

INTRODUCTORY SECTION

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





230 NE Second Street • McMinnville, Oregon 97128 • www.ci.mcminnville.or.us

December 14, 2007

Mayor Edward J. Gormley
City Councilors
Citizens of the City of McMinnville

City management is pleased to submit the City of McMinnville's *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2007. The *Comprehensive Annual Financial Report (CAFR)* presents the financial position of the City of McMinnville (City) as of June 30, 2007 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 following generally accepted accounting principles (GAAP) and were audited by Talbot, Korvola & Warwick LLP in accordance with auditing standards generally accepted in the United States of America. Talbot, Korvola & Warwick LLP concluded the basic financial statements are free of material misstatement and issued an unqualified opinion presented in the second section of this report. Financial accuracy, completeness, and fairness of presentations in the *CAFR* are the responsibility of City of McMinnville's management. City management asserts the *CAFR* is complete and reliable in all material respects.

Comprehensive Annual Financial Report: The *CAFR* contains the following four sections:

Introductory Section: This letter of transmittal, Government Financial Officers Association Certificate of Achievement for period ended June 30, 2006, list of elected officials, and the City's organizational chart comprise the introductory section.

Financial Section: Talbot, Korvola & Warwick LLP's independent auditor's report, management's discussion and analysis (MD&A), government-wide financial statements for the City as a whole and the component unit, fund financial statements, notes to the financial statements, supplemental combining and individual fund statements and schedules, and other supplemental information comprise the financial section. The MD&A is intended to provide a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read together with it. The MD&A is found on pages 21–34.

Statistical Section: This section provides financial statements users with additional, primarily historical, information to assist the user in better understanding the financial statements. The section includes information on financial trends, revenue capacity, debt capacity, demographic and economic data, and operating information. The statistical section is found on pages 144–186.

Reports of Independent Certified Public Accountants: Following these three sections are reports of the City's independent certified public accountants, Talbot, Korvola & Warwick LLP, which are required by State of Oregon statutes.

Reporting Entity:

City: The City is a municipal government incorporated as a town in 1876 and as a city in 1882, and now operates under a council-manager form of government. The elected officials are a mayor and six city council members. All seven positions are elected for staggered four-year terms. The City provides a full range of services --- City administration, finance, and information services; police protection and investigation; municipal court; fire protection and inspection; wastewater treatment and system construction and maintenance; street construction and maintenance; engineering services; planning services; building inspection services; library; parks and recreation including aquatic center, community center, Kids-on-the-Block After-School Program, recreational sports, and senior center; park system; emergency ambulance; and a municipal airport.

Department: In addition to the City's primary services, over which the elected officials exercise financial control, the City has one discretely presented component unit, the McMinnville Water and Light Department (Department) that is governed by a City Council appointed Water and Light Commission. The Department provides water and electrical services to City residents. Besides the component unit financial statements, additional information on the Department is located in the notes to the financial statements, note I. A. 2., page 69.

Factors Affecting Financial Condition:

Employers: The City of McMinnville is located in the agriculturally rich Willamette Valley 40 miles southwest of Portland and 25 miles northwest of Salem at an elevation of 157 feet. The area has a mild climate averaging 70 degrees from June to September and 40 degrees from November to February. The average rainfall is 42 inches with the growing season approximately 175 days. The City of McMinnville's economy is widely diversified and continues to grow at a moderate pace. The primary industries include commercial aviation, steel rebar production, medical services, insurance products and services, manufactured home and recreational vehicle production, plastics fabrication, tourism, and food production. As the county seat of Yamhill County and the home of Linfield College, McMinnville is the economic hub for a growing county. Agriculture plays a major role in the county, as does McMinnville's commercial sector. The City's diverse economy is based primarily on companies of smaller than 50 employees, although several larger companies are also based in McMinnville. The City's largest employers are listed in the Statistical Section on pages 178-179.

