



**CITY OF MCMINNVILLE, OREGON**  
**COMPREHENSIVE ANNUAL FINANCIAL**  
**REPORT YEAR ENDED JUNE 30, 2019**



**CITY OF MCMINNVILLE, OREGON**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2019**

Prepared by:

**Finance Department**

**Marcia T. Baragary, CPA**  
Finance Director

**Debbie Smith-Wagar, CPA**

**City of McMinnville, Oregon**  
**Comprehensive Annual Financial Report**  
**Year Ended June 30, 2019**

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## **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.mcminnvilleoregon.gov](http://www.mcminnvilleoregon.gov)

January 31, 2020

Mayor Scott Hill  
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, 2019. The *Comprehensive Annual Financial Report (CAFR)* presents the financial position of the City of McMinnville (City) as of June 30, 2019 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 *CAFR* 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 *CAFR* 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.

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**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:**

As the regional seat of government and the largest of Yamhill County's municipalities, McMinnville has a diverse economic base that blends all of the County's commercial sectors. Four of the top five employers in McMinnville provide services related to education, government, and healthcare, providing a stable base for the City's economy. McMinnville is home to nearly 90 manufacturers, producing a wide variety of goods. Products include steel rebar, health food products, plastic and rubber products, fabricated metal products, chemicals and nonmetallic mineral products, unmanned aerial vehicles, software and computer products, and many other types of goods.

McMinnville's top jobs by occupation are: office and administrative support (14 percent); sales (12 percent); executive, managers and administrators (9 percent); production workers (7 percent); and health diagnosing and treating practitioners (7 percent). McMinnville's principal employers are listed in the Statistical Section at the end of this report.

**Employment:** According to the Bureau of Labor Statistics, unemployment rates for Yamhill County have trended downwards over the past year. Unemployment rates (not seasonally adjusted) for Yamhill County were 3.7 percent in June 2019 compared to 4.2 percent in June 2018. For comparison, the unemployment rate for the state of Oregon was 4.0 percent and 3.8 percent in June 2019 and June 2018, respectively.

Yamhill County's private sector employment increased by 1.7 percent over the past year, per the Oregon Employment Department. The fastest-growing private-sector industries included: professional and business services (7.8 percent); transportation, warehousing, and utilities (5.9 percent); and leisure and hospitality (3.2 percent).

According to the Oregon Economic and Revenue Forecast issued in November 2019 by the Oregon Office of Economic Analysis (OEA) "Oregon continues to see healthy rates of growth when it comes to employment, income, and GDP. However the state is no longer significantly outpacing the nation like it was a couple years ago. While the big picture remains the same, recent Oregon data is somewhat of a mixed bag. As expected, statewide employment continues to transition down to more sustainable rates, however it has come in below forecast so far in 2019. On the other hand, personal income growth is outstripping expectations, which feeds more directly into stronger consumer spending and higher public sector tax collections."

**Tourism:** McMinnville is located in the heart of Oregon wine country, where an ideal combination of soil types and a mild climate enable area winemakers to produce world-class wines. There are approximately 250 wineries within a 25 mile radius of McMinnville with 20 tasting rooms and nine wineries operating within the City. 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 College hosts the International Pinot Noir Celebration. This festival, now in its 34<sup>th</sup> year, brings participants from as far away as California, France, New Zealand and Australia, and has over the years, hosted winemakers from more than 300 wineries in at least 14 countries. The strength of the wine industry in McMinnville and surrounding area has been a significant factor in growth of the local economy. The Oregon wine industry, in which Yamhill County plays a leading role, is now nearly a seven billion dollar-a-year business. To promote wine tourism and other attractions, the City implemented a transient lodging tax in

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2014, which provides funding for tourism promotion and marketing of McMinnville as a premiere destination for wine and culinary tourism.

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. Evergreen properties has been under new ownership since 2016 and the property owner filed for Chapter 11 Bankruptcy in June of 2018. Museum activities are managed by an independent museum operator and efforts are on-going to ensure that the Museums continue to attract a significant number of tourists to McMinnville.

In the fall of 2019, the Oregon International Air Show (OIAS) took place at the McMinnville Municipal Airport with more than 20,000 attendees over three days coming to the event. In September 2020, OIAS will be coming again to the City's airport.

**Population Growth:** Over the last ten years, McMinnville's population has grown by 5.2 percent, with the last four years showing slow but steady growth. 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 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 College, and excellence of medical and City services. For comparison, during the same ten year period, Yamhill County's population grew almost nine percent, while the State of Oregon's population grew by 7.6 percent total.

Year	McMinnville		Yamhill County		State of Oregon	
	Population	Percent Change	Population	Percent Change	Population	Percent Change
2010	32,240	(1.6)%	99,405	4.4%	3,837,300	0.4 %
2015	33,080	1.1	102,252	0.8	4,013,845	1.3
2016	33,405	1.0	103,630	1.3	4,076,350	1.5
2017	33,665	0.8	104,990	1.3	4,141,100	1.6
2018	33,810	0.5	107,415	1.0	4,195,300	1.3
2019	33,930	0.4	108,060	0.6	4,236,400	1.0

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

McMinnville's population is projected to reach approximately 38,437 by 2025, an increase of 13 percent from its 2019 population estimate of 33,930. Yamhill County populations are also projected to increase by 10 percent, compared to the 2019 population estimate. A population projection for the State is unavailable.

**Residential, Commercial, and Industrial Development:** Fiscal year 2018-19 represented a year of small commercial and industrial improvements after several years of significant commercial permitting growth due to a couple of large commercial projects such as the new high school addition and a wine production facility. However, residential permits significantly increased.

During fiscal year 2018-19, there were several new small and mid-range commercial developments permitted, sixteen (16) in total with a valuation of \$14.3 million dollars, fifty-eight (58) commercial alterations valuing \$10,2 million dollars, and two (2) new industrial buildings with a valuation of \$3.5 million dollars. In total the City of McMinnville issued 120 commercial and industrial permits for a total valuation of \$29 million dollars.

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On the housing side, permits were issued for two hundred and sixty-one (261) new dwelling units in fiscal year 2018-19 with a total valuation of \$55.5 million dollars, including one hundred forty-five (145) single family dwelling units, one (1) duplex, twelve (12) townhomes and one hundred and two (102) multi-family housing units. This marks the first year that the City of McMinnville has exceeded two hundred (200) new dwelling units in over ten (10) years. Additionally, there are an additional four subdivisions currently in the entitlement stages.

**Property Values:** Maximum assessed 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 maximum assessed value for McMinnville increased by 19 percent in the last five years and 35 percent over the last ten years. Increases were primarily related to new construction and major commercial building improvements.

From 2010 to 2019, real market value for McMinnville increased by 20 percent and Yamhill County's real market value grew by 31 percent in the last ten years. Although the City's real market value declined from 2010 through 2014, real market value has shown a steady increase over the last three years. Maximum assessed value as a percentage of real market value was 70 percent in 2019.

**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>Maximum Assessed Value</u>	<u>Percent Change</u>	<u>Real Market Value</u>	<u>Percent Change</u>	<u>Real Market Value</u>	<u>Percent Change</u>
2010	\$ 2,034,616	4.9%	\$ 3,267,741	(0.4)%	\$ 10,403,609	0.8%
2015	2,304,514	3.2	2,861,726	3.9	9,699,390	5.6
2016	2,450,382	6.3	3,119,906	8.3	10,303,700	5.9
2017	2,509,071	2.4	3,418,883	8.7	11,429,250	9.8
2018	2,591,403	3.3	3,722,888	8.9	12,744,339	11.5
2019	2,742,458	5.8	3,930,001	5.6	13,656,881	6.9

Source: Yamhill County Assessor's Office

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**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. Generally, the City’s debt service levy remained relatively consistent until 2016, when the debt service levy was increased to make principal and interest payments on the general obligation bonds issued in 2015. In 2018 the City issued a second series of general obligation bonds resulting in an increase in the debt service levy of \$0.26 per \$1,000 of assessed value.

