITURES:				
Debt service:				
Principal	2,185,000	2,185,000	2,185,000	-
Interest	817,150	817,150	817,150	-
Total expenditures	3,002,150	3,002,150	3,002,150	-
Net change in fund balance	(126,350)	(126,350)	(149,823)	(23,473)
FUND BALANCE, BEGINNING - BUDGETARY BASIS	510,198	510,198	463,398	(46,800)
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 383,848</u>	<u>\$ 383,848</u>	<u>\$ 313,575</u>	<u>\$ (70,273)</u>

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property taxes	\$ 604,000	\$ 604,000	\$ 652,989	\$ 48,989
Intergovernmental	-	-	354	354
Miscellaneous	2,750	2,750	19,791	17,041
Total revenues	606,750	606,750	673,134	66,384
EXPENDITURES:				
Contingency	100,000	100,000	-	100,000
Total expenditures	100,000	100,000	-	100,000
Revenues over (under) expenditures	506,750	506,750	673,134	166,384
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	(187,288)	(187,288)	(187,288)	-
Transfers out	(250,848)	(250,848)	(88,820)	162,028
Total other financing sources (uses)	(438,136)	(438,136)	(276,108)	162,028
Net change in fund balance	68,614	68,614	397,026	328,412
FUND BALANCE, BEGINNING - BUDGETARY BASIS	447,217	447,217	582,480	135,263
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 515,831</u>	<u>\$ 515,831</u>	979,506	<u>\$ 463,675</u>
Interfund loan payable			(1,454,830)	
FUND BALANCE, ENDING			<u>\$ (475,324)</u>	

CITY OF MCMINNVILLE, OREGON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2023

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS:			
Accounts receivable, net	\$ 826,613	\$ -	\$ 826,613
Assessments receivables	6,779	-	6,779
Loans receivable	-	106,192	106,192
Restricted cash and investments	4,901,452	2,404,957	7,306,409
Total assets	<u>\$ 5,734,844</u>	<u>\$ 2,511,149</u>	<u>\$ 8,245,993</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ 450,611	\$ 12,271	\$ 462,882
Due to component unit	980	-	980
Accrued payroll and other payroll liabilities	36,977	-	36,977
Advances to other funds	147,307	-	147,307
Unearned revenue	464,189	-	464,189
Total liabilities	<u>1,100,064</u>	<u>12,271</u>	<u>1,112,335</u>
DEREFED INFLOWS OF RESOURCES:			
Unavailable revenue - other	<u>6,779</u>	<u>98,522</u>	<u>105,301</u>
Total deferred inflows of resources	<u>6,779</u>	<u>98,522</u>	<u>105,301</u>
FUND BALANCE:			
Restricted	2,409,077	2,400,356	4,809,433
Committed	154,231	-	154,231
Assigned	2,064,693	-	2,064,693
Total fund balance	<u>4,628,001</u>	<u>2,400,356</u>	<u>7,028,357</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 5,734,844</u>	<u>\$ 2,511,149</u>	<u>\$ 8,245,993</u>

CITY OF MC MINNVILLE, OREGON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2023

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES:			
Special assessments	\$ 64,200	\$ -	\$ 64,200
Licenses and permits	2,912,596	-	2,912,596
Intergovernmental	2,941,809	-	2,941,809
Charges for services	15,480	370,802	386,282
Miscellaneous	143,461	84,273	227,734
Total revenues	6,077,546	455,075	6,532,621
EXPENDITURES:			
Current:			
General government	1,584,076	-	1,584,076
Public safety	713,702	-	713,702
Highways and streets	2,322,016	-	2,322,016
Culture and recreation	-	166,163	166,163
Community development	771,604	136,468	908,072
Capital outlay:			
Highways and streets	271,282	-	271,282
Debt service:			
Principal	31,592	-	31,592
Interest	5,580	-	5,580
Total expenditures	5,699,852	302,631	6,002,483
Revenues over (under) expenditures	377,694	152,444	530,138
OTHER FINANCING SOURCES (USES):			
Transfers in	712,480	88,821	801,301
Transfers out	(914,864)	-	(914,864)
Total other financing sources (uses)	(202,384)	88,821	(113,563)
Net change in fund balance	175,310	241,265	416,575
FUND BALANCE, BEGINNING	4,452,691	2,159,091	6,611,782
FUND BALANCE, ENDING	\$ 4,628,001	\$ 2,400,356	\$ 7,028,357

CITY OF MCMINNVILLE, OREGON
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2023

	Grants and Special Assessment Fund	Transient Lodging Fund	Telecommunications Fund
ASSETS:			
Accounts receivable, net	\$ -	\$ 509,908	\$ 52,194
Assessments receivables	6,779	-	-
Restricted cash and investments	327,123	-	2,005
	<u>327,123</u>	<u>-</u>	<u>2,005</u>
Total assets	<u>\$ 333,902</u>	<u>\$ 509,908</u>	<u>\$ 54,199</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ 275	\$ 362,137	\$ 52,194
Due to component unit	-	-	-
Accrued payroll and other payroll liabilities	-	-	-
Advances to other funds	-	147,307	-
Unearned revenue	181,437	-	-
	<u>181,437</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>181,712</u>	<u>509,444</u>	<u>52,194</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - other	6,779	-	-
	<u>6,779</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>6,779</u>	<u>-</u>	<u>-</u>
FUND BALANCE:			
Restricted	145,411	464	-
Committed	-	-	-
Assigned	-	-	2,005
	<u>-</u>	<u>-</u>	<u>2,005</u>
Total fund balance	<u>145,411</u>	<u>464</u>	<u>2,005</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 333,902</u>	<u>\$ 509,908</u>	<u>\$ 54,199</u>

Emergency Communications Fund	Street Fund	Building Fund	Total
\$ 5,759	\$ 255,977	\$ 2,775	\$ 826,613
-	-	-	6,779
152,145	2,343,076	2,077,103	4,901,452
<u>\$ 157,904</u>	<u>\$ 2,599,053</u>	<u>\$ 2,079,878</u>	<u>\$ 5,734,844</u>
\$ 3,673	\$ 28,507	\$ 3,825	\$ 450,611
-	980	-	980
-	23,612	13,365	36,977
-	-	-	147,307
-	282,752	-	464,189
3,673	335,851	17,190	1,100,064
-	-	-	6,779
-	-	-	6,779
-	2,263,202	-	2,409,077
154,231	-	-	154,231
-	-	2,062,688	2,064,693
154,231	2,263,202	2,062,688	4,628,001
<u>\$ 157,904</u>	<u>\$ 2,599,053</u>	<u>\$ 2,079,878</u>	<u>\$ 5,734,844</u>

CITY OF MC MINNVILLE, OREGON
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2023

	Grants and Special Assessment Fund	Transient Lodging Fund	Telecommunications Fund
REVENUES:			
Special assessments	\$ 64,200	\$ -	\$ -
Licenses and permits	-	1,824,641	215,926
Intergovernmental	-	-	-
Charges for services	-	-	-
Miscellaneous	6,123	9,767	47
	<u>70,323</u>	<u>1,834,408</u>	<u>215,973</u>
Total revenues			
	<u>70,323</u>	<u>1,834,408</u>	<u>215,973</u>
EXPENDITURES:			
Current:			
General government	73,670	1,294,480	215,926
Public safety	-	-	-
Highways and streets	-	-	-
Community development	-	-	-
Capital outlay:			
Highways and streets	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
	<u>73,670</u>	<u>1,294,480</u>	<u>215,926</u>
Total expenditures			
	<u>73,670</u>	<u>1,294,480</u>	<u>215,926</u>
Revenues over (under) expenditures			
	<u>(3,347)</u>	<u>539,928</u>	<u>47</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	(539,864)	-
	<u>-</u>	<u>(539,864)</u>	<u>-</u>
Total other financing sources (uses)			
	<u>-</u>	<u>(539,864)</u>	<u>-</u>
Net change in fund balance			
	<u>(3,347)</u>	<u>64</u>	<u>47</u>
FUND BALANCE, BEGINNING	<u>148,758</u>	<u>400</u>	<u>1,958</u>
FUND BALANCE, ENDING	<u>\$ 145,411</u>	<u>\$ 464</u>	<u>\$ 2,005</u>

Emergency Communications Fund	Street Fund	Building Fund	Total
\$ -	\$ -	\$ -	\$ 64,200
23,234	39	848,756	2,912,596
8,000	2,931,657	2,152	2,941,809
15,480	-	-	15,480
3,150	68,935	55,439	143,461
49,864	3,000,631	906,347	6,077,546
-	-	-	1,584,076
713,702	-	-	713,702
-	2,322,016	-	2,322,016
-	-	771,604	771,604
-	271,282	-	271,282
31,592	-	-	31,592
5,580	-	-	5,580
750,874	2,593,298	771,604	5,699,852
(701,010)	407,333	134,743	377,694
702,772	6,473	3,235	712,480
-	(375,000)	-	(914,864)
702,772	(368,527)	3,235	(202,384)
1,762	38,806	137,978	175,310
152,469	2,224,396	1,924,710	4,452,691
\$ 154,231	\$ 2,263,202	\$ 2,062,688	\$ 4,628,001

CITY OF MC MINNVILLE, OREGON
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2023

	Park Development Fund	Urban Renewal Fund	Total
ASSETS:			
Loans receivable	\$ -	\$ 106,192	106,192
Restricted cash and investments	2,313,417	91,540	2,404,957
Total assets	<u>\$ 2,313,417</u>	<u>\$ 197,732</u>	<u>\$ 2,511,149</u>
LIABILITIES:			
Accounts payable and accrued expenses	<u>\$ 11,715</u>	<u>\$ 556</u>	<u>\$ 12,271</u>
Total liabilities	<u>11,715</u>	<u>556</u>	<u>12,271</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - other	<u>-</u>	<u>98,522</u>	<u>98,522</u>
Total deferred inflows of resources	<u>-</u>	<u>98,522</u>	<u>98,522</u>
FUND BALANCE:			
Restricted	<u>2,301,702</u>	<u>98,654</u>	<u>2,400,356</u>
Total fund balance	<u>2,301,702</u>	<u>98,654</u>	<u>2,400,356</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,313,417</u>	<u>\$ 197,732</u>	<u>\$ 2,511,149</u>

CITY OF MC MINNVILLE, OREGON
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2023

	Park Development Fund	Urban Renewal Fund	Total
REVENUES:			
Charges for services	\$ 370,802	\$ -	\$ 370,802
Miscellaneous	47,112	37,161	84,273
Total revenues	417,914	37,161	455,075
EXPENDITURES:			
Current:			
Culture and recreation	166,163	-	166,163
Community development	-	136,468	136,468
Total expenditures	166,163	136,468	302,631
Revenues over (under) expenditures	251,751	(99,307)	152,444
OTHER FINANCING SOURCES (USES):			
Transfers in	-	88,821	88,821
Total other financing sources (uses)	-	88,821	88,821
Net changes in fund balances	251,751	(10,486)	241,265
FUND BALANCES, BEGINNING	2,049,951	109,140	2,159,091
FUND BALANCES, ENDING	<u>\$ 2,301,702</u>	<u>\$ 98,654</u>	<u>\$ 2,400,356</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
 - Grants and Special Assessment Fund
 - Transient Lodging Fund
 - Telecommunications Fund
 - Emergency Communications Fund
 - Street Fund
 - Building Fund
- Capital Project Fund
 - Park Development Fund
 - Urban Renewal Fund

CITY OF MC MINNVILLE, 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, 2023

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Special assessments	\$ 60,000	\$ 60,000	\$ 64,200	\$ 4,200
Intergovernmental	724,996	724,996	-	(724,996)
Fines and forfeitures	400,000	400,000	-	(400,000)
Miscellaneous	1,550	1,550	6,123	4,573
Total revenues	1,186,546	1,186,546	70,323	(1,116,223)
EXPENDITURES:				
Community development:				
Materials and services	2,460,000	2,460,000	64,200	2,395,800
Total expenditures	2,460,000	2,460,000	64,200	2,395,800
Revenues over (under) expenditures	(1,273,454)	(1,273,454)	6,123	1,279,577
OTHER FINANCING SOURCES (USES):				
Transfers out	(9,470)	(9,470)	(9,470)	-
Total other financing sources (uses)	(9,470)	(9,470)	(9,470)	-
Net changes in fund balances	(1,282,924)	(1,282,924)	(3,347)	1,279,577
FUND BALANCE, BEGINNING - BUDGETARY BASIS	2,789,973	2,789,973	148,758	(2,641,215)
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 1,507,049</u>	<u>\$ 1,507,049</u>	<u>\$ 145,411</u>	<u>\$ (1,361,638)</u>

CITY OF MC MINNVILLE, OREGON
TRANSIENT LODGING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Licenses and permits	\$ 1,929,200	\$ 1,959,200	\$ 1,824,641	\$ (134,559)
Miscellaneous	200	200	9,767	9,567
Total revenues	1,929,400	1,959,400	1,834,408	(124,992)
EXPENDITURES:				
General government:				
Materials and services	1,329,017	1,350,017	1,260,547	89,470
Total expenditures	1,329,017	1,350,017	1,260,547	89,470
Revenues over (under) expenditures	600,383	609,383	573,861	(35,522)
OTHER FINANCING SOURCES (USES):				
Transfers out	(600,383)	(609,383)	(573,797)	35,586
Total other financing sources (uses)	(600,383)	(609,383)	(573,797)	35,586
Net change in fund balance	-	-	64	64
FUND BALANCE, BEGINNING - BUDGETARY BASIS	-	-	400	400
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 464	\$ 464

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Licenses and permits	\$ 252,200	\$ 252,200	\$ 215,926	\$ (36,274)
Miscellaneous	25	25	47	22
Total revenues	252,225	252,225	215,973	(36,252)
EXPENDITURES:				
General government:				
Materials and services	252,200	252,200	215,926	36,274
Contingency	1,500	1,500	-	1,500
Total expenditures	253,700	253,700	215,926	37,774
Net change in fund balance	(1,475)	(1,475)	47	1,522
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,975	1,975	1,958	(17)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 500	\$ 500	\$ 2,005	\$ 1,505

CITY OF MC MINNVILLE, OREGON
EMERGENCY COMMUNICATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Licenses and permits	\$ 26,600	\$ 26,600	\$ 23,234	\$ (3,366)
Intergovernmental	7,500	7,500	8,000	500
Charges for services	15,598	15,598	15,480	(118)
Miscellaneous	200	200	3,150	2,950
Total revenues	49,898	49,898	49,864	(34)
EXPENDITURES:				
Public safety:				
Materials and services	723,496	723,496	711,984	11,512
Debt service:				
Principal	31,592	31,592	31,592	-
Interest	5,580	5,580	5,580	-
Contingency	45,000	45,000	-	45,000
Total expenditures	805,668	805,668	749,156	56,512
Revenues over (under) expenditures	(755,770)	(755,770)	(699,292)	56,478
OTHER FINANCING SOURCES (USES):				
Transfers in	702,772	702,772	702,772	-
Transfers out	(1,718)	(1,718)	(1,718)	-
Total other financing sources (uses)	701,054	701,054	701,054	-
Net change in fund balance	(54,716)	(54,716)	1,762	56,478
FUND BALANCE, BEGINNING - BUDGETARY BASIS	141,006	141,006	152,469	11,463
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 86,290	\$ 86,290	\$ 154,231	\$ 67,941

