



2010–2011 Proposed Budget --- Fund Definition

Budget Basis

Fund Accounting: The City records financial transactions in individual funds. A fund is a set of accounts that includes a beginning fund balance, revenues, expenditures and an ending fund balance. Fund accounting segregates revenues according to their intended use and allows management to demonstrate compliance with statutory, legal, and contractual provisions. For example, gasoline tax funds remitted to the City by the State of Oregon must be spent in compliance with the State's Constitution. Fund accounting provides accountability by segregating gasoline tax revenues and the associated expenditures in the Street Fund.

Fund Organization: Many funds are divided into smaller segments to improve financial monitoring and internal controls. One example is the General Fund, which accounts for a variety of functions and services provided by the City. The General Fund is divided into departments (the Police Department, for example), which is divided into sections or organization sets (Special Operations). Sections are further divided into programs (Narcotics and Investigations).

Following are descriptions of the City's thirteen governmental funds, four enterprise funds, and two internal service funds.

Governmental Funds: General Fund

General Fund

The General Fund is the City's primary operating fund. Principal sources of revenue are operating property taxes, licenses and permits, franchise fees, and intergovernmental revenues. Primary expenditures are for City administration, financial services, engineering, planning, police, municipal court, fire, parks and recreation, parks maintenance, and library services.

Governmental Funds: Special Revenue Funds

Special revenue funds account for financial resources that are legally restricted to expenditures for specific purposes.

Special Assessment Fund

This fund accounts for revenues for street and sidewalk local improvement districts (LIDs) and the downtown economic improvement district (DEID). DEID assessments are collected and turned over to the McMinnville Downtown Association. There are currently no LIDs.

Telecommunications Fund

This fund accounts for fees received from cable franchise agreements with Comcast and Verizon NW. All fees are turned over to McMinnville Community Media, the non-profit organization that operates the local access channel.

Emergency Communications Fund

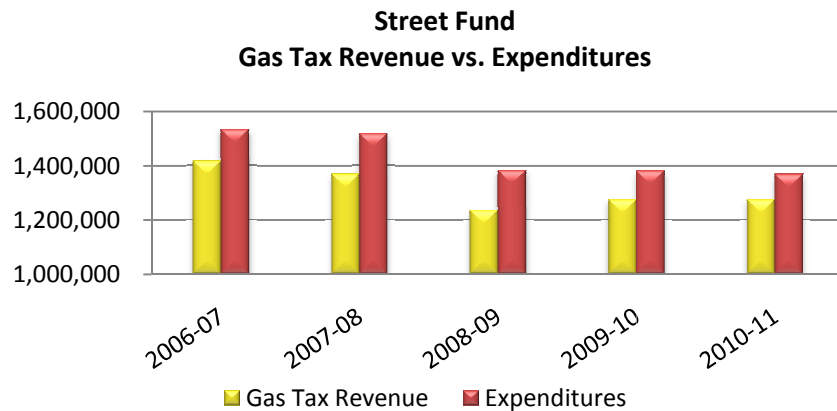
This fund accounts for the City's participation in the 911 Central Emergency Dispatch Center operated by Yamhill Communications Agency (YCOM). 911 Emergency Services tax revenues are collected from telephone subscribers by the State of Oregon and distributed to Oregon jurisdictions. These funds must be used for support of 911 emergency services. The 911 tax revenue and approximately \$625,000 transferred into this fund from Police, Fire and Ambulance are paid to YCOM for the City's share of central dispatch center services.

Fund Definitions – Budget Basis

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Street Fund

The principal revenue source for this fund is state gasoline tax administered in accordance with Article IX, Section 3 of the Constitution of the State of Oregon and used to finance street maintenance, improvements, and street equipment purchases. As the graph illustrates, gas tax revenue is not sufficient to fully fund Street Fund activities. For the last several years, use of the fund reserve has been necessary to balance fund resources and requirements.



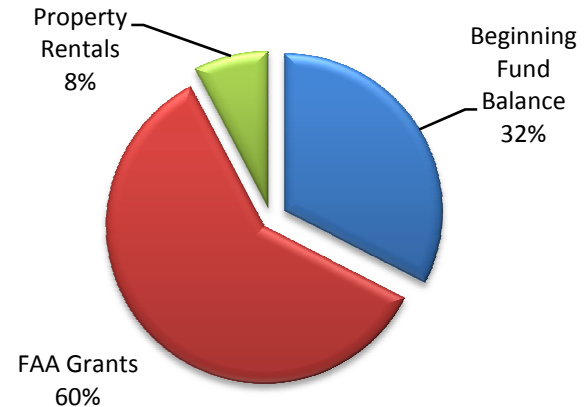
Improvements Fund

This fund was used to account for the portion of the City's property tax operating levy allocated to major operating and capital improvements and related long-term debt service. The fund was folded into the General Fund as of fiscal year 2008-09.