Employment: According to the Oregon Employment Department, total employment in McMinnville in 2005 stood at 12,867, up nearly 2 percent from the 2004 total estimate of 11,051.¹ The largest single share of this employment was concentrated in the manufacturing sector, 16 percent, and was a slightly larger percentage than that found statewide, and a nearly 2 percent increase from 2004 levels in McMinnville. Retail/wholesale trade, transportation, and utilities sectors accounted for 17 percent, followed by private education and health services employment at 15 percent (in large part

¹ Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2005. This is the most recent data available for the McMinnville city limits area.

due to Linfield College); government employment, at 14 percent, was slightly lower than the state average. The remaining employment was divided amongst a number of categories. According to the Oregon Employment Department's data, most of the employment in McMinnville is in industries with above-average levels of payroll per employee. McMinnville's average payroll per employee in 2005 climbed slightly more than 6 percent from 2004 estimates of \$29,721 to \$31,656. During the past decade, most of the largest industries in McMinnville showed increases in employment, with health services, local government, and construction, leading the way. It is interesting to note that during this same period, over half of the employment growth was from industries with a payroll per employee above the average for McMinnville as a whole.

Recent economic forecasts for McMinnville suggest that the area will continue to grow at a slightly faster rate than Yamhill County and the northern Willamette Valley Region, as it has over the last several decades. These same forecasts estimate that McMinnville's employment, which currently totals approximately 16,000, will continue to grow at an average annual growth rate of 2.06 percent over the course of the next twenty years.

Population Growth: Connected to the growth of the employment base, over the last ten years, McMinnville has experienced one of the fastest population growth rates in Oregon, 34.8 percent. Both new employers and residents are attracted to McMinnville because of its "livability" and its close proximity to the Portland metropolitan area; Salem, the state's capital; the Cascade mountain range; and the Oregon coast. Other factors contributing to the livability besides the location and economic base are the vitality of McMinnville's downtown, Linfield College, excellence of medical services, and excellence of City services. During the same 10-year period, the state of Oregon has grown 13.4 percent, less than half the rate of growth of McMinnville, while Yamhill County population has grown by 17.5 percent. Since 1986, the city's population has grown by 99.5 percent, almost doubling, while the State of Oregon's population has increased by 38.7 percent and Yamhill County by 59.4 percent.

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>
1997	23,485	2.6%	79,200	2.2%	3,304,300	3.9%
2003	28,890	2.4	88,150	0.7	3,541,500	1.1
2004	29,200	1.1	89,200	1.2	3,582,600	1.2
2005	30,020	2.8	90,310	1.2	3,628,700	1.3
2006	30,950	3.1	91,675	1.5	3,690,505	1.7
2007	31,665	2.3%	93,085	1.5%	3,745,455	1.5%

Source: US Census Bureau, Portland State University Population Research Center
certified yearly rounded estimates

Using forecasts published by the Oregon Office of Economic Analysis, McMinnville's population is expected to increase over the next twenty years at an average annual increase of 2.4 percent. At this rate, McMinnville's year 2025 population is expected to reach 46,195; an increase of some 14,420 residents from its 2007 estimated population total.

Residential, Commercial, and Industrial Development: McMinnville's residential, industrial, and commercial sectors continue to see steady growth, as evidenced by the activity experienced this past year and in preceding years. In the past year alone, the following significant new developments occurred: 1) ground breaking for an estimated \$24 million expansion of the Evergreen Aviation Museum, to include the construction of a new

building to house aerospace related artifacts; 2) construction of a new overhead crane system for Cascade Steel, valued at \$9 million; 3) opening of an "IMAX" theater on the Evergreen Aviation Museum campus; 4) initial construction of a church for New Horizons Church located along Norton Lane, valued at \$2.9 million; 5) construction of a building to house a pet boarding and training facility on Rivergate Avenue, valued at \$500,000; 6) remodel of the Oregon Mutual Insurance Regional Building, which made possible the relocation of City of McMinnville's Engineering, Building, and Planning Departments from City Hall; 7) ground breaking for a new Carl's Jr. restaurant on Booth Bend Road, valued at \$1.3 million; 8) construction of a new convenience store at the corner of 9th and Adams; and 9) expansion of a mini-storage complex on Riverside Drive, valued at \$1.5 million.

In addition to these commercial improvements, permits were issued for several other projects that are expected to get underway within the next few months. These include the Yamhill County Housing Authority's "Village Quarter" mixed use project in downtown McMinnville that, when complete, will provide some 9,000 square feet of ground floor retail space and 50-units of affordable housing on three upper floors, valued at \$6.5 million; a truck wash shop for Western Oregon Waste; an Alzheimer and assisted care facility on Cumulus Avenue, valued at nearly \$5 million; and two new drive-through coffee kiosks.