<b>Property Tax Rates</b>					
(per thousand of assessed valuation)					
<b>City of McMinnville - Only</b>					<b>McMinnville Tax Code #40</b>
<u>Fiscal Year Ended</u>	<u>Operating Levy</u>	<u>Debt Service Levy</u>	<u>Urban Renewal</u>	<u>Total Property Tax Levy</u>	<u>Consolidated Property Tax Rate</u>
2010	\$ 5.02	\$ 0.82	-	\$ 5.84	\$ 16.71
2015	5.02	0.68	0.04	5.74	16.61
2016	5.02	1.16	0.05	6.23	17.04
2017	5.02	1.08	0.07	6.18	17.00
2018	5.02	1.34	0.08	6.44	17.12
2019	5.02	1.45	0.04	6.51	17.18

Source: Yamhill County Assessor’s Office

**Fiscal Policy and Financial Planning:**

To facilitate long-term planning, City management utilizes a five year financial forecast model. Forecasting enables policymakers to take action in a timely manner, to mitigate future financial problems, and to allow planning for expansion when economic conditions improve. The City’s fiscal policy is to budget for the upcoming fiscal year, while taking into consideration factors that will impact subsequent years’ budgets. This policy has enabled the City to successfully navigate through the previous recession, providing adequate levels of services to its citizens while maintaining a healthy General Fund cash reserve.

For fiscal year 2018-19, the City’s General Fund ending fund balance is approximately 38 percent of total General Fund operating expenditures, excluding transfers out to other funds. This is significantly more than the minimum General Fund reserve targeted in the fund balance policy adopted by the City Council. This policy recommends that 25 percent of annual budgeted expenditures should be maintained as a cash reserve. Additional information on the City’s fund balance policy is included in the notes to the financial statements, Note I.F.14.

**Major Initiatives:**

In 2013, City Council adopted an ordinance creating the McMinnville Urban Renewal Agency. The purpose of the Agency is to promote the development and redevelopment of the downtown core and the Northeast Gateway Area. These areas are vital to fulfilling the goals of the McMinnville Comprehensive Plan. The Urban Renewal Agency facilitates financing of projects within the urban renewal area. The Urban Renewal Agency collected \$0.3 million in incremental property taxes in fiscal year 2018-19.

From fiscal year 2015 through 2018, the City invested over \$13.0 million to complete the first phase of a major expansion of the Water Reclamation Facility. The expansion will greatly increase capacity of the wastewater collection system and Water Reclamation Facility and will enable the City to meet the needs of increased community growth and the ever-changing regulatory requirements. In that same timeframe, the City also completed over \$5.4 million in projects related to reducing inflow and infiltration. These projects are a vital

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component in controlling wastewater system overflows and reducing demands on the Water Reclamation Facility.

In November 2014, the voters of McMinnville approved issuance of \$24 million in general obligation for construction, expansion, and improvement of City streets and sidewalks. In April 2015, the City issued \$16 million in general obligation bonds to fund these projects. The remaining \$8 million in bonds were issued in February 2018.

In January, 2019, the City Council adopted its new strategic plan, Mac-Town 2032. The plan includes the following goals:

- City Government Capacity – Strengthen the City’s ability to prioritize & deliver municipal services with discipline and focus.
- Civic Leadership – Encourage a variety of leadership development opportunities to foster a culture of civic pride & involvement.
- Community Safety & Resiliency – Proactively plan for & responsively maintain a safe & resilient community.
- Engagement & Inclusion – Create a culture of acceptance & mutual respect that acknowledges differences & strives for equity.
- Growth & Development Character – Guide growth & development strategically, responsively & responsibly to enhance our unique character.
- Housing Opportunities (across the income spectrum) – Create diverse housing opportunities that support great neighborhoods.
- Economic Prosperity – Provide economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors.

In addition, the plan will include high level success measures as well as near term and long term actions intended to achieve the objectives set out for each goal.

**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, 2018. The City has received this recognition for 30 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 the completion of a successful year for the City’s Finance Department. We would like to thank the City’s accounting staff for their day-to-day dedication to professional accounting standards and to producing accurate accounting records, which are the basis for the financial statements included in the City’s *CAFR*.

Special recognition is extended to Ms. Debbie Smith-Wagar, CPA who was instrumental in preparation of the *CAFR*.

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

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**Year Ended June 30, 2019**

policies. Department personnel also provide important statistical information, making the *CAFR* a meaningful presentation of the City's financial statements.

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 Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO



**CITY OF McMinnville, Oregon**

**ELECTED OFFICIALS  
AND  
PRINCIPAL APPOINTED OFFICERS OF THE CITY**

**JUNE 30, 2019**

**CITY COUNCIL**

**TERM EXPIRES**

<b>Scott Hill</b> 1525 Gilson Court McMinnville Oregon 97128	Mayor	December 31, 2020
<b>Wendy Stassens</b> 166 SW Eckman Street McMinnville Oregon 97128	Ward I	December 31, 2020
<b>Sal Peralta</b> 925 SE Davis Street McMinnville Oregon 97128	Ward I	December 31, 2022
<b>Kellie Menke</b> 595 NW Mt Mazama Street McMinnville Oregon 97128	Ward II Council President	December 31, 2020
<b>Zack Geary</b> 128 NW 8 <sup>th</sup> Street McMinnville Oregon 97128	Ward II	December 31, 2022
<b>Adam Garvin</b> 2940 NE Lafayette Avenue McMinnville Oregon 97128	Ward III	December 31, 2020
<b>Remy Drabkin</b> 1400 NE 17 <sup>th</sup> Street McMinnville Oregon 97128	Ward III	December 31, 2022

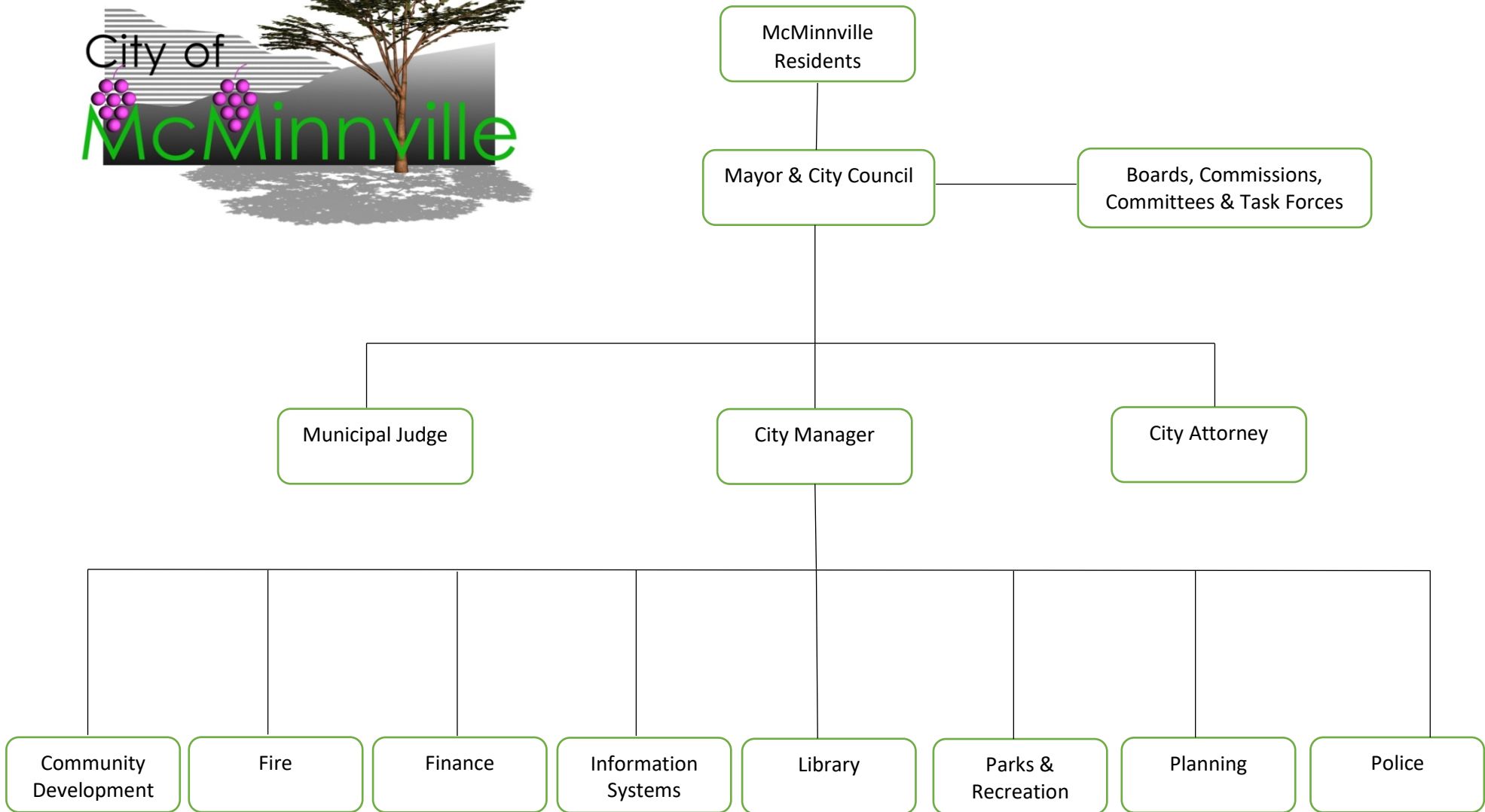
**CITY ADMINISTRATION**

**Jeffrey R. Towery**

**City Manager**

**Jennifer K. Cuellar-Smith**

**Finance Director**



## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of McMinnville, Oregon

### **Report on the Financial Statements**

We have audited the accompanying 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, 2019, 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.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the McMinnville Water & Light, 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, is based solely on the report of other auditors. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the