CITY OF MC MINNVILLE, OREGON
STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Licenses and permits	\$ 50	\$ 50	\$ 39	\$ (11)
Intergovernmental	2,750,000	2,750,000	2,931,657	181,657
Miscellaneous	11,000	11,000	68,935	57,935
Total revenues	2,761,050	2,761,050	3,000,631	239,581
EXPENDITURES:				
Highways and streets:				
Personnel services	1,056,227	1,056,227	944,662	111,565 *
Materials and services	1,360,806	1,360,806	1,028,144	332,662 *
Capital outlay	270,980	270,980	271,282	(302) *
Contingency	500,000	500,000	-	500,000
Total expenditures	3,188,013	3,188,013	2,244,088	943,925
Revenues over (under) expenditures	(426,963)	(426,963)	756,543	1,183,506
OTHER FINANCING SOURCES (USES):				
Transfers in	6,473	6,473	6,473	-
Transfers out	(724,210)	(724,210)	(724,210)	-
Total other financing sources (uses)	(717,737)	(717,737)	(717,737)	-
Net change in fund balance	(1,144,700)	(1,144,700)	38,806	1,183,506
FUND BALANCE, BEGINNING - BUDGETARY BASIS	2,580,907	2,580,907	2,224,396	(356,511)
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 1,436,207</u>	<u>\$ 1,436,207</u>	<u>\$ 2,263,202</u>	<u>\$ 826,995</u>

* Appropriated together as street maintenance and operations

CITY OF MC MINNVILLE, OREGON
BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Licenses and permits	\$ 627,000	\$ 627,000	\$ 848,756	\$ 221,756
Intergovernmental	-	-	2,152	2,152
Miscellaneous	12,500	12,500	47,184	34,684
	639,500	639,500	898,092	258,592
EXPENDITURES:				
Community development:				
Personnel services	641,555	641,555	638,165	3,390
Materials and services	143,189	143,189	96,374	46,815
Contingency	200,000	200,000	-	200,000
Total expenditures	984,744	984,744	734,539	250,205
Revenues over (under) expenditures	(345,244)	(345,244)	163,553	508,797
OTHER FINANCING SOURCES (USES):				
Transfers in	3,236	13,736	11,490	(2,246)
Transfers out	(37,065)	(37,065)	(37,065)	-
Total other financing sources (uses)	(33,829)	(23,329)	(25,575)	(2,246)
Net changes in fund balances	(379,073)	(368,573)	137,978	506,551
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,608,787	1,608,787	1,924,710	315,923
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 1,229,714	\$ 1,240,214	\$ 2,062,688	\$ 822,474

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ 400,000	\$ 400,000	\$ 370,802	\$ (29,198)
Miscellaneous	7,500	7,500	47,112	39,612
Total revenues	407,500	407,500	417,914	10,414
EXPENDITURES:				
Culture and recreation:				
Materials and services	220,800	220,800	107,703	113,097
Capital outlay	20,000	20,000	-	20,000
Contingency	500,000	500,000	-	500,000
Total expenditures	740,800	740,800	107,703	633,097
Revenues over (under) expenditures	(333,300)	(333,300)	310,211	643,511
OTHER FINANCING SOURCES (USES):				
Transfers out	(58,460)	(58,460)	(58,460)	-
Total other financing sources (uses)	(58,460)	(58,460)	(58,460)	-
Net change in fund balance	(391,760)	(391,760)	251,751	643,511
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,940,541	1,940,541	2,049,951	109,410
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 1,548,781	\$ 1,548,781	\$ 2,301,702	\$ 752,921

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Miscellaneous	\$ 17,070	\$ 17,070	\$ 37,161	\$ 20,091
Total revenues	17,070	17,070	37,161	20,091
EXPENDITURES:				
Programs and improvements:				
Materials and services	288,350	288,350	68,970	219,380
Capital outlay	75,000	75,000	15,000	60,000
Contingency	21,292	21,292	-	21,292
Total expenditures	384,642	384,642	83,970	300,672
Revenues over (under) expenditures	(367,572)	(367,572)	(46,809)	320,763
OTHER FINANCING SOURCES (USES):				
Transfers in	250,848	250,848	88,821	(162,027)
Transfers out	(52,498)	(52,498)	(52,498)	-
Total other financing sources (uses)	198,350	198,350	36,323	(162,027)
Net changes in fund balances	(169,222)	(169,222)	(10,486)	158,736
FUND BALANCE, BEGINNING - BUDGETARY BASIS	169,222	169,222	109,140	(60,082)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 98,654	\$ 98,654

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 MC MINNVILLE, OREGON
WASTEWATER OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2023

	Wastewater Services Fund	Wastewater Capital Fund	Total Wastewater Operations
REVENUES:			
Intergovernmental	\$ 3,741	\$ -	\$ 3,741
Charges for services	11,109,522	-	11,109,522
Miscellaneous	19,240	-	19,240
Interest revenue	54,453	941,881	996,334
System development charges	-	707,069	707,069
Total revenues	11,186,956	1,648,950	12,835,906
EXPENDITURES:			
Wastewater services administration	904,917	-	904,917
Plant	2,040,314	-	2,040,314
Environmental services	570,001	-	570,001
Conveyance systems	606,220	-	606,220
Non-departmental	777,247	1,849,993	2,627,240
Capital outlay	-	595,107	595,107
Total expenditures	4,898,699	2,445,100	7,343,799
Revenues over (under) expenditures	6,288,257	(796,150)	5,492,107
OTHER FINANCING SOURCES (USES):			
Interfund loan proceeds	-	157,625	157,625
Right to use proceeds	14,661	-	14,661
Transfers in	16,182	6,154,866	6,171,048
Transfers out	(6,651,088)	(229,238)	(6,880,326)
Total other financing sources (uses)	(6,620,245)	6,083,253	(536,992)
Net change in fund balance	(331,988)	5,287,103	4,955,115
FUND BALANCE, BEGINNING - BUDGETARY BASIS	4,155,183	40,002,401	44,157,584
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 3,823,195</u>	<u>\$ 45,289,504</u>	49,112,699
RECONCILIATION TO NET POSITION - GAAP BASIS			
Interfund loan receivable			420,369
Capital assets, net			58,207,101
Lease assets, net			5,217
Subscription-based information technology arrangement assets, net			74,421
Net OPEB asset			27,435
Deferred outflows related to pensions			835,799
Deferred outflows related to OPEB			27,051
Lease payable			(5,264)
Subscription-based information technology arrangements payable			(72,361)
Compensated absences payable			(99,251)
Net pension liability			(1,994,838)
Net OPEB liability			(94,233)
Pension related debt			(146,476)
Deferred inflows related to pensions			(647,464)
Deferred inflows related to OPEB			(86,349)
Deferred inflows related lease receivables			(103,629)
Lease receivable			106,140
NET POSITION			<u>\$ 105,566,367</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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ 25,000	\$ 3,741	\$ (21,259)
Charges for services	10,867,328	10,907,328	11,109,522	202,194
Miscellaneous	1,000	1,000	19,240	18,240
Interest revenue	15,000	15,000	54,453	39,453
Total revenues	10,883,328	10,948,328	11,186,956	238,628
EXPENDITURES:				
Wastewater services program:				
Wastewater services administration	890,027	890,027	890,256	(229) *
Plant	2,057,028	2,057,028	2,040,314	16,714 *
Environmental services	679,845	679,845	570,001	109,844 *
Conveyance systems	803,504	828,504	606,220	222,284 *
Non-departmental	738,000	778,000	777,247	753 *
Contingency	900,000	900,000	-	900,000
Total expenditures	6,068,404	6,133,404	4,884,038	1,249,366
Revenues over (under) expenditures	4,814,924	4,814,924	6,302,918	1,487,994
OTHER FINANCING SOURCES (USES):				
Transfers in	16,182	16,182	16,182	-
Transfers out	(6,651,088)	(6,651,088)	(6,651,088)	-
Total other financing sources (uses)	(6,634,906)	(6,634,906)	(6,634,906)	-
Net change in fund balance	(1,819,982)	(1,819,982)	(331,988)	1,487,994
FUND BALANCE, BEGINNING - BUDGETARY BASIS	3,738,745	3,738,745	4,155,183	416,438
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 1,918,763	\$ 1,918,763	\$ 3,823,195	\$ 1,904,432

* 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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest revenue	\$ 235,000	\$ 235,000	\$ 941,881	\$ 706,881
System development charges	550,000	550,000	707,069	157,069
Total revenues	785,000	785,000	1,648,950	863,950
EXPENDITURES:				
Wastewater:				
Materials and service	4,679,500	4,679,500	1,849,993	2,829,507
Capital outlay	5,975,000	5,975,000	595,107	5,379,893
Contingency	1,500,000	1,500,000	-	1,500,000
Total expenditures	12,154,500	12,154,500	2,445,100	9,709,400
Revenues over (under) expenditures	(11,369,500)	(11,369,500)	(796,150)	10,573,350
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	157,625	157,625	157,625	-
Transfers in	6,154,873	6,154,873	6,154,866	(7)
Transfers out	(229,238)	(229,238)	(229,238)	-
Total other financing sources (uses)	6,083,260	6,083,260	6,083,253	(7)
Net change in fund balance	(5,286,240)	(5,286,240)	5,287,103	10,573,343
FUND BALANCE, BEGINNING - BUDGETARY BASIS	38,427,599	38,427,599	40,002,401	1,574,802
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 33,141,359	\$ 33,141,359	\$ 45,289,504	\$ 12,148,145

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 MC MINNVILLE, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities - Internal Service Funds		
	Informational Systems & Services Fund	Insurance Services Fund	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 238,062	\$ 297,432	\$ 535,494
Prepaid expenses	2,816	447,511	450,327
Total current assets	240,878	744,943	985,821
Noncurrent assets:			
Depreciable, net	469,704	-	469,704
Net OPEB asset	7,349	-	7,349
Total noncurrent assets	477,053	-	477,053
Total assets	717,931	744,943	1,462,874
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	223,896	-	223,896
Deferred outflows related to OPEB	7,246	-	7,246
Total deferred outflows of resources	231,142	-	231,142
Total assets	\$ 949,073	\$ 744,943	\$ 1,694,016
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 29,867	\$ 38,388	\$ 68,255
Accrued payroll and other payroll liabilities	12,483	-	12,483
PERS related liabilities - due in one year	7,244	-	7,244
Accrued compensated absences	17,859	-	17,859
Total current liabilities	67,453	38,388	105,841
Noncurrent liabilities:			
Accrued compensated absences	34,760	-	34,760
Net pension liability	534,381	-	534,381
Net OPEB liability	25,243	-	25,243
PERS related liabilities	29,375	-	29,375
Total noncurrent liabilities	623,759	-	623,759
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	173,444	-	173,444
Deferred inflows related to OPEB	23,131	-	23,131
Total deferred inflows of resources	196,575	-	196,575
NET POSITION:			
Net investment in capital assets	469,704	-	469,704
Restricted for:			
OPEB benefits	7,349	-	7,349
Unrestricted	(415,767)	706,555	290,788
Total net position	61,286	706,555	767,841
Total liabilities and net position	\$ 949,073	\$ 744,943	\$ 1,694,016

CITY OF MC MINNVILLE, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2023

	Governmental Activities - Internal Service Funds		
	Informational Systems & Services Fund	Insurance Services Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 1,336,029	\$ 1,264,804	\$ 2,600,833
Intergovernmental	108,505	-	108,505
Miscellaneous	95	70,577	70,672
Total operating revenues	1,444,629	1,335,381	2,780,010
OPERATING EXPENSES:			
Personnel service	592,263	-	592,263
Materials and service	773,968	1,239,233	2,013,201
Depreciation/amortization	36,043	-	36,043
Total operating expenses	1,402,274	1,239,233	2,641,507
Operating income (loss)	42,355	96,148	138,503
NON-OPERATING REVENUES (EXPENSE):			
Interest income	4,435	8,159	12,594
Total non-operating income (expenses)	4,435	8,159	12,594
Net income (loss) before transfers	46,790	104,307	151,097
TRANSFERS:			
Transfers to other funds	-	(154,117)	(154,117)
Net change in fund balance	46,790	(49,810)	(3,020)
NET POSITION, BEGINNING	14,496	756,365	770,861
NET POSITION, ENDING	\$ 61,286	\$ 706,555	\$ 767,841

CITY OF MCMINNVILLE, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2023

	Governmental Activities - Internal Service Funds		
	Informational Systems & Services Fund	Insurance Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from interfund services provided	\$ 1,444,642	\$ 1,264,804	\$ 2,709,446
Cash received from other operating sources - insurance reimbursements	-	70,577	70,577
Cash paid to employees and others for salaries and benefits	(591,744)	-	(591,744)
Cash paid to suppliers and others	(776,801)	(1,427,500)	(2,204,301)
Net cash provided by (used for) operating activities	76,097	(92,119)	(16,022)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Principal paid on pension-related obligations	(6,776)	-	(6,776)
Transfers to/(from) other funds	-	(154,117)	(154,117)
Net cash provided by (used for) non-capital financing activities	(6,776)	(154,117)	(160,893)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(85,219)	-	(85,219)
Net cash provided by capital and related financing activities	(85,219)	-	(85,219)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	4,435	8,159	12,594
Net cash provided by investing activities	4,435	8,159	12,594
Net increase (decrease) in cash and cash equivalents	(11,463)	(238,077)	(249,540)
CASH AND CASH EQUIVALENTS, BEGINNING	249,525	535,509	785,034
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 238,062</u>	<u>\$ 297,432</u>	<u>\$ 535,494</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating Income	\$ 42,355	\$ 96,148	\$ 138,503
Adjustments:			
Depreciation and amortization	36,043	-	36,043
Decrease (increase) in:			
Accounts receivable and due from other funds	13	-	13
Prepays	8,088	(117,355)	(109,267)
Increase (decrease) in:			
Accounts payable	(10,921)	2,240	(8,681)
Accrued payroll and other payroll liabilities	136	-	136
Compensated absences	1,739	-	1,739
Net other post employment benefits	(211)	-	(211)
Net pension benefits	(1,145)	-	(1,145)
Other liabilities	-	(73,152)	(73,152)
Net cash provided by (used for) operating activities	<u>\$ 76,097</u>	<u>\$ (92,119)</u>	<u>\$ (16,022)</u>

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, 2023

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental	\$ 80,000	\$ 199,000	\$ 108,505	\$ (90,495)
Charges for services	851,580	851,580	751,331	(100,249)
Miscellaneous	1,200	1,200	4,530	3,330
Total revenues	932,780	1,051,780	864,366	(187,414)
EXPENDITURES:				
Information technology services:				
Personal services	585,698	585,698	598,656	(12,958) *
Material services	851,580	905,580	759,615	145,965 *
Capital outlay	80,000	145,000	99,572	45,428 *
Contingency	75,000	75,000	-	75,000
Total expenditures	1,592,278	1,711,278	1,457,843	253,435
Revenues over (under) expenditures	(659,498)	(659,498)	(593,477)	66,021
OTHER FINANCING SOURCES (USES):				
Transfers in	584,698	584,698	584,698	-
Total other financing sources (uses)	584,698	584,698	584,698	-
Net change in fund balance	(74,800)	(74,800)	(8,779)	66,021
FUND BALANCE, BEGINNING BUDGETARY BASIS	158,192	158,192	207,307	49,115
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 83,392</u>	<u>\$ 83,392</u>	198,528	<u>\$ 115,136</u>
Add (deduct):				
Capital assets, net			469,704	
Net OPEB asset			7,349	
Deferred outflows - pensions			223,896	
Deferred outflows - OPEB			7,246	
Pension related debt			(36,619)	
Accrued compensated absence			(52,619)	
Net pension liability			(534,381)	
Net OPEB liability			(25,243)	
Deferred inflows - pensions			(173,444)	
Deferred inflows - OPEB			(23,131)	
Net Position, full accrual - ending			<u>\$ 61,286</u>	

