

FUND FINANCIAL STATEMENTS

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City of McMinnville, Oregon
Balance Sheet
Governmental Funds
June 30, 2010

	<u>General</u>	<u>Airport Maintenance</u>	<u>Debt Service</u>	<u>Total Non- Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and investments	\$ 6,828,132	\$ 943,222	\$ 1,240,666	\$ 2,527,015	\$ 11,539,035
Receivables	1,250,729	32,652	168,156	185,371	1,636,908
Due from other funds	158,457	-	-	-	158,457
Due from component unit	91,644	-	-	-	91,644
Prepays	88,084	-	-	-	88,084
Restricted cash and investments	23,230	-	-	2,719,071	2,742,301
Total assets	\$ 8,440,276	\$ 975,874	\$ 1,408,822	\$ 5,431,457	\$ 16,256,429
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 244,419	\$ 21,665	\$ -	\$ 154,921	\$ 421,005
Accrued payroll and other payroll liabilities	531,206	-	-	-	531,206
Due to other funds	-	-	-	155,312	155,312
Due to component unit	-	-	-	1,103	1,103
Retainage payable	-	-	-	49,969	49,969
Advances and deposits	236,930	-	-	-	236,930
Advance from other funds	-	280,000	-	-	280,000
Deferred revenue	1,029,180	2,953	126,912	34,598	1,193,643
Liabilities payable from restricted assets:					
Accounts payable	-	-	-	14,601	14,601
Due to other funds	-	-	-	3,145	3,145
Retainage payable	-	-	-	16,033	16,033
Total liabilities	2,041,735	304,618	126,912	429,682	2,902,947
Fund balances:					
Reserved for:					
Debt service	-	-	1,281,910	-	1,281,910
Highways and streets	-	-	-	663,109	663,109
System expansion	-	-	-	1,400,796	1,400,796
Park system improvements	-	-	-	2,203,728	2,203,728
Public safety capital outlay	-	-	-	160,838	160,838
Nonexpendable library endowment	23,230	-	-	-	23,230
Prepays	88,084	-	-	-	88,084
Unreserved, undesignated, reported in:					
General Fund	6,287,227	-	-	-	6,287,227
Special revenue funds	-	671,256	-	510,378	1,181,634
Capital projects funds	-	-	-	62,926	62,926
Total fund balances	6,398,541	671,256	1,281,910	5,001,775	13,353,482
Total liabilities and fund balances	\$ 8,440,276	\$ 975,874	\$ 1,408,822	\$ 5,431,457	\$ 16,256,429

The notes to the financial statements are an integral part of this statement.

City of McMinnville, Oregon
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2010

Total fund balances - governmental funds \$ 13,353,482

Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial
resources, and therefore, are not reported in the funds.

Capital assets	\$133,295,461	
Accumulated depreciation	<u>(53,208,968)</u>	80,086,493

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

Property taxes earned but not available	1,063,564	
Other receivables earned but not available	<u>38,679</u>	1,102,243

Long-term liabilities are not due and payable in the current period,
and therefore, are not reported in the funds:

Bonds payable	(18,620,000)	
Bonds premium	(160,067)	
Rebatable arbitrage	(117,233)	
Deferred charges	118,973	
Interest payable	(342,340)	
Other post employment benefits payable	(313,526)	
Compensated absences payable	<u>(716,816)</u>	(20,151,009)

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 Assets.		<u>1,974,671</u>
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Total net assets - governmental activities \$ 76,365,880

The notes to the financial statements are an integral part of this statement.

City of McMinnville, Oregon
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2010