respective statement of revenues, expenditures, and changes in fund balances – budget and actual for the General Fund and Airport Maintenance Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As discussed in Note IV to the financial statements, the City of McMinnville adopted new accounting guidance, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 other post employment benefits, schedule of contributions to OPEB, schedule of changes in OPEB liability, schedule of the proportionate share of the net pension liability, and schedule of contributions, 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.

#### *Supplementary and Other 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 introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, 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, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **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 January 31, 2020 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 January 31, 2020, 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  
January 31, 2020

## City of McMinnville - Management's Discussion and Analysis

### 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) *Comprehensive Annual Financial Report* presents a narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019. 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 this *Comprehensive Annual Financial Report (CAFR)*. 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 \$230.4 million at June 30, 2019, consisting of \$158.8 million in capital assets, \$43.4 million in unrestricted cash and investments, \$9.6 million in restricted cash and investments, and \$18.6 million in other assets and deferred outflows of resources. Total assets and deferred outflows of resources increased by \$7.2 million from the previous fiscal year.
- The City's liabilities and deferred inflows of resources totaled \$78.9 million at June 30, 2019 consisting of \$60.0 million in long-term liabilities and \$10.0 million in accounts payable and other liabilities, and \$8.9 million in deferred inflows related to pensions.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$151.4 million at the close of fiscal year 2019. Unrestricted net position totaled \$7.9 million. The City's net investment in capital assets totaled \$131.4 million and net position restricted for capital projects, building operations, and debt service totaled \$12.1 million.
- For its governmental activities, the City generated \$4.6 million in charges for services and received \$3.6 million in operating grants and \$4.2 million in capital grants and contributions. Direct expenses, including interest on long-term debt, were \$35.5 million for the year. Total revenues, including \$23.3 million of general revenues received, and total expenditures, including \$0.7 million in transfers out, resulted in a decrease in net position of \$0.4 million.
- For its business-type activities, the City generated \$17.2 million in charges for services, capital grants and contributions, and other revenue to fund direct expenses of \$15.0 million. In addition, \$0.7 million in transfers in resulted in a change in net position of \$3.0 million.
- Fund balance in the City's governmental funds was \$18.0 million at June 30, 2019, a decrease of \$4.4 million from June 30, 2018. Approximately \$3.9 million is available for spending at the City's discretion (unassigned fund balance). Additional information regarding governmental funds ending fund balances is included in the Fund Financial Analysis section of Management's Discussion and Analysis.

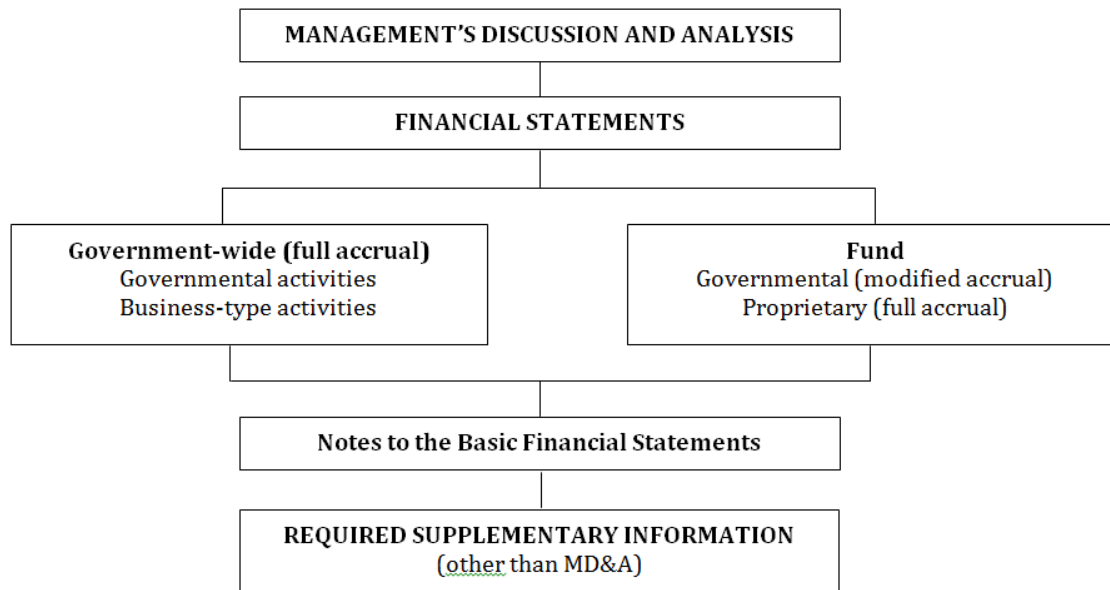
#### Overview of the Financial Statements

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 activities of the City are Wastewater, Ambulance, and Building. 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, and 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 twelve governmental funds, four of which are considered major funds. The General Fund, Transportation Fund and Debt Service Fund are major funds; the Airport Maintenance Fund is also classified as a major fund due to public interest in airport operations. The remaining governmental funds, five special revenue, one debt service 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, Ambulance services, and Building operations. Wastewater Services and Ambulance are major funds. 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.



## City of McMinnville - Management's Discussion and Analysis

### 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 \$151.4 million at the close of fiscal year 2019.

#### 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, 2019 and 2018 (in millions)

	Primary Government									Component Unit		
	Governmental Activities			Business-Type Activities			Total City			Water and Light The "Department"		
	2019	2018	Change	2019	2018	Change	2019	2018	Change	2019	2018	Change
Cash and investments	\$ 21.1	\$ 26.9	\$ (5.8)	\$ 31.9	\$ 27.0	\$ 4.9	\$ 53.0	\$ 54.0	\$ (1.0)	\$ 54.2	\$ 48.0	\$ 6.2
Other assets	4.7	4.2	0.4	1.8	2.5	(0.7)	6.4	6.8	(0.3)	8.5	9.6	(1.1)
Capital assets	102.5	95.8	6.7	56.3	55.0	1.2	158.8	150.8	7.9	128.4	124.8	3.6
<b>Total assets</b>	<b>128.3</b>	<b>127.0</b>	<b>1.3</b>	<b>89.9</b>	<b>84.6</b>	<b>5.4</b>	<b>218.2</b>	<b>211.6</b>	<b>6.6</b>	<b>191.1</b>	<b>182.3</b>	<b>8.7</b>
Deferred outflow of resources	9.0	8.6	0.4	3.2	3.0	0.2	12.2	11.6	0.6	8.7	4.4	4.3
Other liabilities	8.8	8.7	0.1	1.2	0.7	0.5	10.0	9.4	0.6	5.8	5.5	0.3
Non-current liabilities	52.9	56.1	(3.2)	7.1	7.0	0.1	60.0	63.1	(3.2)	14.6	10.4	4.2
<b>Total liabilities</b>	<b>61.7</b>	<b>64.9</b>	<b>(3.2)</b>	<b>8.3</b>	<b>7.7</b>	<b>0.6</b>	<b>70.0</b>	<b>72.5</b>	<b>(2.5)</b>	<b>20.4</b>	<b>15.9</b>	<b>4.4</b>
Deferred inflow of resources	6.6	1.3	5.3	2.4	0.5	1.9	8.9	1.8	7.2	1.5	0.7	0.8
Net investment in capital assets	75.1	73.0	2.2	56.3	55.0	1.2	131.4	128.0	3.4	128.4	124.8	3.6
Restricted	11.0	15.3	(4.3)	1.1	1.1	(0.0)	12.1	16.4	(4.3)	-	-	-
Unrestricted	(17.1)	(18.8)	1.7	25.0	23.3	1.8	7.9	4.5	3.4	49.5	45.3	4.1
<b>Total net position</b>	<b>\$ 69.0</b>	<b>\$ 69.4</b>	<b>\$ (0.4)</b>	<b>\$ 82.4</b>	<b>\$ 79.4</b>	<b>\$ 3.0</b>	<b>\$ 151.4</b>	<b>\$ 148.9</b>	<b>\$ 2.6</b>	<b>\$ 177.9</b>	<b>\$ 170.1</b>	<b>\$ 7.8</b>