* Appropriated together as information technology services

CITY OF MC MINNVILLE, OREGON
INSURANCE SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2023

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Charges for services	\$ 1,321,733	\$ 1,321,733	\$ 1,264,804	\$ (56,929)
Miscellaneous	98,000	98,000	78,736	(19,264)
Total revenues	1,419,733	1,419,733	1,343,540	(76,193)
EXPENDITURES:				
Insurance services:				
Materials and services	1,422,630	1,422,630	1,231,727	190,903
Contingency	150,000	150,000	-	150,000
Total expenditures	1,572,630	1,572,630	1,231,727	340,903
Revenues over (under) expenditures	(152,897)	(152,897)	111,813	264,710
OTHER FINANCING SOURCES (USES):				
Transfers out	(234,775)	(234,775)	(234,775)	-
Total other financing sources (uses)	(234,775)	(234,775)	(234,775)	-
Net changes in fund balances	(387,672)	(387,672)	(122,962)	264,710
FUND BALANCE, BEGINNING BUDGETARY BASIS	616,472	616,472	829,517	213,045
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 228,800</u>	<u>\$ 228,800</u>	<u>\$ 706,555</u>	<u>\$ 477,755</u>

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

	Fiscal Year Ended June 30,			
	2014 Restated	2015 Restated	2016	2017
Primary Government:				
Governmental activities:				
Invested in capital assets (a)	\$ 59,579,789	\$ 59,688,968	\$ 60,243,871	\$ 66,165,718
Restricted (b)	5,932,257	23,156,125	22,841,795	16,277,620
Unrestricted (a)	<u>9,663,248</u>	<u>(11,568,107)</u>	<u>(20,675,519)</u>	<u>(20,166,704)</u>
Total governmental activities net position	<u>\$ 75,175,294</u>	<u>\$ 71,276,986</u>	<u>\$ 62,410,147</u>	<u>\$ 62,276,634</u>
Business-type activities:				
Invested in capital assets	\$ 48,275,891	\$ 55,205,674	\$ 58,125,477	\$ 56,791,990
Restricted	299,781	482,442	437,036	707,615
Unrestricted	<u>20,417,335</u>	<u>15,948,799</u>	<u>14,733,277</u>	<u>18,380,560</u>
Total business-type activities net position	<u>\$ 68,993,007</u>	<u>\$ 71,636,915</u>	<u>\$ 73,295,790</u>	<u>\$ 75,880,165</u>
Primary government:				
Invested in capital assets	\$ 107,855,680	\$ 114,894,642	\$ 118,369,348	\$ 122,957,708
Restricted	6,232,038	23,638,567	23,278,831	16,985,235
Unrestricted (d) (e)	<u>30,080,583</u>	<u>4,380,692</u>	<u>(5,942,242)</u>	<u>(1,786,144)</u>
Total primary government net position	<u>\$ 144,168,301</u>	<u>\$ 142,913,901</u>	<u>\$ 135,705,937</u>	<u>\$ 138,156,799</u>
Component unit:				
Water and Light:				
Invested in capital assets	\$ 118,079,561	\$ 121,446,462	\$ 123,113,177	\$ 123,366,419
Restricted	-	-	-	-
Unrestricted (c) (d) (e) (f)	<u>35,154,147</u>	<u>36,515,824</u>	<u>36,415,854</u>	<u>40,284,763</u>
Total component unit	<u>\$ 153,233,708</u>	<u>\$ 157,962,286</u>	<u>\$ 159,529,031</u>	<u>\$ 163,651,182</u>

(a) In fiscal year 2021-22, the City had restatements to account for \$97,219 in assets that should have been capitalized and to recognize revenue of \$112,000 in loans receivable.

(b) 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.

(c) In fiscal year 2021-22, the component unit Water & Light had a restatement to correct the period that some timber revenue accounts receivable were recorded of \$942,320.

Fiscal Year Ended June 30,					
2018 Restated	2019	2020	2021	2022 Restated	2023
\$ 72,977,099	\$ 75,161,026	\$ 69,862,297	\$ 74,795,521	\$ 78,219,700	\$ 81,076,620
15,270,498	10,997,806	11,411,706	8,672,824	7,278,114	8,110,760
(18,800,083)	(17,136,984)	(17,176,002)	(20,978,032)	(14,829,322)	(4,609,936)
<u>\$ 69,447,514</u>	<u>\$ 69,021,848</u>	<u>\$ 64,098,001</u>	<u>\$ 62,490,313</u>	<u>\$ 70,668,492</u>	<u>\$ 84,577,444</u>
\$ 55,036,414	\$ 56,285,132	\$ 56,189,935	\$ 55,881,180	\$ 57,964,430	\$ 58,209,114
1,132,758	1,094,349	19,122	18,568	45,796	27,435
23,260,392	25,027,458	33,956,973	38,359,430	42,573,514	47,329,818
<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>	<u>\$ 105,566,367</u>
\$ 128,013,513	\$ 131,446,158	\$ 126,052,232	\$ 130,676,701	\$ 136,184,130	\$ 139,285,734
16,403,256	12,092,155	11,430,828	8,691,392	7,323,910	8,138,195
4,460,309	7,890,474	16,780,971	17,381,398	27,744,192	42,719,882
<u>\$ 148,877,078</u>	<u>\$ 151,428,787</u>	<u>\$ 154,264,031</u>	<u>\$ 156,749,491</u>	<u>\$ 171,252,232</u>	<u>\$ 190,143,811</u>
\$ 124,776,038	\$ 128,423,468	\$ 136,687,073	\$ 140,615,261	\$ 147,115,398	\$ 152,935,370
-	-	89,267	60,414	-	153,841
45,312,269	49,459,337	48,416,227	51,044,706	53,093,566	59,552,807
<u>\$ 170,088,307</u>	<u>\$ 177,882,805</u>	<u>\$ 185,192,567</u>	<u>\$ 191,720,381</u>	<u>\$ 200,208,964</u>	<u>\$ 212,642,018</u>

(d) 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.

(e) 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).

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

(g) In fiscal year 2021-22, the Department restated \$942,320 in higher accounts receivable for timber revenue with consequential increase in net position of same amount.

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

Functions/Programs	Fiscal Year Ended June 30,		
	2014	2015	2016
Expenses			
Primary government:			
Governmental activities:			
General government	\$ 2,031,927	\$ 2,065,497	\$ 7,389,396
Community development (e) (h)	1,215,961	949,452	1,341,282
Public safety: (d)			
Police	8,370,060	7,084,384	11,604,781
Fire	2,537,593	2,048,332	2,766,437
Highways and streets	2,443,173	2,964,608	4,804,574
Culture and recreation: (f)			
Parks and recreation	4,113,605	3,810,278	5,103,934
Library	1,343,265	1,092,515	1,448,885
Airport	560,272	692,357	1,147,840
Interest on long-term debt	484,383	519,917	614,253
Total governmental activities expenses	<u>23,100,239</u>	<u>21,227,340</u>	<u>36,221,382</u>
Business-type activities:			
Wastewater	5,808,434	5,523,163	7,811,354
Ambulance (d)	3,508,377	2,868,982	5,125,215
Building (e)	283,842	225,229	453,557
Total business-type activities expenses	<u>9,600,653</u>	<u>8,617,374</u>	<u>13,390,126</u>
Total primary government expenses	<u>\$ 32,700,892</u>	<u>\$ 29,844,714</u>	<u>\$ 49,611,508</u>
Component unit:			
Water and Light	<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 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 2017-18 FAA and Oregon Department of Transportation Grant monies of \$3,593,000 were received for a Runway Rehabilitation Project at the McMinnville Municipal Airport. In FY2022-23 a park was donated in the amount of \$2,987,306.
- (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.
- (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.

Fiscal Year Ended June 30,

2017	2018	2019	2020	2021	2022	2023
\$ 3,233,556	\$ 3,103,821	\$ 3,952,533	\$ 5,012,227	\$ 6,994,737	\$ 6,324,485	\$ 7,524,683
1,536,152	1,631,905	2,473,857	2,679,541	2,693,877	2,530,532	3,166,174
			19,336,814	21,598,458	18,315,116	19,521,683
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	5,362,800
			7,446,256	6,269,894	6,052,570	6,941,579
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	613,110
1,229,866	1,028,859	1,274,644	1,075,895	913,854	838,170	735,544
<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>38,085,288</u>	<u>43,865,573</u>
7,039,396	6,846,447	7,797,715	7,162,265	7,973,136	6,595,608	8,186,343
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>8,186,343</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>\$ 44,680,896</u>	<u>\$ 52,051,916</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>\$ 49,567,313</u>	<u>\$ 49,465,113</u>

(Continued)

(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.

(g) In fiscal year 2022-23, the City fully drew down its American Rescue Plan Act (ARPA), by utilizing the revenue recovery option, resulting in an unusually large Operating grants and contributions program revenue.

(h) In fiscal year 2022-23, the City restated fiscal year 2021-22 to decrease Community Development expenses and increase Governmental Activities, Other, net (revenue) related to construction in progress and loans receivable, respectively, which weren't recorded during the fiscal year. See note IV.1.2 in the Notes to Basic Financial Statements for more information.

(i) In fiscal year 2021-22, the Department restated \$942,320 in higher accounts receivable for timber revenue with consequential increase in net position of same amount.

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

Functions/Programs	Fiscal Year Ended June 30,		
	2014	2015	2016
Program revenues			
Primary government:			
Governmental activities:			
Charges for services:			
General government	\$ 569,633	\$ 719,791	\$ 1,074,482
Community development (e)	611,380	743,044	770,042
Public safety: (d)			
Police	730,264	673,672	751,326
Fire	347,407	378,028	419,445
Highways and streets (a)	160,383	344,459	253,342
Culture and recreation: (f)			
Parks and recreation	1,317,763	1,574,113	1,525,952
Library	45,433	55,294	44,693
Airport	244,969	247,965	260,293
Operating grants and contributions (g)	2,281,464	2,460,484	2,654,786
Capital grants and contributions (b)	679,849	1,949,416	2,542,985
Total governmental activities program revenues	<u>6,988,545</u>	<u>9,146,266</u>	<u>10,297,346</u>
Business-type activities:			
Charges for services:			
Wastewater	9,076,321	9,911,181	9,166,543
Ambulance (d)	2,646,881	2,911,613	3,373,134
Building (e)	390,852	561,441	393,079
Operating grants and contributions	-	76	-
Capital grants and contributions (b)	37,206	377,475	650,082
Total business-type activities program revenues	<u>12,151,260</u>	<u>13,761,786</u>	<u>13,582,838</u>
Total primary government program revenues	<u>\$ 19,139,805</u>	<u>\$ 22,908,052</u>	<u>\$ 23,880,184</u>
Component unit:			
Water and Light:			
Charges for services	\$ 44,662,133	\$ 44,944,442	\$ 45,275,019
Operating grants and contributions	-	-	-
Capital grants and contributions	909,683	1,560,929	974,832
Total component unit program revenues	<u>\$ 45,571,816</u>	<u>\$ 46,505,371</u>	<u>\$ 46,249,851</u>
Net revenue (expense)			
Primary government:			
Governmental activities	\$ (16,111,694)	\$ (12,081,074)	\$ (25,924,036)
Business-type activities	2,550,607	5,144,412	192,712
Total primary government net revenue (expense)	<u>\$ (13,561,087)</u>	<u>\$ (6,936,662)</u>	<u>\$ (25,731,324)</u>
Component unit:			
Water and Light	<u>\$ 2,384,492</u>	<u>\$ 4,406,071</u>	<u>\$ 1,338,161</u>

Fiscal Year Ended June 30,

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 1,102,898	\$ 853,756	\$ 1,553,039	\$ 1,480,347	\$ 2,940,808	\$ 3,982,289	\$ 4,556,298
128,813	198,648	199,146	1,090,486	1,121,556	1,425,276	1,422,473
			3,923,646	4,287,979	5,068,100	5,083,207
688,349	451,940	652,721				
562,245	593,475	728,544				
14	5,737	243,182	744,950	470,556	678,038	430,538
			1,485,238	517,447	983,424	1,164,385
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	476,805
2,364,801	3,097,992	3,614,762	1,553,655	1,831,040	1,832,165	8,151,536
<u>2,686,710</u>	<u>6,938,770</u>	<u>4,185,240</u>	<u>2,418,349</u>	<u>1,827,955</u>	<u>2,405,178</u>	<u>4,798,782</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>	<u>26,084,024</u>
9,323,139	9,775,061	10,316,187	10,460,859	10,988,621	10,826,206	11,101,882
3,494,130	3,247,282	3,709,176	-	-		
612,659	832,010	728,107	-	-		
-	-	-	-	1,074	23,894	3,741
<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>1,010,654</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>12,116,277</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>\$ 38,200,301</u>
\$ 46,246,552	\$ 46,994,299	\$ 47,502,181	\$ 50,182,362	\$ 50,536,707	\$ 50,839,486	\$ 51,599,656
-	-	-	-	-	60,033	489,967
<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>3,812,459</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>	<u>\$ 55,902,082</u>
\$ (19,839,461)	\$ (13,491,204)	\$ (23,028,465)	\$ (29,063,753)	\$ (30,563,629)	\$ (21,309,074)	\$ (17,781,549)
<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>3,929,934</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>\$ (15,217,865)</u>	<u>\$ (13,851,615)</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>	<u>\$ 6,436,969</u>

(Continued)