Related to the government sector, in May 2006, the City of McMinnville passed a \$13,120,000 bond levy to build a new Police Station, valued at approximately \$9.5 million, and a new City Council/Municipal Courtroom building, valued at approximately \$3.5 million. In June 2007, construction began on the Police Station which is projected to be completed in June 2008 after which the present Police Station will be demolished and the new City Council/Municipal Courtroom building will be construction on that site. In November 2006, McMinnville School District passed a \$66 million general obligation bond which will be used to construct a new elementary school at the corner of Booth Bend Road and South Davis Street, expand McMinnville High School, and construct additional classrooms and renovate several other existing schools in the district. Land use approvals for each of these projects has been granted and permits for several of these projects are underway. Construction should commence in the next few months with completion of all of these school projects slated for Fall 2008.

In addition, in the past two years alone, the City has granted approval for the development of 15 residential subdivisions that, when completed, will add 829 lots to help meet the area's demand for housing. For purposes of comparison, the 2000 US Census Bureau estimates that there existed a total of 9,834 housing units within McMinnville.

As evidence of the level of residential building activity experienced in McMinnville in the past year, Building Division records show that there were 406 permits issued for residential construction in 2007. This compares to 348 and 363 permits for the years of 2006 and 2005, respectively. In addition, the level of commercial and industrial construction was 147 permits for 2007, as compared to 173 in 2006 and 155 in 2005.

In October of 2004, the McMinnville City Council adopted the *McMinnville Growth Management and Urbanization Plan* that will ensure adequate lands for economic growth, housing, recreation, and infrastructure for the next twenty years. To support anticipated growth, the City also initiated this past year a comprehensive review and update of its transportation master plan and storm water management plan.

Property Values: Real market value growth is another factor in measuring the economic health of a community. As illustrated below, the real market value for McMinnville has grown by a healthy 136.3 percent over the last ten years. Also illustrated is the effect of a

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tax limitation measure enacted in 1996 that split maximum assessed value for taxation valuation purposes from real market values. This tax limitation measure rolled back assessed values for taxing purposes two years, and limited future growth to three percent except for new construction and major improvements made to existing structures. Over this same ten-year period, maximum assessed values increased by 40.3 percent. The property values table below also illustrates that McMinnville is located in a growing economic region, as the growth of Yamhill County's real market value has grown by 142.6 percent in the last ten years.

Cascade Steel Rolling Mills (CSRM), the City's largest taxpayer, appealed their maximum assessed valuation, which is valued by special State of Oregon industrial assessors for fiscal years 2002 and 2003. With the economic problems of the steel industry in the United States during those years, the Oregon Tax Court lowered CSRM's assessed valuation by approximately \$35 and \$44 million, for those years respectively. With the recent high demand for steel in the Pacific Rim, and particularly in China, CSRM's operating position looks bright. With the improving steel industry climate, it is extremely unlikely CSRM's valuation will again significantly decrease. Even with the significantly lower CSRM valuation, in 2002 and 2003, the City's maximum assessed valuation rose 5.0 percent during that two-year period. This rise in assessed valuation is a testament to the overall economic health and diversity of McMinnville.

Property Values --- Maximum Assessed Value and Real Market Value

(\$s in thousands)

<u>Fiscal</u> <u>Year</u> <u>End</u>	McMinnville				Yamhill County	
	<u>Maximum</u> <u>Assessed</u> <u>Value</u>	<u>Percent</u> <u>Change</u>	<u>Real</u> <u>Market</u> <u>Value</u>	<u>Percent</u> <u>Change</u>	<u>Real</u> <u>Market</u> <u>Value</u>	<u>Percent</u> <u>Change</u>
1997	\$ 1,194,654	19.0%	\$ 1,194,654	19.0%	\$ 3,767,291	13.8%
2003	1,323,091	3.7	1,716,334	6.5	4,402,445	5.8
2004	1,381,286	4.4	1,760,704	2.6	5,814,566	32.1
2005	1,473,341	6.7	2,020,287	14.7	6,587,913	13.3
2006	1,570,074	6.6	2,215,610	9.7	7,218,305	9.6
2007	1,675,907	6.7	2,822,851	27.4	9,138,140	26.6

Source: Yamhill County Assessor's Office

Property Tax Rates: The 1996 property tax limitation measure converted the prior property tax system, which for McMinnville was a combination system of dollar property tax base which could rise by 6 percent per year and rate based millage levies for fire and parks services, to an entirely rate based property tax system. The new property tax system, finalized with the passage of Measure 50, allows the maximum assessed valuation of established residences and businesses to rise by only 3 percent per year. New construction is valued at estimated real market value discounted by the percentage differential between the City's total maximum assessed value and the City's total real market value.