The largest portion of the City's net position, or \$131.4 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 \$12.1 million and represents amounts that are legally restricted for capital expansion, debt service, or other purposes. The total \$7.9 million unrestricted net position is the net of an \$17.1 million unrestricted net position deficit in governmental activities and \$25.0 million unrestricted net position in business-type activities.

## City of McMinnville - Management's Discussion and Analysis

**For governmental activities**, total net position decreased by \$0.4 million compared to fiscal year 2018. Net investment in capital assets increased by \$2.2 million. Restricted net position decreased by \$4.3 million and the unrestricted net position deficit became smaller by \$1.7 million compared to the previous fiscal year. Capital assets increased by \$6.7 million compared to 2018 due to street infrastructure and city parks construction projects. Deferred outflow of resources, related to future pension obligations, increased by \$0.4 million. Long term liabilities decreased by \$3.2 million, primarily due to the planned payment of debt service obligations during the year with no new debt issuances of note during FY19.

The major component of the decrease in restricted net position in governmental activities is related to spending down proceeds of the general obligation bonds that were issued in 2015 and 2018 for transportation projects. As proceeds are expended on capital projects, restricted net position will decrease.

**For business-type activities**, total net position increased by \$3.0 million. The favorable change is primarily due to a significant increase in cash and investments in Wastewater Services, resulting from charges for services revenue exceeding operating expenses in 2019 by \$2.5 million. This increase was partially offset by a decrease in Ambulance net position, due to one-time costs associated with outsourcing its billing operation in an effort to bring long term costs more in line with anticipated revenues.

**Department - Statement of Net Position:** Total net position for the Department increased by \$7.8 million largely due to increases in cash and cash equivalents. Total combined current liabilities increased slightly in 2019 by \$0.3 million. Long term liabilities increased by \$4.2 million primarily driven by net pension liability.

## City of McMinnville - Management's Discussion and Analysis

### Statement of Activities:

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

### Statement of Activities For the Years Ended June 30, 2019 and 2018 (in millions)

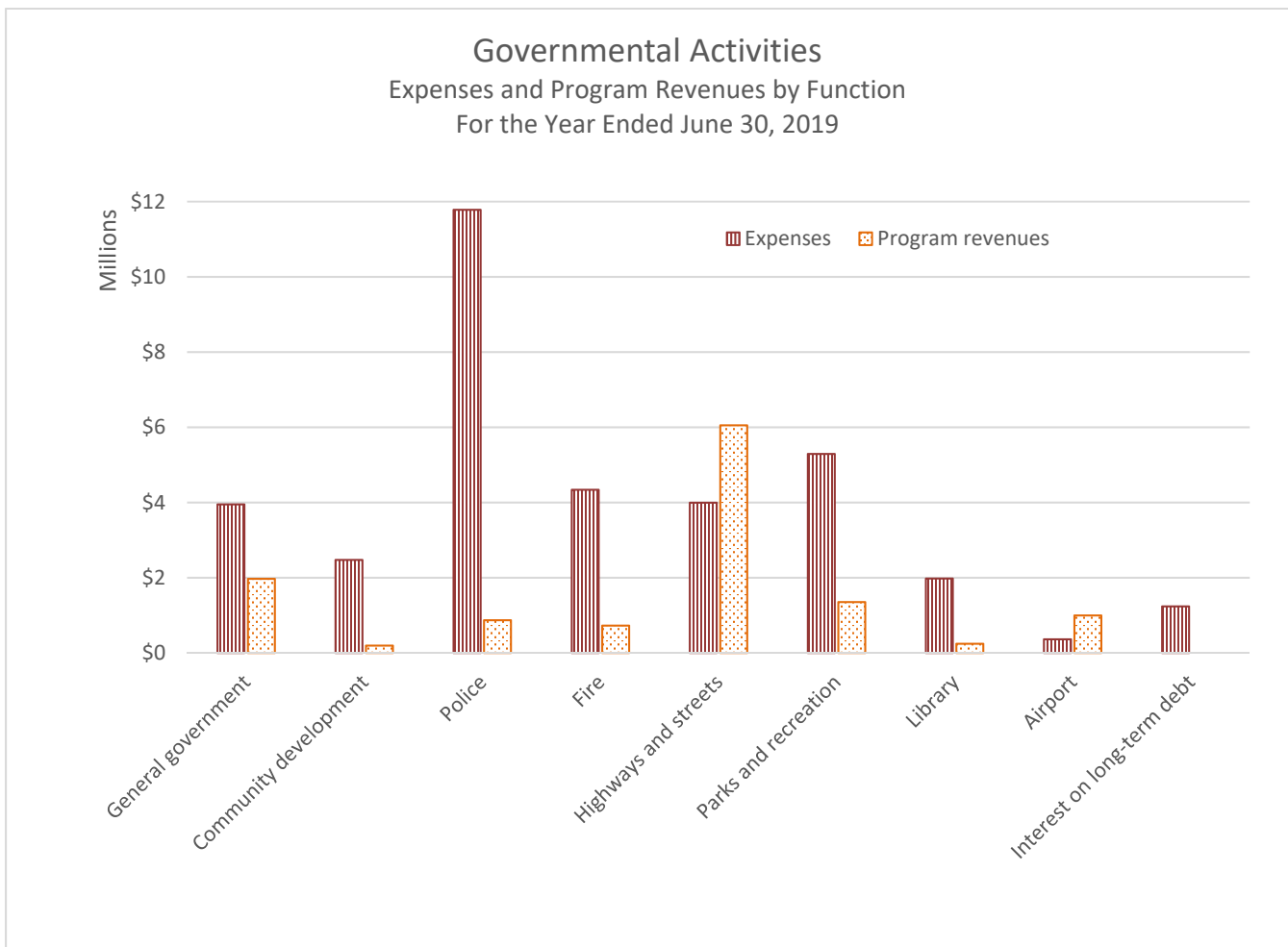
	Primary Government						Component Unit	
	Governmental Activities		Business-Type Activities		Total City		Water and Light The "Department"	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>								
Program revenues								
Charges for services	\$ 4.6	\$ 3.9	\$ 14.8	\$ 13.9	\$ 19.4	\$ 17.8	\$ 47.5	\$ 47.0
Operating grants & contributions	3.6	3.1	-	-	3.6	3.1	-	-
Capital grants & contributions	4.2	6.9	1.9	0.4	6.0	7.4	2.3	1.7
General revenues								
Property taxes	17.5	16.2	-	-	17.5	16.2	-	-
Franchise taxes	2.7	2.5	-	-	2.7	2.5	-	-
Other	3.1	3.0	0.6	0.4	3.7	3.3	6.2	5.6
<b>Total revenues</b>	<u>35.7</u>	<u>35.7</u>	<u>17.2</u>	<u>14.6</u>	<u>53.0</u>	<u>50.3</u>	<u>56.0</u>	<u>54.2</u>
<b>Expenses:</b>								
Governmental activities								
General government	\$ 4.0	\$ 3.1	-	-	\$ 4.0	\$ 3.1	-	-
Community development	2.5	1.6	-	-	2.5	1.6	-	-
Public safety								
Police	11.8	9.1	-	-	11.8	9.1	-	-
Fire	4.3	3.1	-	-	4.3	3.1	-	-
Highways and streets	4.0	3.2	-	-	4.0	3.2	-	-
Culture and recreation								
Parks and recreation	5.3	4.0	-	-	5.3	4.0	-	-
Library	2.0	1.5	-	-	2.0	1.5	-	-
Airport	0.4	0.7	-	-	0.4	0.7	-	-
Interest on long-term debt	1.3	1.0	-	-	1.3	1.0	-	-
Business-type activities								
Wastewater	-	-	7.8	6.8	7.8	6.8	-	-
Ambulance	-	-	6.4	4.4	6.4	4.4	-	-
Building	-	-	0.8	0.4	0.8	0.4	-	-
Component unit	-	-	-	-	-	-	48.2	46.6
<b>Total expenses</b>	<u>35.5</u>	<u>27.4</u>	<u>15.0</u>	<u>11.7</u>	<u>50.4</u>	<u>39.1</u>	<u>48.2</u>	<u>46.6</u>
<b>Change in net position before transfers</b>	<b>0.3</b>	<b>8.3</b>	<b>2.3</b>	<b>3.0</b>	<b>2.6</b>	<b>11.2</b>	<b>7.8</b>	<b>7.6</b>
Transfers	(0.7)	(0.7)	0.7	0.7	-	-	-	-
<b>Change in net position</b>	<b>(0.4)</b>	<b>7.6</b>	<b>3.0</b>	<b>3.7</b>	<b>2.6</b>	<b>11.2</b>	<b>7.8</b>	<b>7.6</b>
Beginning net position as previously reported	69.4	62.3	79.4	75.9	148.9	138.2	170.1	163.7
Restatement	-	(0.4)	-	(0.1)	-	(0.5)	-	(1.2)
Beginning net position as restated	-	61.9	-	75.7	-	137.6	-	162.5
<b>Ending net position</b>	<b>\$ 69.0</b>	<b>\$ 69.4</b>	<b>\$ 82.4</b>	<b>\$ 79.4</b>	<b>\$ 151.4</b>	<b>\$ 148.9</b>	<b>\$ 177.9</b>	<b>\$ 170.1</b>