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

Functions/Programs	Fiscal Year Ended June 30,		
	2014	2015	2016
General revenues and other changes in net position			
Primary government:			
Governmental activities:			
Taxes			
Property taxes	\$ 12,457,511	\$ 12,937,499	\$ 14,751,884
Franchise taxes	2,538,348	2,548,881	2,504,237
Transient lodging taxes	235,874	574,911	644,878
Unrestricted state shared revenues	807,749	834,087	825,156
Unrestricted investment earnings (c)	97,482	78,040	86,079
Gain (loss) on disposal of capital assets	1,637	(56,454)	-
Other, net (h)	-	-	617,243
Transfers	(537,400)	(389,542)	(1,327,911)
Total governmental activities	<u>15,601,201</u>	<u>16,527,422</u>	<u>18,101,566</u>
Business-type activities:			
Unrestricted investment earnings (c)	100,694	89,688	76,170
Gain (loss) on disposal of capital assets	-	-	(50,308)
Other, net	-	-	112,390
Transfers	537,400	389,542	1,327,911
Total business-type activities	<u>638,094</u>	<u>479,230</u>	<u>1,466,163</u>
Total primary government	<u>\$ 16,239,295</u>	<u>\$ 17,006,652</u>	<u>\$ 19,567,729</u>
Component unit:			
Water and Light:			
Unrestricted investment earnings (c)	\$ 199,400	\$ 167,244	\$ 264,782
Gain (loss) on disposal of capital assets		(199,620)	(913,815)
Timber sales, net of related expenses	2,243,586	3,324,530	2,364,804
Other, net	1,318,548	1,019,342	1,304,702
Interest expense	-	37,424	(60,735)
Total component unit	<u>\$ 3,761,534</u>	<u>\$ 4,348,920</u>	<u>\$ 2,959,738</u>
Change in net position			
Primary government:			
Governmental activities	\$ (510,493)	\$ 4,446,348	\$ (7,822,470)
Business-type activities	<u>3,188,701</u>	<u>5,623,642</u>	<u>1,658,875</u>
Total primary government	<u>\$ 2,678,208</u>	<u>\$ 10,069,990</u>	<u>\$ (6,163,595)</u>
Component unit:			
Water and Light	<u>\$ 6,146,026</u>	<u>\$ 8,754,991</u>	<u>\$ 4,297,899</u>

Fiscal Year Ended June 30,

2017	2018	2019	2020	2021	2022	2023
\$ 15,028,217	\$ 16,228,026	\$ 17,509,832	\$ 17,802,972	\$ 18,482,619	\$ 18,461,342	\$ 19,350,262
2,420,309	2,541,802	2,688,775	3,543,906	4,407,646	3,939,329	4,206,075
691,102	947,467	1,274,661	1,059,160	1,125,340	1,657,452	1,824,641
913,376	1,114,681	1,428,732	3,706,953	4,142,335	4,192,269	4,107,693
317,994	377,589	151,605	127,503	34,923	41,798	321,052
-	-	-	-	-	-	3,405
483,825	551,665	260,194	277,478	820,316	878,100	1,893,555
(715,800)	(713,500)	(711,000)	(2,378,066)	(57,237)	(15,038)	(16,182)
<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>29,155,252</u>	<u>31,690,501</u>
157,027	332,672	591,066	575,914	252,670	191,645	1,009,090
-	-	-	-	-	-	-
-	22,528	26,492	23,162	26,293	26,670	27,421
<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>16,182</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>1,052,693</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>\$ 29,388,605</u>	<u>\$ 32,743,194</u>
\$ 469,319	\$ 803,958	\$ 1,195,165	\$ 1,046,203	\$ 436,494	\$ 344,343	\$ 1,619,291
-	-	-	-	-	-	-
1,837,271	2,721,512	3,500,751	3,483,180	590,046	3,067,357	3,095,384
998,285	2,041,960	1,476,866	1,849,561	1,329,753	865,991	1,281,410
-	-	-	-	-	-	-
<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>	<u>5,996,085</u>
\$ (700,438)	\$ 7,556,526	\$ (425,666)	\$ (4,923,847)	\$ (1,607,687)	\$ 7,846,178	\$ 13,908,952
<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>4,982,627</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>\$ 14,170,740</u>	<u>\$ 18,891,579</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>	<u>\$ 12,433,054</u>

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

		Fiscal Year Ended June 30,			
		2014	2015	2016	2017
General Fund:					
Nonspendable		\$ 22,722	\$ 22,056	\$ 68,332	\$ 2,245,416
Restricted		1,351,766	94,897	-	-
Committed (c)		-	-	-	-
Assigned		557,316	593,735	647,141	673,696
Unassigned (b)		8,053,592	7,575,581	6,768,660	6,444,745
Total General Fund		<u>\$ 9,985,396</u>	<u>\$ 8,286,269</u>	<u>\$ 7,484,133</u>	<u>\$ 9,363,857</u>
Airport Maintenance Fund:					
Nonspendable		\$ -	\$ 247	\$ -	\$ -
Restricted		-	-	-	-
Committed (b)		726,852	824,777	868,723	635,411
Total Airport Maintenance Fund		<u>\$ 726,852</u>	<u>\$ 825,024</u>	<u>\$ 868,723</u>	<u>\$ 635,411</u>
Transportation Fund: (a)					
Restricted		\$ 1,900,683	\$ 20,298,178	\$ 17,445,877	\$ 11,576,985
Assigned		-	-	-	-
Unassigned		-	-	-	-
Total Transportation Fund		<u>\$ 1,900,683</u>	<u>\$ 20,298,178</u>	<u>\$ 17,445,877</u>	<u>\$ 11,576,985</u>
All other governmental funds: (a) (b)					
Nonspendable		\$ 4	\$ 7,920	\$ 4	\$ 45
Restricted		3,771,285	4,106,209	5,395,914	4,700,635
Committed		262,238	109,721	117,120	136,238
Assigned		814,162	831,013	156,556	151,909
Unassigned		-	-	(188,784)	(836,157)
Total all other governmental funds		<u>\$ 4,847,689</u>	<u>\$ 5,054,863</u>	<u>\$ 5,480,810</u>	<u>\$ 4,152,670</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.

(c) In fiscal year 2022-2023, the City committed fund balance are for programs and projects created to assist the City and community in the response and recovery from the COVID-19 pandemic by the City Council.

Fiscal Year Ended June 30,

2018	2019	2020	2021	2022	2023
\$ 2,183,574	\$ 2,113,747	\$ 10,700	\$ 20,328	\$ 29,884	\$ 7,500
-	-	-	-	-	-
-	-	-	-	-	6,494,348
606,790	655,396	711,883	786,091	833,933	883,782
6,179,445	5,813,577	6,602,148	6,006,241	6,703,907	6,779,373
<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>	<u>\$ 14,165,003</u>
\$ -	\$ -	\$ -	\$ -	\$ 152	\$ -
-	-	562,914	552,839	617,091	819,367
(185,123)	(33,778)	-	-	-	-
<u>\$ (185,123)</u>	<u>\$ (33,778)</u>	<u>\$ 562,914</u>	<u>\$ 552,839</u>	<u>\$ 617,243</u>	<u>\$ 819,367</u>
\$ 10,370,473	\$ 5,699,016	\$ 5,803,291	\$ 2,930,746	\$ 3,480,963	\$ 4,127,693
-	-	-	-	-	-
-	-	-	-	-	-
<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>	<u>\$ 4,127,693</u>
\$ -	\$ 48,793	\$ 71,723	\$ -	\$ -	\$ -
4,888,829	5,249,997	4,808,850	5,105,854	4,996,856	5,429,885
156,197	174,734	39,890	110,935	152,469	154,231
150,482	146,972	1,646,408	1,661,658	1,926,668	2,064,693
(1,883,542)	(1,848,271)	(1,640,797)	(1,473,149)	(1,027,580)	(475,324)
<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>	<u>\$ 7,173,485</u>

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

	Fiscal Year Ended June 30,			
	2014	2015	2016	2017
Revenues:				
Property taxes	\$ 12,435,395	\$ 12,866,111	\$ 14,688,381	\$ 15,097,552
Special assessments	59,515	54,328	57,151	53,265
Licenses and permits	2,872,975	3,225,701	3,247,694	3,461,315
Intergovernmental (b) (d) (f)	3,683,458	3,846,363	4,340,890	5,969,106
Charges for services	2,854,528	3,613,848	3,327,315	3,501,405
Fines and forfeitures	608,740	522,900	580,010	566,537
Miscellaneous (a)	358,783	425,410	523,785	455,973
Total revenues	<u>22,873,394</u>	<u>24,554,661</u>	<u>26,765,226</u>	<u>29,105,153</u>
Expenditures:				
Current:				
General government	1,804,140	2,298,268	3,245,287	3,020,757
Community development	1,165,511	1,221,604	1,295,680	1,352,798
Public safety	10,223,535	12,215,631	11,044,821	11,388,862
Highways and streets	1,485,187	1,775,502	3,364,488	4,180,581
Culture and recreation	4,427,361	4,698,934	4,855,542	4,916,702
Airport (b)	201,804	328,733	784,495	2,258,610
Nondepartmental				
Capital outlay:				
Highways and streets	527,054	502,116	1,735,138	5,601,383
Culture and recreation	40,751	410,867	4,650	142,519
Debt service:				
Principal	1,070,000	1,173,594	1,600,529	6,025,848
Interest	535,025	540,023	950,387	1,153,618
Bond refunding (f)	-	32,000	-	-
Total expenditures	<u>21,480,368</u>	<u>25,197,272</u>	<u>28,881,017</u>	<u>40,041,678</u>
Other financing sources (uses):				
Bond proceeds - par/premium (c) (e)	-	18,238,688	-	-
Refunding bonds issued - par/premium (c)	-	8,493,436	-	-
Payment to refunded bond escrow agent (c)	-	(8,414,899)	-	-
Proceeds from sale of capital assets	-	-	-	-
Proceeds from full faith and credit obligation (d)	1,370,000	-	-	6,101,705
Transfers from other funds	874,500	1,026,200	1,148,148	1,717,161
Police vehicles - lease purchase	-	-	-	-
Right to use proceeds (g)				
Transfers to other funds	(1,411,900)	(1,697,100)	(2,217,148)	(2,432,961)
Total other financing sources (uses)	<u>832,600</u>	<u>17,646,325</u>	<u>(1,069,000)</u>	<u>5,385,905</u>
Net change in fund balances	<u>\$ 2,225,626</u>	<u>\$ 17,003,714</u>	<u>\$ (3,184,791)</u>	<u>\$ (5,550,620)</u>
Non-capital expenditures:				
Total expenditures	\$ 21,480,368	\$ 25,197,272	\$ 28,881,017	\$ 40,041,678
Less: capital asset expenditures	<u>(790,400)</u>	<u>(2,609,978)</u>	<u>(3,554,796)</u>	<u>(9,534,993)</u>
Non-capital expenditures	<u>\$ 20,689,968</u>	<u>\$ 22,587,294</u>	<u>\$ 25,326,221</u>	<u>\$ 30,506,685</u>
Debt service as a percentage of non-capital expenditures	7.8%	7.6%	10.1%	23.5%

Fiscal Year Ended June 30,

2018	2019	2020	2021	2022	2023
\$ 16,165,021	\$ 17,863,899	\$ 17,950,893	\$ 18,515,849	\$ 18,398,075	\$ 19,342,646
59,565	53,718	53,509	52,226	74,910	64,200
3,975,367	4,682,788	5,866,434	6,789,542	7,073,169	7,642,007
9,704,144	5,456,340	6,879,753	7,380,330	8,446,441	14,133,857
3,748,962	4,709,392	7,030,008	6,092,162	6,905,099	7,975,653
638,281	628,167	484,305	370,123	359,948	358,554
1,137,878	1,258,385	1,440,219	801,655	985,573	1,589,204
<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>	<u>51,106,121</u>
3,110,103	3,645,620	4,595,959	4,752,138	4,438,920	5,321,607
1,681,015	2,046,261	2,057,368	2,421,371	2,688,141	3,295,150
12,329,098	12,875,329	18,865,896	19,261,197	18,959,483	20,325,265
3,011,186	2,653,285	3,468,228	2,267,850	2,307,312	2,474,233
5,306,436	5,719,811	5,780,644	5,125,062	5,589,466	6,939,440
6,142,718	849,991	601,619	415,914	1,734,862	252,506
					111,406
10,557,967	5,622,190	1,019,558	4,720,958	176,379	360,288
1,141	512,264	661,143	1,200	-	-
2,889,141	3,065,189	3,248,557	3,349,042	3,355,090	2,856,739
1,289,328	1,398,691	1,315,493	1,223,029	1,136,556	1,009,746
-	-	-	-	-	-
<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>	<u>42,946,380</u>
8,204,575	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	34,173	30,267	5,605
-	-	1,059,139	-	-	-
1,709,953	1,962,551	3,569,845	2,608,256	1,672,782	1,878,872
136,045	-	-	-	-	-
					267,924
<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>(1,740,937)</u>
<u>7,627,119</u>	<u>(711,000)</u>	<u>2,506,170</u>	<u>620,407</u>	<u>155,794</u>	<u>411,464</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>	<u>\$ 8,571,205</u>
\$ 46,318,133	\$ 38,388,631	\$ 41,614,465	\$ 43,537,761	\$ 40,386,209	\$ 42,946,380
<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>(1,305,557)</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>	<u>\$ 41,640,823</u>

14.4%

16.0%

11.9%

12.1%

12.2%

9.3%
(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) 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 2014-15, the 2006 Public Safety Building Bonds were refunded and the City received proceeds from a Transportation Bond.
- (d) 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.
- (e) During fiscal year 2017-18, the City received proceeds from a Transportation Bond.
- (f) In fiscal year 2022-23 the city fully drew down its American Rescue Plan Act (ARPA) allocation by utilizing the revenue recovery option in the amount of \$6,494,348
- (g) In fiscal year 2022-23, with the advent of reporting on leases and subscription-based information technology arrangements (SBITAs), the right to use proceeds category was added



**City of
McMinnville**

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

Functions/Programs	Fiscal Year Ended June 30,			
	2014	2015	2016	2017
Primary government:				
Governmental activities:				
General government	\$ 668,316	\$ 814,832	\$ 1,074,482	\$ 1,125,530
Community development (g)	666,128	805,423	770,042	128,813
Public safety: (f)				
Police	758,739	857,084	786,951	693,864
Fire	351,282	381,205	434,106	581,430
Highways and streets (a) (b) (c) (e)	2,573,312	3,889,429	4,058,810	2,728,669
Culture and recreation: (d) (h)				
Parks and recreation (b)	1,522,760	1,767,924	1,710,213	1,460,744
Library	203,039	206,989	204,017	220,229
Airport (c)	244,969	423,380	824,717	2,006,904
Total governmental activities	<u>6,988,545</u>	<u>9,146,266</u>	<u>9,863,338</u>	<u>8,946,183</u>
Business-type activities:				
Wastewater (b)	9,113,527	10,288,656	9,816,625	9,940,468
Ambulance (f)	2,646,881	2,911,689	3,373,134	3,494,130
Building (g)	390,852	561,441	393,079	612,659
Total business-type activities	<u>12,151,260</u>	<u>13,761,786</u>	<u>13,582,838</u>	<u>14,047,257</u>
Total primary government	<u>\$ 19,139,805</u>	<u>\$ 22,908,052</u>	<u>\$ 23,446,176</u>	<u>\$ 22,993,440</u>
Component unit:				
Water and light	<u>\$ 45,571,816</u>	<u>\$ 46,505,371</u>	<u>\$ 45,275,019</u>	<u>\$ 47,323,528</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) 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 affects 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.