Since the 2000-2001 fiscal year, the City of McMinnville has levied the entire \$5.02 permanent property tax rate for operations, which was established by the 1996 tax limitation measure. The debt service levy reduction between 2004 and 2005 resulted from debt payment completion in 2004 for the 20-year serial bonds which financed the Aquatic Center upgrade.

Property Tax Rates (per thousand of assessed valuation)				McMinnville Tax Code #40
City of McMinnville - Only				
<u>Fiscal Year Ended</u>	<u>Operating Levy</u>	<u>Debt Service Levy</u>	<u>Total Property Tax Levy</u>	<u>Consolidated Property Tax Rate</u>
1997	\$ 3.83	\$ 1.41	\$ 5.24	\$ 19.07
2003	5.02	1.27	6.29	17.30
2004	5.02	1.25	6.27	17.50
2005	5.02	0.96	5.98	15.93
2006	5.02	0.90	5.92	16.31
2007	5.02	0.91	5.93	15.43

Source: Yamhill County Assessor's Office

City of McMinnville Government: The 2006-2007 fiscal year continued to be a challenging one for most of Oregon's local governments and the City of McMinnville was not exempt from those challenges. As mentioned above, the City has levied the maximum operating property tax rate of \$5.02 for the last seven years. Given the pressures of increased operating costs, most notably police and fire union salary and cost-of-living adjustments, medical insurance funding, and the Oregon Public Employee Retirement System contribution rate, the City has been able to maintain fund balances due to the continued increases in the City's maximum assessed valuation.

2006-2007 – Year in Review – Major Accomplishments and Issues:

Governance and Fiscal Policy: The Budget Committee and City Council adopted an operating budget for fiscal 2006-2007 that was a continuation of the financial strategy to live within existing property tax levying authority for operating funds that receive property taxes. Due primarily to growth in assessed valuation and holding the expenditure line in other areas, the City Council made significant new investments in public safety. Three new police officer positions and three new fire fighter positions were funded in 2006-2007. The City issued \$13,120,000 in general obligation bonds in November 2006 to fund the construction of a new Police Station and a new City Council/Municipal Courtroom building. Issuance of these bonds was timed to coincide with the retirement of two prior bond issues. The net result has been a total property tax rate for debt service in 2007-2008 that is less than 2006-2007.

City Administration and City Council: The City Council also continued the strategy of incremental increases in certain fees and charges, including those related to wastewater treatment, planning, parks and recreation, building inspection, and plan reviews. The City Council again conducted their annual goal-setting session, adopting goals and objectives that affect service priorities and spending levels. Also, the Council established a City Audit Committee, comprised of two City Councilors and one member of the Budget Committee. The purpose of the Audit Committee is to work with the City's independent auditor, presently Talbot, Korvola & Warwick LLP, and City staff to maintain and enhance internal controls. In the fall of 2006, the City Council held three additional neighborhood meetings, utilizing neighborhood school buildings after the success of last year's Community Choices outreach project. In February of 2007, the City distributed to each resident its first Annual Report, highlighting 2006 accomplishments and goals for 2007.

Public Safety: As noted in the Governance and Fiscal Policy discussion, staffing levels were increased in both the Police and Fire Departments. Construction began in June of 2007 on a new public safety building to house the Police Department and emergency

communications. A new motorcycle unit was established in the Police Department to increase traffic law enforcement. The Fire Department completed a substation feasibility analysis that concluded, while a substation is not needed now the City needs to continue monitoring population growth to make sure emergency response times are maintained at acceptable levels.

Finance: After a lengthy request for proposal and financial software selection process, the City awarded the contract to New World Systems to provide new financial software, Logos.net. Implementation work is now in progress, guided by the consultant/software vendor and an internal Enterprise Resource Planning (ERP) Team comprised of eight Finance Department and two Information System Department employees. The initial functionality of the Logos financial management suite was successfully implemented in late September 2007 and the Logos human resources/payroll suite will be implemented in January 2008. Additional functionality which was purchased in the initial investment of approximately \$400,000 will continue to be rolled out through Spring 2008.