## City of McMinnville - Management's Discussion and Analysis

**For governmental activities**, program revenues decreased by \$1.5 million due to a decrease in capital grants and contributions (one-time Federal Aviation Administration grant funds received for Airport runway projects from the prior year). General revenues increased by \$1.5 million compared to the prior year due to an increase in property tax revenues.

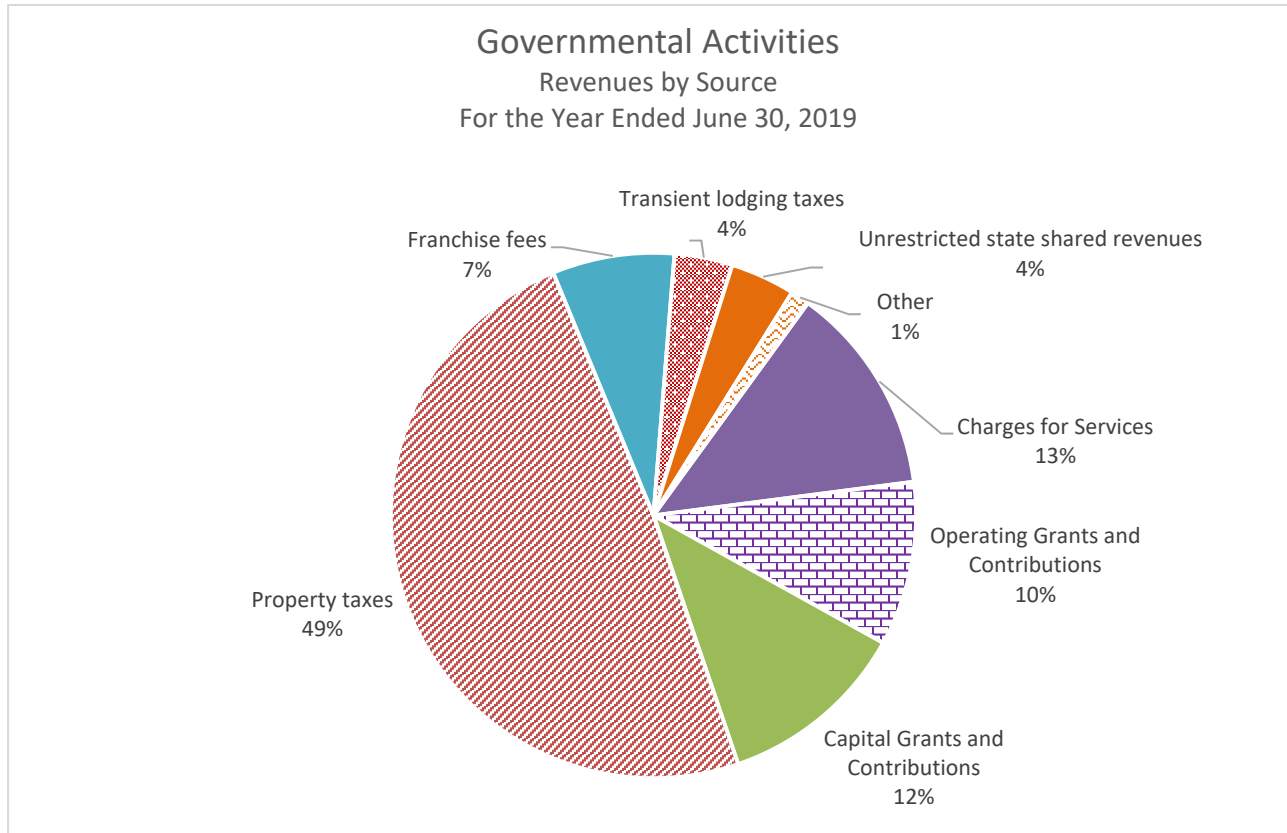
Total expenses for governmental activities increased by \$8.0 million compared to the prior year. Generally, expenses for governmental activities increase due to higher salaries and fringe benefits costs; the annual changes for pension expense related to GASB 68 can move significantly as is the case with a \$4.3 million pension expense increase in fiscal year 2019 relative to the prior year. Pension expense (income) related to GASB 68 as well as GASB 75 varies each year depending on changes in the net pension liability, changes in actuarial assumptions, and differences between projected and actual earnings on pension plan investments, as well as other factors. The City's employee retirement pension plan is discussed in more detail in the notes to the financial statements, Note IV.D.