Fiscal Year Ended June 30,					
2018	2019	2020	2021	2022	2023
\$ 1,102,966	\$ 1,972,840	\$ 2,144,988	\$ 4,115,603	\$ 4,544,624	\$ 14,533,070
198,648	199,146	1,101,821	1,207,657	2,177,941	2,128,012
		4,432,537	4,577,246	5,268,001	5,419,611
785,721	873,325				
604,240	730,522				
3,040,293	6,052,010	2,009,823	2,273,081	1,742,373	1,494,904
		2,170,366	774,410	1,256,071	1,976,827
1,717,003	1,353,565				
232,476	248,674				
6,261,816	1,001,336	1,192,651	402,415	1,787,204	531,600
13,943,163	12,431,418	13,052,186	13,350,412	16,776,214	26,084,024
10,186,559	12,170,989	11,944,214	11,730,084	12,686,817	12,116,277
3,247,282	3,709,176	-	-	-	-
832,010	728,107	-	-	-	-
14,265,851	16,608,272	11,944,214	11,730,084	12,686,817	12,116,277
\$ 28,209,014	\$ 29,039,690	\$ 24,996,400	\$ 25,080,496	\$ 29,463,031	\$ 38,200,301
\$ 48,654,855	\$ 49,802,420	\$ 52,117,177	\$ 54,781,537	\$ 53,778,205	\$ 55,902,082

- (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.
- (i) In fiscal year 2022-23 the City drew down its full allocation of American Rescue Plan Act dollars, thus \$6,494,348 one-time program revenues were received. In addition, park land was contributed as a capital program contribution in the amount of \$2,987,306

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)
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
2023	3,075,148,994	55,559,188	116,564,672	49,036,099

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.

Total Taxable Assessed Value (b)		Total Direct Tax Rate	Estimated Real Market Value	Total Taxable Assessed Value as a Percentage of Estimated Real Market Value
\$	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
	3,296,308,953	6.11	6,155,627,480	53.5

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	
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	
2023	5.02	0.89	0.20	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
McMinnville School District No. 40				Other Taxing Districts (b)			Direct and Overlapping Rates
Operating	Debt Service	Total	Operating & Local Option	Debt Service	Total		
\$ 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	
4.15	2.51	6.66	1.08	0.26	1.34	16.69	

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

Taxpayer	Type of Business	Fiscal Year Ended June 30, 2023			Fiscal Year Ended June 30, 2014		
		Assessed Value	Percentage	Rank	Assessed Value	Percentage	Rank
Cascade Steel Rolling Mills, Inc.	Steel production	\$ 112,236,913	3.40 %	1	\$ 66,738,076	2.99 %	1
Willamette Valley Medical Center, LLC (a)	Health care	64,112,090	1.94	2	60,829,802	2.72	2
Brookdale Senior Living INC (b)	Retirement community	22,608,375	0.69	3	17,978,846	0.81	4
Lowes Home Improvement Warehouse, Inc.	Home improvement retail store	17,643,039	0.54	4	15,689,504	0.70	6
Jackson Family Wines INC (c)	Commercial wine producer	16,609,385	0.50	5			
Lafayette Place Apartments LLC	Residential real estate management	15,972,774	0.48	6			
Northwest Natural Gas Co.	Natural gas distributor	15,167,000	0.46	7			
March Hare LLC & McMincenter, LLC (d)	Commercial real estate management	15,163,793	0.46	8			
Winco Foods LLC	Supermarket Chain	13,221,945	0.40	9			
Meggitt-Oregon Inc	Aerospace, defense and energy	12,214,560	0.37	10			
Evergreen International Aviation Inc	Aviation				24,946,542	1.12	3
Comcast Corporation	Cable television	-	-		15,697,600	0.70	5
Frontier Communications	Telephone communication	-	-		12,709,000	0.57	7
Reef McMinnville Plaza LLC	Commercial real estate management				11,169,698	0.50	8
Lassen Doran Properties	Auto sales				8,703,300	0.39	9
Air Liquide Industrial U S, LP	Liquid oxygen, nitrogen, argon	-	-		8,277,788	0.37	10
Total principal property tax payers		304,949,874	9.25		242,740,156	10.87	
All other property tax payers		2,991,359,079	90.75		1,990,426,881	89.13	
Total		\$ 3,296,308,953	100.00 %		\$ 2,233,167,037	100.00 %	

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) 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

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

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



**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
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
2023	19,900,276	(525,392)	19,374,884	18,402,853	92.5

Source: Yamhill County Assessor's Office

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

Collections in		Total Collections to Date	
Subsequent			Percentage of
Years		Amount	Adjusted Levy
\$	499,212	\$ 12,428,400	99.87
	498,818	12,863,126	100.00
	438,482	14,633,386	99.51
	400,007	14,932,898	99.64
	382,726	16,102,042	99.14
	397,993	17,446,828	100.00
	349,251	17,629,078	98.67
	231,907	18,406,296	99.33
	260,756	18,400,950	99.38
	-	18,402,853	94.98

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,			
	2014	2015	2016	2017
Water consumption (e):				
Residential	\$ 75,498,100	\$ 75,212,200	\$ 75,670,000	\$ 75,912,502
Commercial - no average (b)	53,151,400	51,733,900	53,543,500	44,729,900
Commercial - with average (c)	5,879,700	5,727,300	5,824,500	6,221,000
Total	<u>\$ 134,529,200</u>	<u>\$ 132,673,400</u>	<u>\$ 135,038,000</u>	<u>\$ 126,863,402</u>

Residential sewer rates: (a)				
Service charge per residential unit	\$ 17.25	\$ 17.73	\$ 18.60	\$ 19.25
Volume charge per 100 cubic feet of water used (d)	4.94	5.08	5.22	5.36
Commercial and industrial sewer rates:				
Service charge per account	17.25	17.73	18.60	19.25
Volume charge per 100 cubic feet of water used	6.13	6.30	6.48	6.65

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.

Fiscal Year Ended June 30,

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 75,958,939	\$ 74,939,700	\$ 75,446,000	\$ 78,915,000	\$ 77,790,200	\$ 77,702,000
43,761,700	45,964,700	44,991,500	47,846,400	44,217,400	41,653,900
<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>5,614,000</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>	<u>\$ 124,969,900</u>

\$ 20.00	\$ 20.73	\$ 22.38	\$ 22.38	\$ 22.38	\$ 23.16
5.49	5.62	6.07	6.07	6.07	6.28
20.00	20.73	22.38	22.38	22.38	23.16
6.81	6.96	7.51	7.51	7.51	7.77

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
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
2023	13,868	1,174	15,042

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		
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)
2023	23.16	6.28	23.16	7.77	11,082,642	2.56

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

<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Less Amount Available in Debt Service Fund (a)</u>	<u>Net General Obligation Bonded Debt</u>	<u>Percentage of Estimated Real Market Value (b)</u>	<u>Per Capita (c)</u>
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	572
2023	17,465,000	358,750	17,106,250	0.28	n/a

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

- (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.
 - (f) In FY2022-23, the Oregon Department of Transportation's OTIB loan program is funding an additional \$3,622,000 in borrowing capacity for the Newberg-Dundee Bypass project. None of that has yet been drawn down but it is included as representation of the maximum ultimate debt that loan may grow to
- n/a - not available

Other Governmental Activities Debt			Business-Type Activities			Total Primary Government (d)	Percentage of Personal Income (e)	Per Capita (c)
Full Faith & Credit Bank Loan	Notes Payable (f)	Capital Leases	Revenue Bonds	Full Faith & Credit Bank Loan	Notes Payable			
\$ -	\$ 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	1.51	844
3,181,239	7,851,780	134,706	-	135,627	-	28,768,352	1.47	834

City of McMinnville, Oregon
Direct and Overlapping Governmental Activities Debt
June 30, 2023

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
Direct:			
General obligation bonded debt - City	\$ 17,465,000	100.00 %	\$ 17,465,000
Other governmental activities debt - City	11,167,725	100.00 %	11,167,725
Total direct debt (b)			<u>28,632,725</u>
Overlapping:			
General obligation bonded debt:			
Chemeketa Community College	28,865,000	7.30	2,107,145
McMinnville School District No. 40	101,710,000	76.87	78,184,477
Other governmental activities debt:			
Chemeketa Community College	82,991,920	7.30	6,058,410
Willamette Education Service District	16,034,976	6.64	1,064,722
Yamhill County	7,870,442	29.02	2,284,002
McMinnville School District No. 40	17,485,000	76.87	<u>13,440,720</u>
Total overlapping debt			<u>103,139,476</u>
Total direct and overlapping debt			<u>\$ 131,772,201</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	1,132,302
Business type compensated absence	99,251
	<u>1,231,553</u>

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

Employer	Type of Business	Fiscal Year Ended June 30, 2023			Fiscal Year Ended June 30, 2014		
		Number of Employees	Percentage	Rank	Number of Employees	Percentage	Rank
McMinnville School District #40	Education	839	5.35 %	1	642	4.71 %	1
Yamhill County	County government	652	4.15	2	425	3.11	4
Linfield University (Previously Linfield College)	Higher education - liberal arts	574	3.66	3	363	2.66	7
Willamette Valley Medical Center, LLC	Health care	490	3.12	4	432	3.17	3
Cascade Steel Rolling Mills, Inc.	Steel production	389	2.48	5	435	3.19	2
City of McMinnville	City government	357	2.27	6	196	1.44	10
Parker-Meggitt (Previously Meggit Polymer)	Sealing solutions manufacturing	246	1.57	7	230	1.69	8
Wal-Mart Stores, Inc.	Retail merchandise	189	1.20	8			
Oregon Mutual Insurance Company	Insurance products and services	176	1.12	9	200	1.47	9
EMPWR Nutrician (a)	Snack manufacturer	159	1.01	10	236	1.73	6
Express Professionals	Temp agency	-	-		350	2.57	5
Total principal employers		4,071	25.94		3,509	25.72	
All other employers (estimated)		11,622	74.06		10,136	74.28	
Total		15,693	100.00 %		13,645	100.00 %	

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

(a) EMPWR acquired Noble Foods Nutrition Inc. which 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,

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total estimated real market value	\$ 2,748,715,501	\$ 2,861,726,286	\$ 3,119,905,725	\$ 3,418,882,530
Debt limitation:				
3% of estimated real market value	82,461,465	85,851,789	93,597,172	102,566,476
Debt applicable to limitation:				
Total general obligation bonded debt	14,370,000	28,580,000	27,055,000	24,765,000
Less amount available for payment of general obligation principal	<u>(1,105,000)</u>	<u>(1,525,000)</u>	<u>(2,290,000)</u>	<u>(1,228,300)</u>
Net debt applicable to limitation	<u>13,265,000</u>	<u>27,055,000</u>	<u>24,765,000</u>	<u>23,536,700</u>
Total remaining debt limit	<u>\$ 69,196,465</u>	<u>\$ 58,796,789</u>	<u>\$ 68,832,172</u>	<u>\$ 79,029,776</u>
Total net debt applicable to limitation as a percentage of debt limit	16.09%	31.51%	26.46%	22.95%

Fiscal Year Ended June 30,					
2018	2019	2020	2021	2022	2023
\$ 3,722,887,719	\$ 3,930,001,020	\$ 4,191,800,158	\$ 4,617,331,941	\$ 5,072,516,303	\$ 6,155,627,480
111,686,632	117,900,031	125,754,005	138,519,958	152,175,489	184,668,824
30,275,000	27,720,000	25,085,000	22,360,000	19,650,000	17,465,000
(1,267,785)	(1,474,640)	(1,109,475)	(1,083,600)	(408,575)	(358,750)
29,007,215	26,245,360	23,975,525	21,276,400	19,241,425	17,106,250
<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>	<u>\$ 167,562,574</u>
25.97%	22.26%	19.07%	15.36%	12.64%	9.26%

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)
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	6,433	5.3
2022	33,662	1,878,406,924	55,802	6,429	3.6
2023	34,491	1,950,914,433	56,563	6,507	3.7

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**

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

Functions/Programs	Fiscal Year Ended June 30,				
	2014	2015	2016	2017	2018
Primary government:					
Governmental activities:					
General government	13.31	13.71	14.11	14.65	14.78
Community development (a)	9.39	9.83	10.54	11.25	11.57
Public safety:					
Police:					
Sworn	37.00	37.00	37.00	41.00	41.00
Non-sworn	11.18	13.39	12.73	13.73	13.73
Fire (b)	14.48	14.47	14.75	15.40	15.57
Highways and streets	8.66	8.68	8.71	7.07	8.82
Airport	-	-	-	-	-
Culture and recreation:					
Parks and recreation:					
Full-time	14.00	14.00	17.00	17.85	15.00
Part-time	27.94	29.94	27.00	27.59	30.44
Library	15.38	15.52	15.45	15.31	15.42
Total governmental activities	<u>151.34</u>	<u>156.54</u>	<u>157.29</u>	<u>163.85</u>	<u>166.33</u>
Business-type activities:					
Wastewater	20.46	21.46	21.46	20.50	21.37
Ambulance (b)	22.65	22.65	22.95	25.02	25.02
Building (a)	1.90	2.00	3.25	3.75	3.75
Total business-type activities	<u>45.01</u>	<u>46.11</u>	<u>47.66</u>	<u>49.27</u>	<u>50.14</u>
Total primary government	<u>196.35</u>	<u>202.65</u>	<u>204.95</u>	<u>213.12</u>	<u>216.47</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.

Fiscal Year Ended June 30,

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
15.70	13.80	13.16	17.14	16.99
15.92	21.35	18.91	19.41	19.41
43.00	43.66	43.66	43.66	43.66
13.72	13.72	13.72	13.07	13.11
16.88	43.77	44.22	50.18	50.18
9.01	9.76	9.93	10.04	10.04
-	-	-	-	0.50
17.95	19.45	20.05	19.20	19.20
28.03	28.03	30.92	17.50	17.13
15.84	16.78	17.20	18.18	18.18
<u>176.05</u>	<u>210.32</u>	<u>211.77</u>	<u>208.38</u>	<u>208.40</u>
21.34	21.34	21.85	21.96	21.96
25.89	-	-	-	-
5.00	-	-	-	-
<u>52.23</u>	<u>21.34</u>	<u>21.85</u>	<u>21.96</u>	<u>21.96</u>
<u><u>228.28</u></u>	<u><u>231.66</u></u>	<u><u>233.62</u></u>	<u><u>230.34</u></u>	<u><u>230.36</u></u>

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
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
2023	116	21,073,770	145	43,033,396

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
Operating Indicators by Function/Program
Last Ten Fiscal Years

Functions/Programs	Fiscal Year Ended June 30,			
	2014	2015	2016	2017
Primary government:				
Police:				
Calls for service (a) (c)	29,823	31,047	29,059	33,342
Crimes: (a)				
Part I Crimes Against Persons	1,132	1,234	998	1,130
Part II Crimes Against Property	2,418	2,442	2,014	2,075
Part III Behavioral Crimes	1,287	1,364	1,317	1,290
Total crimes	<u>4,837</u>	<u>5,040</u>	<u>4,329</u>	<u>4,495</u>
 Traffic crashes	334	284	373	268
Traffic citations/warnings	8,003	8,838	6,038	10,852
 Fire:				
Self fire inspections conducted	-	-	-	-
On-site fire inspections conducted (f)	562	484	375	300
Fire responses	786	856	866	817
Fire/rescue responses	2,932	2,996	3,024	3,018
Level of insurance service	Class 3	Class 3	Class 3	Class 3
 Parks and recreation: (f)				
Aquatic center attendance:				
General recreation programs	73,729	84,301	85,715	77,399
Fitness classes	18,229	19,989	25,790	23,377
Swim instruction	16,862	16,523	15,333	13,604
School district #40 programs	6,454	6,177	7,263	7,350
Rental attendance	18,789	14,794	12,608	13,804
Total attendance	<u>134,063</u>	<u>141,784</u>	<u>146,709</u>	<u>135,534</u>