	<u>General</u>	<u>Airport Maintenance</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Property taxes	\$ 9,702,026	\$ -	\$ 1,578,669	\$ -	\$ 11,280,695
Special assessments	-	-	-	49,479	49,479
Licenses and permits	2,000,530	-	-	297,450	2,297,980
Intergovernmental	1,990,464	40,702	-	1,752,047	3,783,213
Charges for services	1,900,973	212,294	-	256,880	2,370,147
Fines and forfeitures	858,474	-	-	-	858,474
Miscellaneous	222,774	12,301	3,763	60,979	299,817
Total revenues	<u>16,675,241</u>	<u>265,297</u>	<u>1,582,432</u>	<u>2,416,835</u>	<u>20,939,805</u>
Expenditures					
Current:					
General government	1,502,174	-	-	351,073	1,853,247
Community development	1,248,671	-	-	-	1,248,671
Public safety	8,526,290	-	-	764,866	9,291,156
Highways and streets	-	-	-	1,398,891	1,398,891
Culture and recreation	5,296,777	-	-	55,909	5,352,686
Airport	-	161,128	-	-	161,128
Capital outlay:					
General government	-	-	-	211,037	211,037
Public safety	-	-	-	79,561	79,561
Highways and streets	-	-	-	232,857	232,857
Culture and recreation	-	-	-	2,280,916	2,280,916
Debt service:					
Principal	37,046	-	870,000	-	907,046
Interest	292	-	840,040	-	840,332
Total expenditures	<u>16,611,250</u>	<u>161,128</u>	<u>1,710,040</u>	<u>5,375,110</u>	<u>23,857,528</u>
Excess (deficiency) of revenues over (under) expenditures	<u>63,991</u>	<u>104,169</u>	<u>(127,608)</u>	<u>(2,958,275)</u>	<u>(2,917,723)</u>
Other Financing Sources (Uses)					
Transfers from other funds	31,333	-	340,000	615,800	987,133
Transfers to other funds	(1,055,760)	-	-	(340,000)	(1,395,760)
Total other financing sources (uses)	<u>(1,024,427)</u>	<u>-</u>	<u>340,000</u>	<u>275,800</u>	<u>(408,627)</u>
Net change in fund balances	(960,436)	104,169	212,392	(2,682,475)	(3,326,350)
Fund balances - beginning	7,358,977	567,087	1,069,518	7,684,250	16,679,832
Fund balances - ending	<u>\$ 6,398,541</u>	<u>\$ 671,256</u>	<u>\$ 1,281,910</u>	<u>\$ 5,001,775</u>	<u>\$ 13,353,482</u>

The notes to the financial statements are an integral part of this statement.

City of McMinnville, Oregon
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2010

Net change in fund balances - governmental funds \$ (3,326,350)

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

Governmental funds 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 expense. This amount is the difference between capital outlays and depreciation in the current period.

Capital asset expenditures	\$ 3,969,444	
Current year depreciation expense	(4,325,060)	(355,616)

Transfers of capital assets are not recorded in the governmental funds as they do not require the use of current financial resources. However, the Statement of Activities reports transfers of capital assets as transfers when made between business type activities.

Capital asset transfers from business type activities	4,224	4,224
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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.

Donations of capital assets	649,389	
Change in property taxes earned but not available	292,871	
Change in fire fees earned but not available	1,576	
Change in assessments earned but not available	5,729	949,565

In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in governmental funds, the proceeds from these sales increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets disposed.

Cost	(301,024)	
Accumulated depreciation	263,689	(37,335)

Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Principal repayments - general obligation bonds	870,000	
Principal repayments - loans and notes payable	27,877	
Principal repayments - capital leases	7,743	
Amortization of premium - general obligation bonds	9,775	915,395

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.

Rebutable arbitrage	(117,233)	
Compensated absences change	1,543	
Other post employment benefits change	(159,868)	
Accrued interest change	15,592	
Amortization of issuance costs	(7,266)	(267,232)

Internal service funds are used by management to charge costs of insurance and information systems and services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

(99,143)

Change in net assets - governmental activities \$ (2,216,492)

The notes to the financial statements are an integral part of this statement.