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



# City of McMinnville - Management's Discussion and Analysis

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

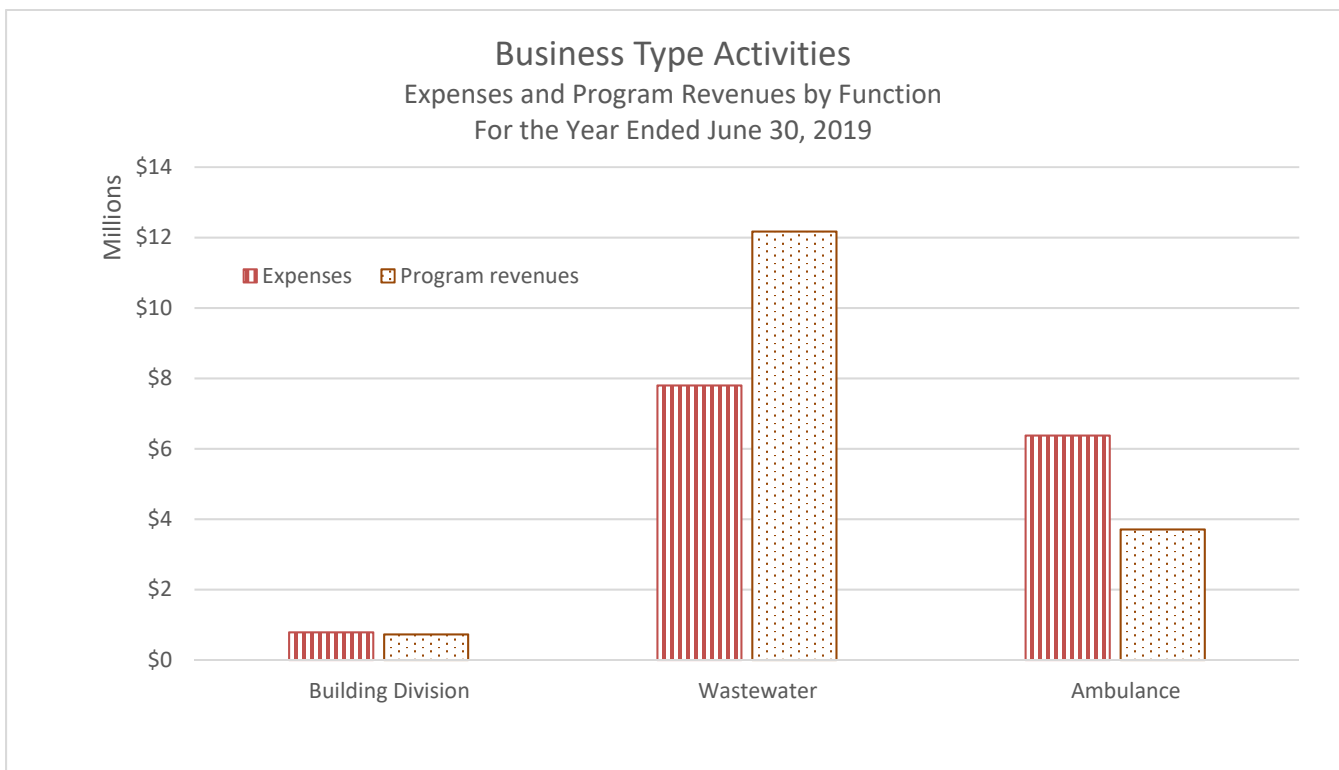


## City of McMinnville - Management's Discussion and Analysis

**For business-type activities**, total revenue, primarily consisting of charges for services, increased by \$2.6 million. Charges for services, primarily user fees, increased by \$0.9 million and wastewater had over \$1 million more in capital grants this year over last. In the Ambulance Fund, charges for services increased by \$0.5 million.

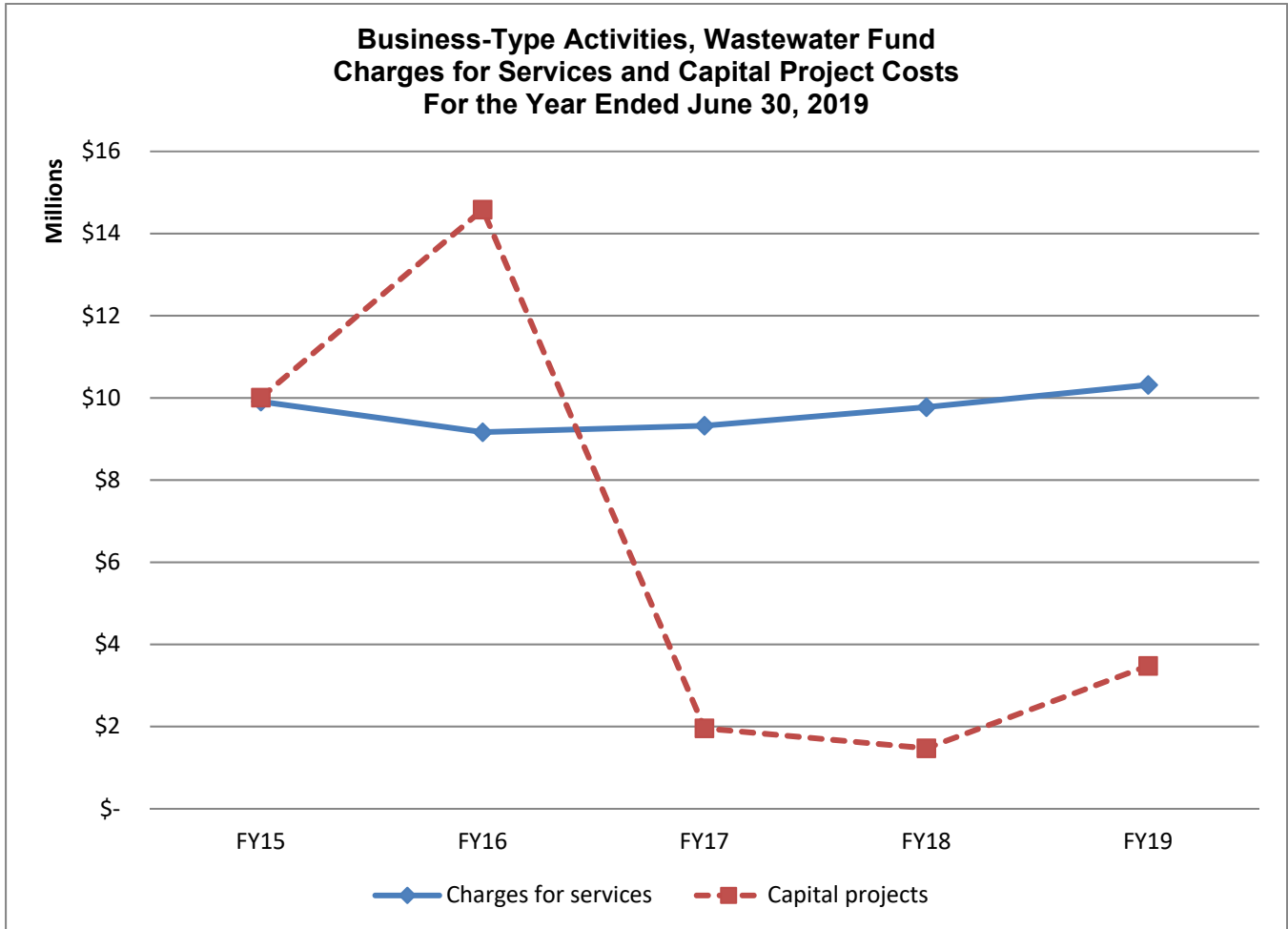
Expenses for business-type activities increased by \$3.3 million compared to the prior year. Generally, expenses increased due to higher costs of salaries and fringe benefits and GASB 68 pension expense for the year.

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. The chart indicates that Ambulance expenses exceeded program revenues; payments received for ambulance transports do not cover the cost of providing emergency transport services and in fiscal year 2019 the general fund transferred over \$700 thousand to help offset this gap. Building Department permits revenues lagged slightly behind expenses.



## 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, while capital project costs can vary due to the number and size of projects in a given year. The graph reflects the construction of the Water Reclamation Facilities expansion project in fiscal year 2016 and a reduction in capital construction costs in 2017 due to completion of the project.



**Department - Statement of Activities:** Total operating revenues increased by \$1.1 million for water and electric combined (or 1 percent). Operating expense increases for both electricity and water included O&M, customer account, administrative, pension, and depreciation costs. Economic and/or weather conditions, along with conservation continue to be factors for both water and electric consumption. Total other net revenue increased 15 percent largely due to an increase in Timber revenues over the prior year. Contributions in aid of construction increased 38 percent due to increased development in the community.

## 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 (public safety); and parks and recreation and library (culture and recreation activities).

Total General Fund revenues increased by \$1.7 million or 7.7 percent compared to the prior year. Property tax revenue increased by \$1.1 million due to growth in assessed property values and new construction. Licenses and permits, intergovernmental, charges for services, and fines and forfeitures, and miscellaneous revenues combined increased by \$0.6 million. In the General Fund, charges for services are primarily from parks and recreation user fees. On the modified accrual basis, charges for services revenue also includes internal charges for services that are recorded as transfers on the budgetary basis. Transfers to the General Fund from other funds for internal services provided increased by \$0.1 million in 2019.

Total General Fund expenditures increased by \$1.6 million compared to the prior year, primarily due to increased personnel costs. Public safety accounted for \$0.5 million of the increase, general government \$0.3 million, community development \$0.4 million and culture and recreation programs increased by \$0.4 million.

In the General Fund, total revenues exceeded expenditures by \$0.7 million in 2019. After taking into account other financing sources (uses) the net change in fund balance for the year was a decrease of \$0.4 million.