2018	2019	2020	2021	2022	2023
36,284	34,043	31,200	31,727	32,137	na
1,321	983	1,020	967	1,091	na
2,387	2,352	2,559	2,466	2,342	na
1,237	1,124	942	1,260	1,165	na
<u>4,945</u>	<u>4,459</u>	<u>4,521</u>	<u>4,693</u>	<u>4,598</u>	<u>na</u>
355	281	242	322	na	na
11,384	9,195	4,095	4,197	na	na
-	-	-	-	-	-
577	612	357	325	367	161
967	1,008	1,497	1,534	1,458	904
2,989	2,699	1,777	1,857	1,937	1,763
Class 3	Class 3	Class 3	Class 3	Class 3	Class 3
62,723	61,682	40,962	14,845	27,943	57,702
23,876	26,050	18,329	2,004	7,623	9,771
13,523	13,230	8,984	1,714	5,169	7,329
6,108	6,070	3,893	-	2,053	5,037
14,058	14,550	9,502	9,092	9,160	8,347
<u>120,288</u>	<u>121,582</u>	<u>81,670</u>	<u>27,655</u>	<u>51,948</u>	<u>88,186</u>
(Continued)					

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

Functions/Programs	2014	2015	2016	2017
Community center and recreation programs:				
Facility reservations	2,698	2,051	1,848	2,796
Children's programs (children per session):				
Kids on the block (after school)	694	449	447	407
STARS (summer)	62	65	65	71
Community Center Programs (per year) (d)				
Youth Programs	n/a	n/a	2,144	3,313
Adult Programs	n/a	n/a	392	423
Community Center Drop-In Participants (e)	n/a	n/a	5,941	7,215
Community Center / Library Programs				
Summer Fun				
Participants				
Programs				
Recreational sports:				
Soccer:				
Participants	1,694	1,683	1,606	1,634
Teams	140	173	155	158
Matches	730	824	780	731
Baseball/softball:				
Participants	1,042	1,120	1,100	950
Teams	83	93	97	78
Games	506	535	513	427
Other sports:				
Participants	554	598	615	571
Games/matches	346	357	333	305
Senior center:				
Attendance (b)	27,779	27,610	28,558	30,866
Facility rentals	194	203	212	190
Senior meals served	27,997	19,920	23,164	24,801
Day trips taken	19	15	18	11
Day trip attendance	265	221	249	153
Overnight trips taken	12	6	8	5
Overnight trip attendance	37	34	18	10
Park maintenance:				
Picnic reservations (a)	154	160	160	179
Library:				
Items circulated	351,672	359,093	384,347	371,872
Items in collections / resources	87,995	142,904	152,121	160,363
Service hours per week	45	45	45	45

2018	2019	2020	2021	2022	2023
2,595	2,992	2,184	141	902	2,684
373	295	271	-	-	-
75	76	28	38	38	-
4,091	4,071	2,626	999	2,047	2,833
392	238	227	83	259	174
9,026	7,379	6,080	36	2,424	4,705
				3,921	8,976
				90	171
1,555	1,439	755	821	1,349	1,633
150	142	70	88	120	136
748	683	352	320	476	544
978	1,096	-	708	878	829
82	93	-	54	69	72
437	568	-	227	280	306
492	532	514	-	420	517
254	297	257	-	109	229
33,400	34,006	22,561	1,867	5,711	10,917
175	177	119	2	28	108
24,818	27,291	4,690	-	-	-
10	11	6	-	-	-
131	153	93	-	-	-
2	-	1	-	-	-
5	-	2	-	-	-
180	138	85	-	39	112
360,300	374,451	349,347	318,249	323,062	358,103
162,807	168,595	222,060	230,218	217,618	232,094
45	50	50	35	35	44
(Continued)					

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

Functions/Programs	2014	2015	2016	2017
Public Works:				
Building division:				
Building permits issued	282	270	261	250
Plumbing permits issued	275	184	233	227
Mechanical permits issued	232	245	301	309
Demolition permits issued	4	6	10	15
Fire life safety permits issued	40	60	37	43
Miscellaneous permits issued	44	44	56	43
Manufactured home permits issued	8	21	15	5
Total permits issued	<u>885</u>	<u>830</u>	<u>913</u>	<u>892</u>
Wastewater Services:				
Daily average treatment in gallons	3,240,000	2,950,000	3,310,000	2,758,000
Service connections:				
Residential	12,042	12,280	12,121	12,493
General services/commercial	1,097	1,157	1,083	1,113
Ambulance:				
Emergency Medical Service (EMS) calls	5,879	6,211	7,248	7,028
EMS patients transported	4,385	4,546	5,156	5,234
Component unit:				
Water and light:				
Water system:				
Daily average consumption in gallons	4,500,000	4,700,000	4,800,000	4,300,000
Service connections:				
Residential	12,192	12,431	12,238	12,619
General services/commercial	1,511	1,551	1,475	1,479
Electric system:				
Type	public power	public power	public power	public power
Service connections:				
Residential	13,260	13,526	13,616	13,807
General services/small industrial	2,189	2,002	2,293	2,224
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.

2018	2019	2020	2021	2022	2023
358	349	349	238	289	291
246	238	296	303	336	249
310	302	388	517	533	525
17	4	7	11	1	5
49	28	25	46	54	64
67	52	50	60	66	34
5	5	7	5	4	8
1,052	978	1,122	1,180	1,283	1,176
2,735,000	4,160,000	2,830,000	2,800,000	3,140,000	2,850,000
12,770	12,869	13,267	13,697	13,784	13,868
1,151	1,158	1,152	1,172	1,166	1,174
7,000	6,423	6,296	7,337	7,781	7,891
4,902	4,753	4,440	4,873	4,811	5,188
4,500,000	4,500,000	3,900,000	4,500,000	4,700,000	4,800,000
12,882	13,021	13,268	13,702	13,929	13,997
1,542	1,628	1,592	1,701	1,685	1,724
public power	public power	public power	public power	public power	public power
13,909	14,084	14,560	14,733	14,849	15,029
2,247	2,254	2,282	2,321	2,322	2,377
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 programs 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	Fiscal Year Ended June 30,			
	2014	2015	2016	2017
Primary government:				
General government:				
Computers - desktops and laptops (e)	285	280	285	291
Computers - physical servers	17	17	12	12
Police:				
Station	1	1	1	1
Off-site evidence facility	1	1	1	1
Training facility	1	1	1	1
Patrol units	14	15	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	104	104	104
Miles of storm drain sewers	76	77	77	78
Number of street lights	2,679	2,679	2,679	2,697
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	357	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,					
2018	2019	2020	2021	2022	2023
290	290	327	329	323	325
12	12	11	8	8	8
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
15	16	16	17	17	17
2	1	1	1	1	1
2	2	2	2	2	2
2	2	2	2	2	2
2	2	2	2	2	2
1	1	1	1	1	1
16	16	16	16	16	16
105	107	108	108	109	110
79	83	84	85	86	87
2,719	2,762	2,816	2,841	2,946	2,959
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
3	4	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
2	2	2	2	2	2
6	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	Fiscal Year Ended June 30,			
	2014	2015	2016	2017
Primary government (continued):				
Airport:				
Runways	2	2	2	2
Runway 04/22: 100 ft x 5420 ft with 1,000 ft asphalt stopway (c)				
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	6,100,000
Miles of sanitary sewers	153	155	155	156
Ambulance:				
Vehicles	5	6	6	7
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	175	176	177	177
Fire hydrants	1,044	1,055	1,061	1,068
Electric system:				
Substations	7	7	7	7
Miles of distribution	325	326	329	332

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.

Fiscal Year Ended June 30,					
2018	2019	2020	2021	2022	2023
2	2	2	2	2	2
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
1	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	3	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
157	157	157	157	162	162
7	6	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
178	179	181	183	184	185
1,068	1,106	1,115	1,127	1,132	1,150
7	7	7	7	7	7
331	333	330	332	334	339

(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

AUDIT COMMENTS AND DISCLOSURES



**City of
McMinnville**

**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 and City Council
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, 2023 and have issued our report thereon dated December 28, 2023. 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*, except as follows.

Expenditures in the following fund exceeded appropriations for the year ended June 30, 2023:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
General Fund	Non-Departmental	\$ 1,407

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control described in the findings and responses section as items 2023-001 and 2023-002 that we consider to be material weaknesses.

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 28, 2023

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of McMinnville, Oregon as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of McMinnville, Oregon's basic financial statements, and have issued our report thereon dated December 28, 2023. 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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of McMinnville, Oregon's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial

statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of McMinnville, Oregon's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of McMinnville, Oregon's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The City of McMinnville, Oregon's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 *Government Auditing Standards* in considering the City of McMinnville, Oregon's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina+Co
Tualatin, Oregon
December 28, 2023

CITY OF MCMINNVILLE, OREGON
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2023

2023-001

Condition: Controls were not in place to ensure the City correctly recorded and capitalized expenditures related to capital projects within the Urban Renewal Agency.

Criteria: Capital asset additions not accurately capitalized as per Generally Accepted Accounting Principles (GAAP).

Effect: The Urban Renewal Agency's capital assets were misstated in the prior year's financial statements.

Cause: The City misclassified certain materials and service expenditures, resulting in expenditures related to a capital project not being capitalized.

Recommendation: The City should revise its capital asset policies to improve the review of expenditure classifications promptly.

Views of Responsible Officials and Planned Corrective Actions: City has controls in place to evaluate the classification of expenditures as part of the process for capitalizing asset additions.

City will strengthen controls through improved training on capitalization thresholds as well as will review and potentially update general ledger codes to capture professional services that are capital in nature.

2023-002

Condition: Controls were not in place to ensure the City correctly recorded loans receivable and deferred revenue amounts related to community development loans within the Urban Renewal Agency.

Criteria: Loans receivable and deferred revenue must be recognized as per Generally Accepted Accounting Principles (GAAP).

Effect: The Urban Renewal Agency's loans receivable and deferred revenue were misstated in the financial statements.

Cause: The City did not have adequate controls in place to capture loans receivable transactions; while the City reconciles accounts receivable, the process in place did not capture loans receivable and deferred revenue associated with loans from community development when realized.

Recommendation: The City should revise its loan policies and internal tracking procedures to ensure loans receivable and deferred revenue are properly reported.

CITY OF MCMINNVILLE, OREGON
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2023

Views of Responsible Officials and Planned Corrective Actions: City will implement controls to evaluate and review new and outstanding loans on an annual basis as part of the process for recording loans receivable and deferred revenue.

City will implement training on loan policies and procedures as well as consistently track outstanding loan schedules and activity.

**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE FOR U.S.
DEPARTMENT OF TREASURY CORONAVIRUS STATE AND LOCAL FISCAL
RECOVERY FUNDS PROGRAM (CSLFRF) REQUIREMENTS FOR AN
ALTERNATIVE CSLFRF COMPLIANCE EXAMINATION ENGAGEMENT**

Honorable Mayor and City Council
City of McMinnville, Oregon

We have examined the City of McMinnville, Oregon’s compliance with the compliance requirements “activities allowed or unallowed” and “allowable cost/cost principles” (the specified requirements) as described in Part IV “Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Recovery Funds” of the CSLFRF section of the 2023 Office of Management and Budget (OMB) Compliance Supplement (referred to herein as “Requirements for an Alternative CSLFRF Compliance Examination Engagement”) during the year ended June 30, 2023. Management of the City of McMinnville is responsible for the City of McMinnville’s compliance with the specified requirements. Our responsibility is to express an opinion on the City of McMinnville’s compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA); the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the “Requirements for an Alternative CSLFRF Compliance Examination Engagement.” Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the City of McMinnville complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City of McMinnville complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City of McMinnville’s compliance with specified requirements.

In our opinion, the City of McMinnville complied, in all material respects, with the specified requirements referenced above during the year ended June 30, 2023.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the City of McMinnville’s compliance with the specified requirements and any other instances

Focused on Your Wants and Understanding Your Needs

that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the City of McMinnville's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether the complied, in all material respects with the specified requirements referenced above during the year ended June 30, 2023. Accordingly, this report is not suitable for any other purpose.



For Merina+Co
Tualatin, Oregon
December 28, 2023



**City of
McMinnville**

McMinnville Urban Renewal Agency
(A Component Unit of the City of
McMinnville, Oregon)

Annual Financial Report

For the fiscal year ended June 30, 2023

prepared by

Finance Department
City of McMinnville, Oregon

available online at
mcminnvilleoregon.gov

McMinnville Urban Renewal Agency, Oregon
The Urban Renewal Agency of the City of McMinnville, Oregon
(a component unit of the City)

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INTRODUCTORY SECTION

McMinnville Urban Renewal Agency

**Elected Officials
And
Principal Appointed Officers of the Agency
June 30, 2023**

URBAN RENEWAL AGENCY BOARD

TERM EXPIRES

Remy Drabkin	December 31, 2024
Sal Peralta	December 31, 2026
Kellie Menke	December 31, 2024
Zack Geary	December 31, 2026
Adam Garvin	December 31, 2024
Chris Chenoweth	December 31, 2024
Jessica L. Payne	December 31, 2026

URBAN RENEWAL AGENCY ADMINISTRATION

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

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Agency Officials
McMinnville Urban Renewal Agency
McMinnville, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund, of the McMinnville Urban Renewal Agency, a component unit of City of McMinnville, Oregon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the McMinnville Urban Renewal Agency'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 and each major fund of the McMinnville Urban Renewal Agency, as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 McMinnville Urban Renewal Agency, 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.E to the financial statements, the McMinnville Urban Renewal Agency adopted new accounting guidance, GASB Statement No. 100, *Accounting Changes and Error Corrections*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 McMinnville Urban Renewal Agency'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 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.

In performing an audit in accordance with GAAS, 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 McMinnville Urban Renewal Agency '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 McMinnville Urban Renewal Agency '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 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, 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. 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 the McMinnville Urban Renewal Agency's basic financial statements. The accompanying other supplementary information, as listed in the table of contents including the schedule of revenues, expenditures, and changes in fund balance – budget and actual is 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 elected officials 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 Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 28, 2023, on our consideration of the McMinnville Urban Renewal Agency'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 28, 2023

McMinnville Urban Renewal Agency Management's Discussion and Analysis

This discussion and analysis presents the highlights of financial activities and financial position for the McMinnville Urban Renewal Agency (the Agency), a component unit of the City of McMinnville, Oregon. The analysis focuses on significant financial issues, major activities and resulting changes in financial position, variances from the budget, and specific issues relating to funds and the economic factors affecting the Agency.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes and should be read in conjunction with the City of McMinnville's financial statements and the Agency's financial statements, which immediately follow this analysis.

Financial Highlights

The Agency was established in March 2013. The year ended June 30, 2023, was the ninth year that the Agency incurred financial transactions.