Engineering, Planning, and Building: The Planning, Engineering, and Building divisions moved into a new Community Development Center (CDC) in the Spring of 2007, following remodel and renovation. The new CDC is housed in a downtown office building, purchased outright from Oregon Mutual Insurance Co. by the City through cash flow in 2006. The space vacated by these employees in City Hall will be remodeled and reallocated for use by the City's Finance Department. In the 2006-2007 Adopted Budget, staffing additions included one additional planner position to help address the City Council's wish to focus on a backlog of planning issues and one additional building inspector position to address increasing building permit activity. The Department of Land Conservation and Development issued an official approval of the City's proposed *Urban Growth Management Plan*, but 1000 Friends of Oregon has appealed that decision to the Oregon Court of Appeals. A decision on that appeal is due in early 2008.

Library: Major upgrades to the Library's website were completed with the goal of making the website a "virtual branch" of the McMinnville Public Library. A lighting retrofit conservation project was completed and two new outdoor book drops were installed through a cooperative project with the McMinnville Library Foundation. Senior Librarian Jill Poyer was appointed Library Director in March 2007 to succeed Anne VanSickle who retired after 13 1/2 years as the City's Library Director.

Public Works: The Highway 99W and 15th Street Pedestrian Crossing Improvement Project was completed with funds from an Oregon Department of Transportation grant. An upgrade of the heating/air conditioning/ventilating system at the Water Reclamation Facility was also completed. An energy cost savings from this project is estimated at \$27,000 per year. Working with the Water and Light Department and the McMinnville Downtown Association, the City assisted with the installation of new antique street lights and trash receptacles along 3rd Street in the historic downtown area. A severe winter storm in December of 2006 demanded an extensive response by Public Works, along with the Police and Fire Departments. The City received \$31,000 from FEMA to recover some of the storm-related response costs.

Parks & Recreation: In January 2007, Janet Adams became the new program manager for the Kids On the Block After-School Program. She replaced Linda Dollinger, who retired after 17 years of service. The State Superintendent of Public Instruction awarded the City, McMinnville School District, and the Kids on the Block, Inc. Board of Directors a Community/School Partnership Award for the Kids On the Block After-School Program for cooperatively developing and operating this very successful program.

Park Development: Neighborhood meetings and community-wide meetings were held and discussions with private property owners were conducted as planning continued for the acquisition and development of new neighborhood parks to continue utilizing the entire 2001 park system improvement bond dollars.

Airport: The City was awarded a Federal Aviation Administration (FAA) grant to fund 95% of the cost to reconstruct the airport's secondary runway 17/35, construct a new infield taxiway to runway 17/35, and construct an access taxiway to City hangars and a new corporate hangar being built by Evergreen International Aviation. A public/private partnership agreement was executed that requires Evergreen to provide money for an environmental impact study and taxiway design which will provide the City 5% local match for the FAA grant.

2007-2008 – Future Issues and Initiatives:

City Administration and City Council: The City Council scheduled another round of neighborhood meetings held in October and November of 2007 to continue their citizen outreach, which they plan to continue in some format each year. Also, with the reallocation of space at City Hall, the Mayor will again have an office at City Hall to meet with citizens.

Finance: Implementation of Logos.net the new ERP financial system software will continue into 2008. Additions to the financial software presently planned for purchase in future years include automation of employee time input, an employee portal, and citizen portal. Remodel of the Engineering and Building section of the first floor of City Hall will allow relocation of the Finance Department into a much larger and more efficiently configured space in late fall of 2007.

Municipal Court: The second and third phases of the first floor City Hall remodel will begin in the fall shortly after the Finance Department is relocated. With the reallocation of space, both the City Prosecutor and Municipal Court Judge will have offices to meet with citizens and attorneys. Also, the Municipal Court staff work area will be reconfigured to more efficiently address employee work needs and will allow a complete re-organization of the Municipal Court filing system to a more streamlined system.

Public Safety: Construction will continue on the new Police Station, with completion expected in June 2008. When the Police Department has moved into the new building, demolition of the current Police Station will occur and construction will begin on that site for the new City Council/Municipal Courtroom building.

Public Works: The City's *Master Transportation Plan* continues to be reviewed and updated. A citizen advisory committee is working with City staff and a transportation engineer. The findings and recommendations from this work will undoubtedly include proposals for significant capital improvements to McMinnville's transportation system. Finding funding sources for these improvements will be a significant challenge.