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 Funds –Ending Fund Balances June 30, 2019 and 2018 (in thousands)

	Ending Fund Balances														
	Major Funds													Total	
	General		Airport Maintenance		Transportation		Debt Service		Urban Renewal Debt Service		Non-major Funds		Total		
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019		2018
Nonspendable	\$ 2,114	\$ 2,184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49	\$ -	\$ 2,163		\$ 2,184
Restricted	-	-	-	-	5,699	10,370	1,475	1,268	-	-	3,775	3,621	10,949	15,259	
Committed	-	-	-	-	-	-	-	-	-	-	174	156	174	156	
Assigned	655	607	-	-	-	-	-	-	-	-	147	150	802	757	
Unassigned	5,814	6,179	(34)	(185)	-	-	-	-	(1,848)	(1,884)	(1,848)	(1,883)	3,932	4,111	
<b>Ending Fund</b>															

General Fund nonspendable fund balance includes \$2.1 million related to the interfund loan between the General Fund and Urban Renewal Debt Service Fund. The assigned fund balance includes \$0.7 million of Length of Service Award Program (LOSAP) plan assets. LOSAP is a non-qualified retirement plan for the City's volunteer firefighters. LOSAP is described in more detail in the notes to the financial statements, Note IV.D.2. Unassigned fund balance decreased by \$0.4 million compared with the prior year.

The Airport Maintenance Fund unassigned balance was slightly negative at the end of 2019. Charges for services revenue, including rental payments for land and building leases, were consistent with operating expenditures. Operating expenditures, primarily maintenance and improvements costs for buildings and runways, vary from year to year depending on projects. Rental property revenue is committed by City Council resolution solely for airport operations. The City was awarded over \$5 million in Federal Aviation Administration (FAA) grants in the last two fiscal years; grant funds are received on a reimbursement basis and \$0.7 million in reimbursements had not been received within 60 days of the 2019 fiscal year end. Therefore, the reimbursements are recorded as a deferred



## City of McMinnville - Management's Discussion and Analysis

inflow of resources in the Airport Fund. The slightly negative fund balance is a result of the delay in receiving grant fund reimbursement for costs incurred.

In February 2018, the City issued \$7.9 million in general obligation bonds in the Transportation Fund. The City continued spending down the proceeds in fiscal year 2019 resulting in a significant, though fully expected, decrease of \$4.7 million in fund balance year over year. Bond proceeds have been used for expansion and improvement of City streets.

The Debt Service Fund restricted balance increased by \$0.2 million compared with the prior year, almost exactly the amount that actual property tax revenues exceeded the budget for fiscal year 2019. 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 Urban Renewal Debt Service Fund unassigned fund balance of \$1.8 million which decreased slightly during fiscal year 2019 due to debt service payments.

Non-major governmental fund ending fund balances include amounts restricted for street maintenance and transient lodging taxes.

### Proprietary Funds – Ending Net Position June 30, 2019 and 2018 (in thousands)

	Ending Net Position							
	Unrestricted		Restricted		Net Investment in Capital Assets		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Fund:								
Wastewater	\$ 29,271	\$ 25,402	\$ -	\$ -	\$ 55,514	\$ 54,422	\$ 84,785	\$ 79,824
Ambulance	(4,243)	(2,142)	-	-	538	386	(3,705)	(1,756)
Building	-	-	1,094	1,133	233	229	1,327	1,362
Internal Service	1,466	1,704	-	-	414	457	1,880	2,161
<b>Total ending net position</b>	<b>\$ 26,494</b>	<b>\$ 24,964</b>	<b>\$ 1,094</b>	<b>\$ 1,133</b>	<b>\$ 56,699</b>	<b>\$ 55,494</b>	<b>\$ 84,287</b>	<b>\$ 81,591</b>

**For proprietary funds**, total ending net position for proprietary funds, including internal services funds, increased by \$2.7 million compared to 2018, primarily due to a \$3.9 million increase in Wastewater unrestricted net position. 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. A \$1.2 million increase in net investment in capital assets in business type funds resulted from efforts to maintain the value of capital investments in those activities in order to support service delivery.

Ambulance unrestricted net position changed from a negative \$2.1 million in 2018 to a negative \$4.2 million 2019, as operating expenses of \$6.4 million exceeded operating revenues of \$3.7 million. In 2019, an \$800,000 transfer from the General Fund was necessary to maintain sufficient working capital in the Ambulance Fund.

The slight decline in Building Fund net position resulted from charges for services running slightly behind operating expenses. FY19 staffing costs were higher relative the prior year due to adding plumbing inspector resources to meet needs of the project portfolio being managed by building fund staff during the year; the general impact of increasing pension cost also led to higher year over year personnel costs.

## City of McMinnville - Management's Discussion and Analysis

Internal service funds include Information Systems & Services (IS) and Insurance Services Funds. Net position for both funds declined by \$0.3 million relative to the prior year, driven principally by increased staffing costs and previously mentioned impact of increasing pension costs. 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 fiscal year 2019, the City paid \$0.5 million in premiums and less than \$50 thousand for paid claims. The City purchases property, liability, and workers compensation insurance from City County Insurance Services, a public entity risk pool.

### General Fund Budgetary Highlights

During the fiscal year, four supplemental budgets were adopted by the City Council that amended the General Fund budget. One was to allow for expenditure of unanticipated public art donations to install roundabouts at Hill Road. Another allowed for expenditure of unanticipated donation to fund the Kids on the Block sustainability assessment. The third was to allow payout of transient lodging taxes to Visit McMinnville and increase transfer to the General Fund. The final supplemental budget was needed to fund personnel cost for City firefighters' response to wildfire and hurricane conflagrations. Two appropriation transfers were adopted by the City Council, one to increase appropriations in the Finance due to staff turnover and one for the Fire departments due to staff turnover and attorney costs related to firefighter contractual bargaining and arbitration.

Total General Fund revenues exceeded budgeted revenues by approximately \$0.6 million, primarily due to higher than anticipated property taxes and franchise fee revenues offset by lower than budgeted intergovernmental revenue. Total expenditures were \$2.7 million less than budgeted, when excluding transfers and operating contingency. This favorable variance in expenditures was due to savings achieved in all General Fund departments, including over \$0.5 million in Planning and over \$0.8 million in combined public safety functions (Police, Fire and Municipal Court). On the budgetary basis of accounting, total General Fund expenditures, excluding other financing sources (uses) exceeded revenues by \$0.6 million.

### 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, 2019 and 2018 (in millions)

	Governmental		Business-Type		Total City	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Land	\$ 28.6	\$ 28.6	\$ 0.8	\$ 0.8	\$ 29.4	\$ 29.4
Easements	1.9	1.9	0.2	0.2	2.1	2.2
Public art	0.2	0.2	-	-	0.2	0.2
Land improvements	18.8	18.7	0.1	0.1	18.9	18.8
Buildings	32.9	32.8	55.0	54.9	87.9	87.7
Machinery and equipment	6.4	6.2	2.5	2.5	8.9	8.7
Vehicles	5.2	5.1	1.8	1.6	7.0	6.7
Infrastructure	90.9	67.0	47.4	46.5	138.3	113.5
Construction in progress	1.9	15.9	3.7	0.3	5.6	16.2
<b>Total capital assets</b>	<b>186.8</b>	<b>176.5</b>	<b>111.5</b>	<b>107.0</b>	<b>298.3</b>	<b>283.4</b>
Accumulated depreciation	(84.4)	(80.7)	(55.2)	(51.9)	(139.6)	(132.6)
<b>Net capital assets</b>	<b>\$ 102.4</b>	<b>\$ 95.8</b>	<b>\$ 56.3</b>	<b>\$ 55.0</b>	<b>\$ 158.7</b>	<b>\$ 150.8</b>

## City of McMinnville - Management's Discussion and Analysis

**Capital Assets:** The City's total net capital assets increased \$14.9 million.

- Governmental activities total capital assets increased by \$10.3 million, primarily due to increases in street infrastructure projects funded with general obligation bond proceeds. This increase was offset by a \$3.7 million increase in depreciation expense.
- For business-type activities, total capital assets increased \$4.5 million, due to Wastewater infrastructure projects and construction in progress funded by cash on hand. Including an increase in accumulated depreciation of \$3.3 million, net capital assets increased by \$1.3 million.