- Assets exceeded liabilities and deferred inflows of resources by approximately \$1.3 million at June 30, 2023.
- The Agency received property taxes of approximately \$657,000 in the 2023 fiscal year.
- During the current fiscal year, the value of capital assets decreased by approximately \$65,000 due to asset depreciation of \$97,000. At 2023 fiscal year end, the Agency's capital assets consisted of just over \$1,590,000 in street improvement value.
- During the current fiscal year, the Agency made two façade improvement grants to property owners of \$25,000 each for the rehabilitation of property and buildings in the NE Gateway District were awarded.
- Fiscal year 2022 was restated by just under \$210,000 to recognize non-depreciable, construction in progress assets incurred but not reported of \$97,000 and \$112,000 in development loans due to the Agency that were unreported in the prior fiscal year.

Overview of the Financial Statements

Following this MD&A, the report is organized in three sections: basic financial statements including notes to the basic financial statements; required and other supplementary information; and reports by the independent auditor as required by the State of Oregon. The agency-wide statements include the statement of net position and the statement of activities.

The *Statement of Net Position* provides a focus on the net position of the Agency's governmental activities. As Agency activities increase, the Statement will also reflect the Agency's capital assets and long-term liabilities.

The *Statement of Activities* provides a focus on program costs and their matching resources. To the extent that program costs are not covered by grants and direct charges, they are paid from general taxes and other sources. This statement demonstrates the extent to which programs are self-supporting or subsidized by general revenues.

The *fund financial statements* for the individual funds follow the agency-wide statements. The Agency presents the Urban Renewal Fund, which serves as the Agency's general operating fund, and the Urban Renewal Debt Service Fund as major funds.

McMinnville Urban Renewal Agency Management's Discussion and Analysis

Agency-wide Statements

The agency-wide statements report information about the Agency as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the Agency's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two agency-wide statements report the Agency's *net position* and how it has changed. Net position—the difference between assets and liabilities—is one way to measure the Agency's *financial health or position*.

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$1,335,708 at the close of the most recent fiscal year.

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

Statement of Net Position		
June 30, 2023 and 2022		
	<u>2023</u>	<u>Restated 2022</u>
Current assets	\$ 1,113,200	\$ 771,514
Non-current assets	85,044	98,520
Capital assets	<u>1,592,850</u>	<u>1,657,905</u>
Total assets	2,791,094	2,527,939
Current and long-term liabilities	<u>1,455,386</u>	<u>1,659,424</u>
Total liabilities	1,455,386	1,659,424
Net position		
Invested in capital assets	250,175	62,781
Restricted	<u>1,085,533</u>	<u>805,734</u>
Total net position	\$ 1,335,708	\$ 868,515

*Net position categories restated as net investment in capital assets in prior year did not include the capital debt liability in its calculation.

The Agency's net position increased by \$467,193 during the current fiscal year. This increase represents the degree to which assets exceeded liabilities.

McMinnville Urban Renewal Agency Management's Discussion and Analysis

Statement of Activities

As with the statement of net position, the Agency reports governmental activities on a consolidated basis. A summary version of the statement of activities is illustrated in the following table.

Statement of Activities		
June 30, 2023 and 2022		
Governmental Activities		
	2023	Restated 2022
Revenues		
Program Revenues	\$ 10,576	\$ -
General Revenues		
Tax increment revenues	656,945	523,517
Investment revenues	43,829	185,850
Total revenues	711,350	709,367
Expenses		
Governmental activities		
General government	212,099	238,511
Interest on long-term debt	32,058	35,177
Total expenses	244,157	273,688
Increase (decrease) in net position	467,193	435,679
Net Position, Beginning	868,515	432,836
Net Position, Ending	\$ 1,335,708	\$ 868,515

Governmental activities led to an increase in the Agency's net position by \$467,193 due to the tax incremental revenues increasing by more than depreciation expenses during the year and prior period adjustments for capital assets and development loans receivable assets that had gone unreported previously. The fiscal year 2022 restatement includes an increase of \$112,000 in investment revenue for future repayment of the loans, and a decrease in general government expenditures of just over \$97,000 for constructions in progress which will depreciate over the useful life of the asset. The Agency's tax increment revenues of \$656,945 are the majority of total revenues of the Agency. The fiscal year ended 2023 was the ninth year the Agency collected taxes.

All of taxes collected are restricted to repayment of urban renewal debt which will finance various projects within the urban renewal district.

Fund Financial Analysis

Fund accounting segregates revenues according to their intended purpose and is used to aid management in demonstrating legal and contractual compliance with revenue source spending requirements. The Agency's fund balance classifications are defined as required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

The entire amount of the Debt Service Fund's ending fund balance consists of tax increment revenue and is restricted for debt service. Ending balances for fiscal years 2023 and 2022 were \$979,506 and \$582,480 respectively, for an increase of \$397,026. The increase is due to higher tax incremental revenues in 2023, the ninth year of the Agency's existence.

McMinnville Urban Renewal Agency Management's Discussion and Analysis

In the fund financial statement, the Urban Renewal Fund ending fund balance for fiscal years 2023 and 2022 were \$98,654 and \$109,140 respectively. The decrease of \$10,486 reflects less financial activity generally across all categories. The purpose of this fund is to account for urban renewal project costs.

Urban Renewal Fund Budgetary Highlights

There were no supplemental budgets adopted by the McMinnville Urban Renewal Agency Board in the current fiscal year.

Capital Assets

At fiscal year end June 30, 2023, the Agency had \$1,592,850 in capital assets. The majority of the capital assets represents the Alpine Avenue street improvement project. At fiscal year end June 30, 2023, the Agency's investment in capital assets consisted of the Alpine Avenue street improvement project that was completed in 2018 and totaled \$1,950,857 and an improvement to a city parking lot by building a trash enclosure with both Agency and community contributed resources totaling approximately \$25,000.

Construction in Progress includes \$97,219 from the prior fiscal year (included in the fiscal year 2022 restated balance) and \$7,019 in additions in the current year for a downtown parking upgrade and Third Streetscape projects.

Obligations Outstanding

During the 2017 fiscal year, the Agency and City entered into an intergovernmental agreement for the City to loan \$2,192,300 to the Agency for construction of the Alpine Avenue project. The final payment is due on this loan in 2032. The Agency's outstanding debt is described in more detail in the notes to the financial statements, Note III.D.

Economic Factors and Future Operations

The McMinnville Urban Renewal Agency's purpose is to partner with private development to support growth in downtown and the northeast gateway area. Increasing property values within the urban renewal boundaries translates into increasing tax increment revenue. This tax increment is then used to pay debt incurred to fund projects and improvements.

In 2013 when the Agency was created, the frozen assessed value of the district was \$86.3 million. For the fiscal year ended 2023, the assessed value of the district was \$139.1 million, an increase of 61.1 percent compared to the frozen base. Taxes assessed on the incremental assessed value between the current and frozen assessed values are paid to the Agency, while taxes on the frozen base are paid to the respective taxing jurisdictions.

In July 2023, the City of McMinnville purchased an industrial property for \$4.3 million. The Urban Renewal Agency, via an intergovernmental agreement with the City, has agreed to pay the interest on the 5-year loan which financed this property acquisition with annual debt service reimbursements not to exceed \$219,675.

Requests for Information

This Agency's financial statements are designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability of the resources it receives and expends. For additional information, contact the Finance Department, City of McMinnville, 230 NE Second Street, McMinnville, Oregon 97128.

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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

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.

The accompanying notes are an integral part of these financial statements

McMinnville Urban Renewal Agency
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>
ASSETS:	
Current assets:	
Property taxes receivable	\$ 31,309
Loans receivable	21,148
Restricted cash and investments	<u>1,060,743</u>
Total current assets	<u>1,113,200</u>
Noncurrent assets:	
Loans receivable	85,044
Capital assets:	
Nondepreciable	104,238
Depreciable, net	<u>1,488,612</u>
Total noncurrent assets	<u>1,677,894</u>
Total assets	<u><u>\$ 2,791,094</u></u>
LIABILITIES:	
Current liabilities:	
Accounts payable	\$ 556
Current portion of long-term obligations	<u>158,420</u>
Total current liabilities	<u>158,976</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>1,296,410</u>
Total noncurrent liabilities	<u>1,296,410</u>
Total liabilities	<u>1,455,386</u>
NET POSITION:	
Net investment in capital assets	250,175
Restricted for:	
Debt service	187,295
Capital projects	<u>898,238</u>
Total net position	<u>1,335,708</u>
Total liabilities and net position	<u><u>\$ 2,791,094</u></u>

The accompanying notes are an integral part of these financial statements

McMinnville Urban Renewal Agency
Statement of Activities
For the Year Ended June 30, 2023

	Expenses	Program Revenues Capital Grants and Contributions	Net Revenue (Expenses) and Change in Net Position
EXPENSES:			
General government	\$ 212,099	\$ 10,576	\$ (201,523)
Interest on long-term debt	32,058	-	(32,058)
Total activities	<u>\$ 244,157</u>	<u>\$ 10,576</u>	<u>(233,581)</u>
GENERAL REVENUES:			
Property taxes			656,945
Investment income			<u>43,829</u>
Total general revenues			<u>700,774</u>
Change in net position			467,193
NET POSITION, BEGINNING			659,296
PRIOR PERIOD ADJUSTMENT			<u>209,219</u>
NET POSITION, ENDING			<u><u>\$ 1,335,708</u></u>

The accompanying notes are an integral part of these financial statements

Fund Financial Statements
Major Governmental Funds

McMinnville Urban Renewal Fund

This fund accounts for property taxes collected for public improvements, acquisitions and to attract economic and redevelopment in McMinnville.

Urban Renewal Debt Service Fund

This fund accounts for the payment of principal and interest on the Agency's obligations.

The accompanying notes are an integral part of these financial statements

McMinnville Urban Renewal Agency
Balance Sheet - Governmental Funds
June 30, 2023

	Urban Renewal Fund	Urban Renewal Debt Service Fund	Total Governmental Funds
ASSETS:			
Property taxes receivable	\$ -	\$ 31,309	\$ 31,309
Loans receivable	106,192	-	106,192
Restricted cash and investments	91,540	969,203	1,060,743
Total assets	<u>\$ 197,732</u>	<u>\$ 1,000,512</u>	<u>\$ 1,198,244</u>
LIABILITIES:			
Accounts payable	\$ 556	\$ -	\$ 556
Total liabilities	<u>556</u>	<u>-</u>	<u>556</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes	-	21,006	21,006
Unavailable revenue - loans receivables	98,522	-	98,522
Total deferred inflows of resources	<u>98,522</u>	<u>21,006</u>	<u>119,528</u>
FUND BALANCE:			
Restricted for:			
Debt service	-	187,295	187,295
Urban renewal improvements	98,654	792,211	890,865
Total fund balance	<u>98,654</u>	<u>979,506</u>	<u>1,078,160</u>
Total deferred inflows of resources and fund balance	<u>\$ 197,732</u>	<u>\$ 1,000,512</u>	<u>\$ 1,198,244</u>

Amounts reported in the statement of net position are different because:

Total fund balance	\$ 1,078,160
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,592,850
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred inflows in the funds.	
Tax increment revenues - earned but unavailable	21,006
Development loan revenues - earned but unavailable	98,522
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Long-term debt	<u>(1,454,830)</u>
Net position	<u>\$ 1,335,708</u>

The accompanying notes are an integral part of these financial statements

McMinnville Urban Renewal Agency
Statement of Revenues, Expenditures, and Change
In Fund Balance - Governmental Funds
For the Year Ended June 30, 2023

	Urban Renewal Fund	Urban Renewal Debt Service Fund	Total Governmental Funds
REVENUES:			
Property taxes	\$ -	\$ 652,989	\$ 652,989
Intergovernmental	-	354	354
Miscellaneous	37,162	19,791	56,953
Total revenues	37,162	673,134	710,296
EXPENDITURES:			
Current:			
General government	136,468	-	136,468
Debt service:			
Principal	-	155,230	155,230
Interest	-	32,058	32,058
Total expenditures	136,468	187,288	323,756
Revenues over (under) expenditures	(99,306)	485,846	386,540
OTHER FINANCING SOURCES (USES):			
Transfers in	88,820	-	88,820
Transfers out	-	(88,820)	(88,820)
Total other financing sources (uses)	88,820	(88,820)	-
Net change in fund balance	(10,486)	397,026	386,540
FUND BALANCE, BEGINNING	109,140	582,480	691,620
FUND BALANCE, ENDING	<u>\$ 98,654</u>	<u>\$ 979,506</u>	<u>\$ 1,078,160</u>

The accompanying notes are an integral part of these financial statements

McMinnville Urban Renewal Agency
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance of Governmental
Fund to the Statement of Activities
For the Year Ended June 30, 2023

Amounts reported in the statement of activities are different because:

Net change in fund balance		\$	386,540
The statement of revenues, expenditures, and changes in fund balances report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.			
Capital asset additions	22,019		
Depreciation	<u>(97,650)</u>		(75,631)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position.			
Capital contributions			10,576
Some revenues reported in the statement of activities do not provide current financial resources in the governmental funds.			
Property taxes			(9,522)
The repayment of the principal of long-term obligations consumes the current financial resources of governmental funds but does not have any effect on net position.			
			<u>155,230</u>
Change in net position		\$	<u><u>467,193</u></u>

The accompanying notes are an integral part of these financial statements

McMinnville Urban Renewal Agency
The Urban Renewal Agency of the City of McMinnville, Oregon
(a component unit of the City)

Notes to the Basic Financial Statements
June 30, 2023

I. The reporting entity and summary of significant accounting policies

The financial statements of the McMinnville Urban Renewal Agency (the Agency) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and apply the provisions of all applicable Governmental Accounting Standards Board (GASB) Statements.

A. Reporting entity

The Agency is the urban renewal agency of the City of McMinnville, Oregon (the City) and was organized on July 23, 2013 under the provisions of Oregon Revised Statutes, Chapter 457, to undertake urban renewal projects and activities pursuant to the Downtown and Northeast Gateway Redevelopment Plans.

The Agency's governing body is substantively the same as the City's governing body, therefore the Agency is presented as a blended component unit in the City's basic financial statements. All significant activities over which the Agency exercises oversight responsibility have been included in the component unit financial statements. This governing body has the ability to impose its will on the Agency as determined on the basis of budget adoption, taxing authority, and funding. The Agency has no component units.

B. Agency-wide and fund financial statements

The Agency's financial operations are presented at both the agency-wide and fund financial level. All activities of the Agency are categorized as governmental activities.

Agency-wide financial statements display information about the reporting government as a whole. These statements focus on the sustainability of the Agency as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. 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 Agency's assets and liabilities, with the difference 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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. All of the Agency's funds are classified as governmental fund types.

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

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded.

The agency-wide financial statements are presented on a full accrual basis of accounting with an *economic resource measurement focus*. An economic resource focus concentrates on the Agency's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurements focus is inextricably connected with full accrual accounting. Under

McMinnville Urban Renewal Agency
The Urban Renewal Agency of the City of McMinnville, Oregon
(a component unit of the City)

Notes to the Basic Financial Statements (Continued)
June 30, 2023

the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

The fund financial statements are presented on a modified accrual basis of accounting with a *current financial resource* measurement focus. This measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual basis of accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). *Measurable* means the amount of the transaction can be determined and revenues are considered *available* when they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The Agency considers tax increment revenues susceptible to this accrual.

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

GASB Statement No. 34 sets forth criteria for the determination of major funds. For purposes of presentation, both the McMinnville Urban Renewal Fund and the Debt Service Fund are presented as major funds of the Agency.