City of McMinnville, Oregon
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 9,616,485	\$ 9,616,485	\$ 9,702,026	\$ 85,541
Licenses and permits	1,933,000	1,933,000	2,000,530	67,530
Intergovernmental	2,150,000	2,150,000	1,990,464	(159,536)
Charges for services	991,975	991,975	1,026,844	34,869
Fines and forfeitures	843,140	843,140	858,474	15,334
Miscellaneous	392,662	452,662	222,774	(229,888)
Total revenues	<u>15,927,262</u>	<u>15,987,262</u>	<u>15,801,112</u>	<u>(186,150)</u>
Expenditures				
General government:				
Administration	757,427	776,427	739,784	36,643
Finance	732,312	737,312	722,482	14,830
Community development:				
Engineering	706,418	706,418	675,385	31,033
Planning	590,612	590,612	533,381	57,231
Public safety:				
Police	5,662,876	5,737,876	5,497,644	240,232
Municipal court	441,869	461,869	412,411	49,458
Fire	2,745,241	2,972,241	2,564,414	407,827
Culture and recreation:				
Parks and recreation	2,948,291	2,948,291	2,859,831	88,460
Park maintenance	1,022,765	1,022,765	992,152	30,613
Library	1,440,322	1,450,322	1,414,238	36,084
Contingencies	750,000	501,000	-	501,000
Total expenditures	<u>17,798,133</u>	<u>17,905,133</u>	<u>16,411,722</u>	<u>1,493,411</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,870,871)</u>	<u>(1,917,871)</u>	<u>(610,610)</u>	<u>1,307,261</u>
Other Financing Sources (Uses)				
Transfers from other funds	874,129	921,129	905,462	(15,667)
Transfers to other funds	(1,255,288)	(1,255,288)	(1,255,288)	-
Total other financing sources (uses)	<u>(381,159)</u>	<u>(334,159)</u>	<u>(349,826)</u>	<u>(15,667)</u>
Net change in fund balances	<u>(2,252,030)</u>	<u>(2,252,030)</u>	<u>(960,436)</u>	<u>1,291,594</u>
Fund balances - beginning	6,794,230	6,794,230	7,358,977	564,747
Fund balances - ending	<u>\$ 4,542,200</u>	<u>\$ 4,542,200</u>	<u>\$ 6,398,541</u>	<u>\$ 1,856,341</u>
Reconciliation:				
Charges for services, budgetary basis			\$ 1,026,844	
Transfers from other funds - services provided			874,129	
Charges for services, modified accrual basis			<u>\$ 1,900,973</u>	
Expenditures, budgetary basis			\$ 16,411,722	
Transfers to other funds - services provided			199,528	
Expenditures, modified accrual basis			<u>\$ 16,611,250</u>	
Other financing sources (uses), budgetary basis			\$ (349,826)	
Transfers from other funds - services provided			(874,129)	
Transfers to other funds - services provided			199,528	
Other financing sources (uses), modified accrual basis			<u>\$ (1,024,427)</u>	

The notes to the financial statements are an integral part of this statement.

City of McMinnville, Oregon

Airport Maintenance Fund

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 2,245,975	\$ 2,245,975	\$ 40,702	\$ (2,205,273)
Charges for services	220,532	220,532	212,294	(8,238)
Miscellaneous	12,100	12,100	12,301	201
Total revenues	<u>2,478,607</u>	<u>2,478,607</u>	<u>265,297</u>	<u>(2,213,310)</u>
Expenditures				
Airport:				
Materials and services	502,675	502,675	103,283	399,392
Capital outlay	2,300,000	2,300,000	24,798	2,275,202
Contingencies	300,000	300,000	-	300,000
Total expenditures	<u>3,102,675</u>	<u>3,102,675</u>	<u>128,081</u>	<u>2,974,594</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(624,068)</u>	<u>(624,068)</u>	<u>137,216</u>	<u>761,284</u>
Other Financing Sources (Uses)				
Transfers to other funds	(103,047)	(103,047)	(103,047)	-
Total other financing sources (uses)	<u>(103,047)</u>	<u>(103,047)</u>	<u>(103,047)</u>	<u>-</u>
Net change in fund balances	(727,115)	(727,115)	34,169	761,284
Fund balances, budgetary basis - beginning	912,000	912,000	917,087	5,087
Fund balances, budgetary basis - ending	<u>\$ 184,885</u>	<u>\$ 184,885</u>	<u>951,256</u>	<u>\$ 766,371</u>
Add (deduct):				
Advance from other fund			(280,000)	
Fund balance, modified accrual - ending			<u>\$ 671,256</u>	
Reconciliation:				
Expenditures, budgetary basis			\$ 128,081	
Transfers to other funds - services provided			33,047	
Expenditures, modified accrual basis			<u>\$ 161,128</u>	
Other financing sources (uses), budgetary basis			\$ (103,047)	
Transfers to other funds - advance from other funds			70,000	
Transfers to other funds - services provided			33,047	
Other financing sources (uses), modified accrual basis			<u>\$ -</u>	

The notes to the financial statements are an integral part of this statement.