Planning: Work should begin on implementing ordinances and more plan detail in order to successfully implement the *Urban Growth Management Plan*. A State of Oregon grant has been awarded to assist with this effort. A draft sign ordinance has been prepared; and in late 2007, the draft ordinance will be reviewed by the Planning Commission, City Council, and at several public meetings.

Parks and Recreation: The City needs to invest additional funds into maintenance and upgrades at key recreation facilities as they age, particularly the Aquatics Center and Community Center, but also the newer Senior Center.

Park Development: A high priority will be finalizing site selection and securing the properties for new neighborhood parks in northwest and northeast McMinnville. The *Parks, Recreation and Open Space Master Plan*, completed in 1999, will soon be due for updating.

Airport: Complete design and begin construction on the FAA grant airport secondary runway reconstruction and taxiway improvements. Evergreen International Aviation's Corporate Hangar Project began at the end of the summer 2007, the foundation and ground excavation alone are valued at \$1.7 million. The airport's Fixed Base Operations building needs replacement and a feasibility study to explore options will be completed in 2007.

Debt Service:

The details to the City's long-term debt issuances can be found in note III. F. on pages 87-92.

Cash and Investment Management:

Cash Management: Day-to-day City cash needs are managed using four bank accounts: a general operations account, a linked payroll account, a municipal court bail account, and an escrow account. The four bank accounts utilize a sweep system, which invests overnight surplus float in bank repurchase agreements, note III. A., pages 78-79.

Investment Management: The City's general operations account balance, which exceeds current operating needs, is invested following the City's investment policy and Oregon Revised Statutes. The City's investment policy's first priority is preservation of capital; second priority is liquidity; and third priority is rate of return. The management of the City's investment portfolio is kept relatively simple due to its comparative small size and due to staffing limitations. During this fiscal year, all surplus capital was invested in the State of Oregon Local Government Investment Pool (LGIP) except for an original investment of \$10,000,000 that was invested in a KeyBank high balance public money market savings account when the City reached the statutory limit of funds that could be invested in the LGIP, notes I. E. 1. and III. A., pages 74 and 78-79.

Risk Management:

The City is covered for comprehensive liability, property, auto liability and physical damage, employers' liability, and workers' compensation insurance through City County Insurance Services (CIS). CIS is a public entity risk pool, established in 1981, by the League of Oregon Cities and the Association of Oregon Counties. CIS provides a full range of insurance coverages and loss control services to a significant number of Oregon cities and counties. More comprehensive insurance information is found in the notes to the financial statements, note IV. A. pages 93-94.

Certificate of Achievement:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of McMinnville for its *Comprehensive Annual Financial Report (CAFR)* for the fiscal year ended June 30, 2006. The City has received this recognition for eighteen consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized *CAFR* 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. We believe our current *CAFR* continues to meet these standards and will be submitted to GFOA to determine eligibility for another certificate.

Acknowledgements:

The preparation of the *Comprehensive Annual Financial Report (CAFR)* is the final step in completing a successful year for the City's Finance Department. We would like to thank the City's three full-time and four part-time accountants for their day-to-day dedication providing the City with professional accounting services and accurate accounting records which are the critical basis for successful financial statement preparation in the City's *CAFR*.

This fifth year of the City's implementation of the *GASB Statement #34* reporting model established by the Governmental Accounting Standards Board (GASB) went smoothly. The revised reporting and capitalization procedures established in the first year of implementation continued to work effectively. The continued help from the City's Engineering Department is greatly appreciated and critical to accurate infrastructure reporting.

We would like to give special recognition to the dedication of Laurie S. LeCours, CPA, as the City's financial statement preparation project leader. During this fiscal year, Ms. LeCours was assisted by Accountant Julie Orth in the drafting of the City's *CAFR* as Ms. LeCours is the project manager for the City's new financial system implementation.

Furthermore, we would like to acknowledge the efforts of all City department personnel who during the year conscientiously follow internal controls; and during *CAFR* preparation, provide additional information that make the report more meaningful than merely a presentation of financial statements.

Special appreciation should also go to the City of McMinnville Mayor and City Councilors for their interest and support in conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Kent L. Taylor
City Manager



Carole M. Benedict, CPA
Finance Director