Major Governmental Funds:

- *McMinnville Urban Renewal Fund*

This fund accounts for the acquisition and development of capital improvement projects. Financing sources consist of operating transfers from the debt service fund, bond proceeds, investment earnings, and other miscellaneous revenues. This fund functions as the Agency's "General Fund".

- *Urban Renewal Debt Service Fund*

This fund accounts for the payments of principal and interest on debt incurred. The primary sources of revenue are tax increment revenues and investment income.

D. Assets, liabilities, deferred outflows/inflows of resources and net position or fund balance

1. Deposits 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.

McMinnville Urban Renewal Agency
The Urban Renewal Agency of the City of McMinnville, Oregon
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Notes to the Basic Financial Statements (Continued)
June 30, 2023

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, interest-bearing money market accounts and a certificate of deposit.

The Agency's investment policy is the same as the City's and essentially mirrors the Oregon Revised Statutes. Currently, the Agency's investment portfolio primarily includes investments in the State of Oregon Local Government Investment Pool.

2. Receivables and payables

Tax increment revenues (property taxes) are levied on and become a lien against the property on July 1 in the year in which they are due. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Tax increment revenues that are unpaid and outstanding on May 16 are considered delinquent.

In the fund financial statements, tax increment revenues receivable that are collected within 60 days after the end of the fiscal year are considered measurable and available and, therefore are recognized as revenue. Any remaining balance is deferred and recorded as unavailable revenue.

In the agency-wide financial statements, tax increment revenues receivable are recognized as revenue when earned.

3. Restricted assets

Assets whose use is restricted by legal requirements external to the Agency, are segregated on the agency-wide statement of net position. These legal restrictions include use limitations, as well as urban renewal tax increment funds legally restricted by applicable state statutes.

4. Capital assets

In the government-wide financial statements, capital assets include property, plant, equipment, infrastructure assets (roads, pathways, street lights, parking lot improvements, etc.). In the governmental fund financial statements, capital assets are charged to expenditures as purchased. Capital assets are defined by the Agency as assets with an initial cost of \$10,000 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.

Land, land rights, and easements have an indefinite life and therefore are not amortized. Construction in progress that has not been put into use is not depreciated. Exhaustible assets are depreciated using the straight-line method.

McMinnville Urban Renewal Agency
The Urban Renewal Agency of the City of McMinnville, Oregon
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Notes to the Basic Financial Statements (Continued)
June 30, 2023

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

<u>Assets</u>	<u>Years</u>
Land improvements	20
Street infrastructure	20 – 50

5. Long-term obligations

In the agency-wide financial statements, long-term obligations is reported as a liability in the statement of net position. Debt premiums and discounts are amortized over the applicable debt term.

In the fund financial statements, debt premiums and discounts are recognized as period costs in the year of issue. The face amount of debt issued is reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Net position and fund balance

In the fund financial statements, the funds report restricted fund balances for amounts that are not available for unlimited use because they are legally segregated for a specific purpose. These legal segregations include use limitations, as well as urban renewal tax increment funds legally restricted by applicable state statutes.

In the government-wide statement of net position, equity is referred to as *net position* and is segregated into the following three components: 1) amount invested in capital assets, 2) legally restricted by outside parties for a specific purpose, and 3) unrestricted.

7. 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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency does not have an item that qualifies for reporting in this category.

In addition to liabilities, the statement of financial 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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and long-term development loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

McMinnville Urban Renewal Agency
The Urban Renewal Agency of the City of McMinnville, Oregon
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Notes to the Basic Financial Statements (Continued)
June 30, 2023

E. Use of estimates

The preparation of the 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, deferred outflows of resources, liabilities and deferred inflows of resources, the disclosure of contingent assets and liabilities 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

The Agency's budget is adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budget Law). The process under which the budget is adopted is described in the following paragraphs. The Budget Officer is responsible for submitting a proposed budget to the Budget Committee, which is comprised of the Agency Board and an equal number of citizens of the District.

The Agency is required to prepare a balanced budget for all funds, subject to the budget requirements of state law. The Agency's budget is prepared for each fund on the modified accrual basis of accounting. The budget document is required to contain specific detailed information for various revenue and expenditure categories. Information on the past two years' actual receipts and expenditures as well as current-year estimates is also included in the budget document.

The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget and submits it to the Board for final adoption. The approved expenditures for each fund may not be increased by more than 10 percent by the Board without returning to the Budget Committee for a second approval. After the Board adopts the budget and certifies the total of *ad valorem* taxes to be levied, no additional tax levy may be made for that budget period.

The Board legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and sets the level by which expenditures cannot legally exceed appropriations. For the Agency's funds, the levels of budgetary control established by resolution are materials and services, debt service, capital outlay, transfers and operating contingency. Appropriations lapse as of the end of the fiscal year for goods not yet received or services not yet incurred.

The Board may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets. Unexpected additional resources may be added to the budget through the use of a supplemental budget. Some supplemental budgets require hearings before the public, publications in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Board.

III. Detailed notes on accounts

At June 30, 2023, the Agency's cash and cash equivalents were comprised of the following:

Oregon State Treasurers Local Investment Pool	<u>\$ 1,059,626</u>
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McMinnville Urban Renewal Agency
The Urban Renewal Agency of the City of McMinnville, Oregon
(a component unit of the City)

Notes to the Basic Financial Statements (Continued)
June 30, 2023

A. Cash and investments

a. Interest rate risk

In accordance with its investment policy, the Agency manages its exposure to declines in fair values by limiting the weighted average maturity of its investments portfolio to less than 36 months.

b. Credit risk

State statutes authorize the Agency to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, and the State Treasurer's Oregon Local Government Investment Pool, among others. The Agency has no investment policy that would further limit its investment choices.

c. Concentration of credit risk

The Agency's investment policy allows the Agency to have a maximum of up to 35% of total portfolio in either Commercial paper or Corporate Indebtedness to limit concentration of credit risk. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations, but is not regulated by other laws, organizations or regulations. The reported value of the Pool is the same as the fair value of Pool shares. Investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The Pool is not registered with the SEC as an investment company.

d. Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned. The Agency does not have a deposit policy for custodial credit risk. The Federal Depository Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) provides insurance for the Agency's deposits up to \$250,000 for the combined total of all deposit accounts at each financial institution. The remaining deposits are covered by the Public Funds Collateralization program (PFCP) of the State of Oregon in accordance with ORS 295. Depositories qualified under this program are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank failure or loss. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. As of June 30, 2023, the book value of the Agency's deposits was \$1,117 and the bank balance was \$1,127. None of the Agency's bank balances were exposed to custodial credit risk as they were collateralized under PFCP.¹

B. Receivables

Receivables for the Agency as of the fiscal year ended June 30, 2023 consist of tax increment revenues and development loans receivables and are as follows:

Receivables	
Property taxes	\$ 31,309
Development loans	106,192
Total	<u>\$ 137,501</u>

McMinnville Urban Renewal Agency
The Urban Renewal Agency of the City of McMinnville, Oregon
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Notes to the Basic Financial Statements (Continued)
June 30, 2023

As of June 30, 2023, the amount receivable to the Agency for development loans are as follows:

Fiscal Year Ending June 30	Principal	Interest
2024	\$ 21,148	\$ 1,676
2025	13,478	1,437
2026	13,478	1,196
2027	13,478	957
2028	13,478	718
2029-2031	31,132	750
Total	<u>\$ 106,192</u>	<u>\$ 6,734</u>

C. Capital assets

For year ended June 30, 2023, capital assets activity is as follows:

	Restated Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Capital assets not being depreciated				
Construction in process	\$ 97,219	\$ 7,019	\$ -	\$ 104,238
Total capital assets not being depreciated	<u>97,219</u>	<u>7,019</u>	<u>-</u>	<u>104,238</u>
Capital assets being depreciated				
Land improvements	-	25,576	-	25,576
Infrastructure	1,950,857	-	-	1,950,857
Total capital assets being depreciated	<u>1,950,857</u>	<u>25,576</u>	<u>-</u>	<u>1,976,433</u>
Less accumulated depreciation				
Land improvements	-	(107)	-	(107)
Infrastructure	(390,171)	(97,543)	-	(487,714)
Total accumulated depreciation	<u>(390,171)</u>	<u>(97,650)</u>	<u>-</u>	<u>(487,821)</u>
Total capital assets being depreciated	<u>\$ 1,657,905</u>	<u>\$ (65,055)</u>	<u>\$ -</u>	<u>\$ 1,592,850</u>

McMinnville Urban Renewal Agency
The Urban Renewal Agency of the City of McMinnville, Oregon
(a component unit of the City)

Notes to the Basic Financial Statements (Continued)
June 30, 2023

D. Long-term obligations

During the 2017 fiscal year, the Agency and City entered into an intergovernmental agreement for the City to loan \$2,192,300 to the Agency for construction of the Alpine Avenue project. The following table shows the debt service schedule for the long-term debt.

Fiscal Year		
Ending June 30	Principal	Interest
2024	\$ 158,420	\$ 28,875
2025	161,660	25,626
2026	164,980	22,312
2027	168,370	18,929
2028	171,810	15,477
2029-2032	629,590	25,948
Total	<u>\$ 1,454,830</u>	<u>\$ 137,167</u>

The following table shows the current fiscal year changes in notes payable, including short-term operating notes payable.

	Beginning Balance 7/1/2022	Additions	Payments	Ending Balance 6/30/2023	Due Within One Year
Loan payable - Alpine Avenue	<u>\$ 1,610,060</u>	<u>\$ -</u>	<u>\$ (155,230)</u>	<u>\$ 1,454,830</u>	<u>\$ 158,420</u>
Total internal loans receivable	<u>\$ 1,610,060</u>	<u>\$ -</u>	<u>\$ (155,230)</u>	<u>\$ 1,454,830</u>	<u>\$ 158,420</u>

E. Fund balances

At fiscal year end 2023, all Urban Renewal fund balances are considered restricted.

IV. Other information

A. Risk management

The Agency 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 Agency 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.

B. Related party transactions

The City provides services for the Agency, including administrative functions, in accordance with an intergovernmental agreement.

McMinnville Urban Renewal Agency
The Urban Renewal Agency of the City of McMinnville, Oregon
(a component unit of the City)

Notes to the Basic Financial Statements (Continued)
June 30, 2023

C. Tax abatement

The Agency has entered into property tax abatement agreements whereby the assessed value of property tax has been reduced. The Agency's property tax revenue for the year ended June 30, 2023 has been abated under the following programs:

Program and Statutory Authority		Amount of Abatement
Housing for low income rental	ORS 307.217	\$ 609
Historic property	ORS 358.505	19
Total		\$ 628

D. Prior period adjustment

The Agency restated beginning net position for the fiscal year ended June 30, 2022 for construction in progress after determining it should have been recorded during the period. The restatement resulted in increases of \$97,219 to capital assets and net position on the statement of net position.

The Agency restated beginning net position for the fiscal year ended June 30, 2022 for development loans receivable after determining it should have been recorded during the period. The restatement resulted in increases of \$112,000 to loans receivable and net position on the statement of net position.

E. New accounting pronouncement

The Agency adopted the provision of GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This pronouncement impacts how the prior period adjustment is presented in the Agency's financial statements, see note IV.D above.

F. Subsequent Events

In July 2023, the City of McMinnville purchased industrial property for \$4.3 million. The McMinnville Urban Renewal Agency has entered into a 5-year intergovernmental agreement with the City to reimburse the City for the actual amount of interest due starting in fiscal year 2024. The annual debt service reimbursement amount will not exceed \$219,675.

REQUIRED SUPPLEMENTARY INFORMATION

**McMinnville Urban Renewal Agency
McMinnville Urban Renewal Fund
Schedule of Revenues, Expenditures, And
Change in Fund Balance - Budget and Actual
For the Year Ended June 30, 2023**

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Miscellaneous	\$ 17,070	\$ 17,070	\$ 37,162	\$ 20,092
Total revenues	17,070	17,070	37,162	20,092
EXPENDITURES:				
Materials and service	288,350	288,350	68,970	219,380
Capital outlay	75,000	75,000	15,000	60,000
Contingency	21,292	21,292	-	21,292
Total expenditures	384,642	384,642	83,970	300,672
Revenues over (under) expenditures	(367,572)	(367,572)	(46,808)	320,764
OTHER FINANCING SOURCES (USES):				
Transfer to City of McMinnville	(52,498)	(52,498)	(52,498)	-
Transfers in	250,848	250,848	88,820	(162,028)
Total other financing sources (uses)	198,350	198,350	36,322	(162,028)
Net change in fund balance	(169,222)	(169,222)	(10,486)	158,736
FUND BALANCE, BEGINNING BUDGETARY BASIS	169,222	169,222	109,140	(60,082)
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 98,654	\$ 98,654

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OTHER SUPPLEMENTARY INFORMATION

Other Supplementary Information

BUDGETARY COMPARISON SCHEDULE

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 is required.

The budgetary comparison schedule includes the following:

Debt Service Funds

Urban Renewal Debt Service Fund

**McMinnville Urban Renewal Agency
Urban Renewal Debt Service Fund
Schedule of Revenues, Expenditures, And
Change in Fund Balance - Budget and Actual
For the Year Ended June 30, 2023**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Property taxes	\$ 604,000	\$ 604,000	\$ 652,989	\$ 48,989
Intergovernmental	-	-	354	354
Miscellaneous	2,750	2,750	19,791	17,041
Total revenues	606,750	606,750	673,134	66,384
EXPENDITURES:				
Debt service:				
Principal	155,230	155,230	155,230	-
Interest	32,058	32,058	32,058	-
Contingency	100,000	100,000	-	100,000
Total expenditures	287,288	287,288	187,288	100,000
Revenues over (under) expenditures	319,462	319,462	485,846	166,384
OTHER FINANCING SOURCES (USES):				
Transfers out	(250,848)	(250,848)	(88,820)	162,028
Total other financing sources (uses)	(250,848)	(250,848)	(88,820)	162,028
Net changes in fund balances	68,614	68,614	397,026	328,412
FUND BALANCES, BEGINNING	447,217	447,217	582,480	135,263
FUND BALANCES, ENDING	<u>\$ 515,831</u>	<u>\$ 515,831</u>	<u>\$ 979,506</u>	<u>\$ 463,675</u>

AUDIT COMMENTS AND DISCLOSURES

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

The Agency Officials
McMinnville Urban Renewal Agency
McMinnville, Oregon

We have audited the basic financial statements of the McMinnville Urban Renewal Agency, a component unit of City of McMinnville, Oregon, as of and for the year ended June 30, 2023 and have issued our report thereon dated December 28, 2023. 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.

Report on Compliance

As part of obtaining reasonable assurance about whether the McMinnville Urban Renewal Agency'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 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:

- 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. The McMinnville Urban Renewal Agency does not receive highway funds.
- 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 McMinnville Urban Renewal Agency does not have any elected officials collecting or receiving money.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations*.

Internal Control Over OAR 162-10-0230

In planning and performing our audit of the financial statements, we considered the McMinnville Urban Renewal Agency'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the McMinnville Urban Renewal Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the McMinnville Urban Renewal Agency'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control and have communicated them in a separate letter to management dated December 28, 2023, as items 2023-001 and 2023-002 that we consider to be material weaknesses.

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 28, 2023