Airport Maintenance Fund

This fund accounts for fees for airport services including building, hangar, and land lease rental income. These fees are used for airport operations. Federal Aviation Administration (FAA) grants generally can only be used for capital projects, such as taxiway and runway construction and improvements. The 2010-11 Proposed Budget for the Airport Maintenance Fund includes a \$1,700,000 FAA grant for taxiway construction

Airport Maint. Fund - Revenue Sources **2010 - 11 Proposed**



Fire Fund

This fund was used to account for the portion of the City's property tax operating levy allocated to fire protection and the McMinnville Rural Fire District contract for fire service. The fund was folded into the General Fund as of fiscal year 2008-09.

Fund Definitions – Budget Basis

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Parks & Recreation Fund

This fund was used to account for the portion of the City's property tax operating levy allocated to parks and recreation activities. The fund was folded into the General Fund as of fiscal year 2008-09.

Governmental Funds: Capital Projects Funds

Capital projects funds account for the acquisition and construction of major capital projects other than those accounted for in proprietary funds.

Public Safety Facilities Construction Fund

This fund accounts for the \$13.1 million Public Safety & Court/Civic Building bond proceeds which were received in 2006 and used to fund the construction of the Public Safety Building and the Civic Hall.

Transportation Fund

The primary source of revenue in this fund is federal highway funds which the City exchanges with the State of Oregon. This fund also includes transportation system development charges (SDCs) which are assessed on new construction and can only be used for capital projects that increase system capacity. Revenues are used for transportation improvement projects, including overlays, slurry sealing, etc.

Park Development Fund

This fund accounts for the \$9.1 million Park System Improvement bond proceeds received in 2001, park system development charges (SDCs), grants, and donations which are used for park

system expansion and improvements. It is anticipated that nearly all of the bond proceeds will be spent by June 30, 2011.

Governmental Funds: Debt Service Fund

Debt Service Fund

This fund accounts for the City's debt service property tax levy which is used to pay principal and interest payments on general obligation bonds. The 2001 Park Improvements Bonds and 2006 Public Safety & Court/Civic Building Bonds are currently the City's only outstanding general obligation debt.

Business Type Activities: Enterprise Funds

Enterprise Funds account for the acquisition, operation, and maintenance of City facilities and services that are entirely or primarily self-supporting through fees charged to customers.

Building Fund

The major income in this fund is fees from inspections and plan review of residential, commercial and industrial projects. Building plan review fees are mandated by State law to be dedicated for the building inspection program. On July 1, 2008, the Building Fund was established as an enterprise fund. It was previously included as a department in the General Fund.

Fund Definitions – Budget Basis

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Wastewater Services Fund

The primary income in the Wastewater Services Fund is monthly sewer user fees. Wastewater Services staff operates and maintains the Wastewater Reclamation Facility (WRF), pump stations, laboratory, conveyance system and pretreatment programs. A wastewater rate study was recently completed which analyzed long-term system needs and user fees. It appears that any rate increases in the near future will be relatively minor.

Wastewater Capital Fund

The major resources for the Wastewater Capital Fund are system development charges (SDCs) and user fee revenue that is transferred from the Wastewater Services Fund. The 2010-11 Proposed Budget includes Transfers In from the Wastewater Services Fund of nearly \$3.9 million. Of that amount, \$2.9 million will be used to pay debt service on the 2004 Sewer Refunding Bonds. The remaining amount is for capital projects and to build a \$7.5 million reserve by 2014 for major system improvements.

Ambulance Fund

This fund accounts for revenue from emergency medical transport fees and the cost of providing emergency medical services to the community. Due to inadequate reimbursement from Medicare and Medicaid, the Ambulance Fund has required a General Fund subsidy for the last seven years. The subsidy is sufficient to maintain an adequate contingency and fund balance in the Ambulance Fund. The 2010-11 Proposed Budget includes a subsidy of \$150,000. The subsidy may vary depending on the amount of capital outlay, equipment repairs, etc. included in the Ambulance Fund budget.

Internal Service Funds

Internal Service Funds account for operations that provide services to other departments of the City on a cost-reimbursement basis.

Information Systems and Services Fund (IS)

This fund accounts for computer and technological services provided to operating departments. Operating departments reimburse the IS Fund for all costs incurred by the IS Fund. Personal services expenses for computer support are reimbursed through transfers and are shown as Transfers Out expenditures in the operating departments; the IS Fund records corresponding Transfers In. Expenses for equipment, hardware and software are reimbursed directly and are shown as materials and services or capital outlay expenditures in the operating departments; the IS Fund records corresponding Charges for Services revenue.

Insurance Services Fund

The Insurance Services Fund charges operating departments for the cost of property, liability and workers' compensation premiums and claims. Expenses are recorded in the operating departments as Materials and Services (property and liability) and Fringe Benefits (workers' compensation). The Insurance Services Fund records corresponding Charges for Services revenue.

Budget Organization Chart: The chart on the following page separates the components of the "Operating Budget" from "Other Requirements". The total "Operating Budget" of \$42.1 million is comprised of all personal services, materials and services, capital outlay and debt service expenditures. "Other Requirements" include transfers in/out to other funds, contingencies and ending fund balances.



2010 – 2011 Proposed Budget --- Budget Organization Chart

Total 2010 – 2011 Proposed Budget
\$76,018,104