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

### Debt Administration

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

#### Outstanding Debt June 30, 2019 and 2018 (in millions)

	Governmental Activities		Business-Type Activities		Total City	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 30.4	\$ 33.2	\$ -	\$ -	\$ 30.4	\$ 33.2
Full Faith and Credit	5.0	5.4	-	-	5.0	5.4
Pension related debt	2.2	2.4	0.8	0.9	3.0	3.3
<b>Total outstanding debt</b>	<b>\$ 37.6</b>	<b>\$ 41.0</b>	<b>\$ 0.8</b>	<b>\$ 0.9</b>	<b>\$ 38.4</b>	<b>\$ 41.9</b>

**Outstanding Debt:** At June 30, 2019, the City had \$38.4 million in outstanding debt compared to \$41.9 million in the prior year, excluding liabilities related to other post-employment benefits (OPEB), for a net decrease of \$3.5 million. The decrease in general obligation bonds of \$2.8 million was due to planned debt service payments. Full faith and credit debt decreased by \$0.4 million due to principal payments made in 2019. Pension related debt also decreased by \$0.3 million due to principal payments on the loan executed in 2017 to pay off the balance of the City's PERS transition liability. Of the total outstanding debt for governmental activities, approximately \$3.2 million is due within one year.

For business-type activities, the total debt outstanding of \$0.8 million at June 30, 2019 is pension related debt.

The \$30.4 million in governmental activities general obligation debt is entirely payable from property taxes levied specifically for that purpose. The remaining \$5.0 million in full faith and credit obligation and \$3.0 million in pension related debt will be repaid from general revenues of the City. City and Department outstanding debt are described in more detail in the notes to the financial statements, beginning with Note III. G.

**Bond Ratings:** The City maintained its Aa3 rating from Moody's Investor's Services, Inc. in its Annual Comment publication issued in July of 2019. The review was of the City's outstanding general obligation debt.

## City of McMinnville - Management's Discussion and Analysis

### Economic Factors and Future Operations

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

- In 2019, maximum assessed property values increased by 6.8 percent compared to the prior year, per the Yamhill County Assessor. The increase in assessed values was due to growth in the value of existing property and new construction.
- Real market values increased by 5.6 percent in 2019 compared to the prior year. Real market values decreased from 2010 through 2014, but have been steadily increasing since 2014. For fiscal year 2019, assessed property values are 70.4 percent of real market value compared to 69.6 percent in 2018.
- The total value of commercial, industrial and residential building permits decreased to \$86.6 million in 2019 compared to \$92.6 million in 2018, due to a decrease of \$36.5 million in commercial and industrial permits while residential permits increased by \$30.4 million.
- Unemployment rates in Yamhill County have leveled out after trending downward over the last decade and are consistent with unemployment rate trends for the State of Oregon. Unemployment rates (not seasonally adjusted) for Yamhill County were 3.1 percent in June 2019 compared to 3.1 percent in June 2018.
- In 2013, the City Council created an Urban Renewal Agency and adopted an Urban Renewal Plan to promote development of the historic downtown and neighboring properties. The Agency began collecting incremental taxes in fiscal year 2015. The City executed a \$2.2 million dollar loan in October 2016 to facilitate street improvement projects in the urban renewal district. The incremental assessed property value in the urban renewal district increased by \$4.0 million in 2019 compared to 2018.
- The cost of employee fringe benefits, including health insurance premiums, continues to rise. In recent years, City employees have transitioned to copay health insurance plans to partially mitigate the increasing cost of premiums. The potential impact of legislative reform related to health care is unknown.
- The City's PERS employer contribution rates increased by over 8 percent from the current biennia compared to the prior period. The advisory rates for PERS in the 2021 - 23 biennia reflect an increase of over 15 percent.

### 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.
- **Ambulance operations:** Ambulance transport net position worsened by more than double compared to 2018. The City began outsourcing its internal billing function at the end of the fiscal year 2019, incurring higher than budgeted personnel costs due to extraordinary costs associated with eliminating positions as well as one-time costs associated with new services with an independent provider. Nevertheless, the City remains concerned about the sustainability of providing emergency medical services to the community under the current funding model.
- **Building operations:** Building charges for services decreased by \$0.1 million compared to the prior year.

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

## City of McMinnville - Management's Discussion and Analysis

### Information Requests

The City's *Comprehensive Annual 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](mailto:jennifer.cuellar@mcminnvilleoregon.gov).



## **BASIC FINANCIAL STATEMENTS**

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to Basic Financial Statements





## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

- Statement of Net Position
- Statement of Activities



**City of McMinnville, Oregon**  
**Statement of Net Position**  
**June 30, 2019**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Current assets				
Cash and investments	\$ 11,541,583	\$ 31,881,175	\$ 43,422,758	\$ 54,151,946
Receivables, net of allowances for uncollectibles	3,246,075	2,319,524	5,565,599	5,110,122
Prepays	82,986	8,160	91,146	-
Due from (to) other funds	1,156,833	(1,156,833)	-	-
Due from component unit	74,559	560,827	635,386	-
Restricted cash and investments	9,590,909	-	9,590,909	-
Inventories	-	-	-	985,379
Other current assets	-	-	-	669,408
Renewable energy certificates	-	-	-	134,136
Regulatory asset-conservation charges	-	-	-	1,537,286
Non-current assets				
Capital assets				
Non-depreciable capital assets	32,614,018	4,690,437	37,304,455	11,589,390
Depreciable capital assets	154,218,337	106,822,395	261,040,732	175,118,951
Accumulated depreciation	(84,367,208)	(55,227,700)	(139,594,908)	(58,284,873)
OPEB asset	106,171	38,741	144,912	51,946
Total assets	<u>128,264,263</u>	<u>89,936,726</u>	<u>218,200,989</u>	<u>191,063,691</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflow of resources - charges on refunding	285,392	-	285,392	-
Deferred outflow of resources - pension	8,631,788	3,141,173	11,772,961	8,511,886
Deferred outflow of resources - OPEB	100,341	36,613	136,954	226,172
Total deferred outflows of resources	<u>9,017,521</u>	<u>3,177,786</u>	<u>12,195,307</u>	<u>8,738,058</u>
<b>Liabilities</b>				
Accounts payable	1,767,726	577,408	2,345,134	3,020,186
Accrued payroll and other payroll liabilities	1,409,437	133,978	1,543,415	281,265
Due to primary government	-	-	-	822,732
Accrued interest payable	531,867	-	531,867	-
Retainage payable	48,192	142,652	190,844	-
Deposits	267,167	-	267,167	420,491
Other liabilities	91,848	-	91,848	732,265
Unearned revenue	472,380	13,259	485,639	-
Compensated absences	996,410	266,467	1,262,877	505,093
Current debt payable	3,251,363	73,535	3,324,898	-
Non-current liabilities				
Other post employment benefits	837,244	305,506	1,142,750	1,539,551
Net pension liability	17,647,866	6,071,474	23,719,340	8,142,888
PERS regulatory liability	-	-	-	4,923,527
Notes and bonds payable	34,377,925	743,632	35,121,557	-
Total Liabilities	<u>61,699,425</u>	<u>8,327,911</u>	<u>70,027,336</u>	<u>20,387,998</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflow of resources - pension	5,681,293	2,058,840	7,740,133	783,139
Deferred inflow of resources - OPEB	879,218	320,822	1,200,040	747,807
Total deferred inflows of resources	<u>6,560,511</u>	<u>2,379,662</u>	<u>8,940,173</u>	<u>1,530,946</u>
<b>Net Position</b>				
Net investment in capital assets	75,161,026	56,285,132	131,446,158	128,423,468
Restricted for:				
Capital projects	7,171,212	-	7,171,212	-
Debt service	1,474,641	-	1,474,641	-
Highways and streets	2,089,468	-	2,089,468	-
Tourism promotion	262,485	-	262,485	-
Building inspection	-	1,094,349	1,094,349	-
Unrestricted	(17,136,984)	25,027,458	7,890,474	49,459,337
Total net position	<u>\$ 69,021,848</u>	<u>\$ 82,406,939</u>	<u>\$ 151,428,787</u>	<u>\$ 177,882,805</u>

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

**City of McMinnville, Oregon**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities:				
General government	\$ 3,952,533	\$ 1,553,039	\$ 419,801	\$ -
Community development	2,473,857	199,146	-	-
Public Safety:				
Police	11,783,861	652,721	220,604	-
Fire	4,341,851	728,544	1,978	-
Highways and streets	3,996,504	243,182	2,474,381	3,334,447
Culture and recreation:				
Parks and recreation	5,291,479	840,295	322,334	190,936
Library	1,980,816	73,010	175,664	-
Airport	364,338	341,479	-	659,857
Interest on long-term debt	1,274,644	-	-	-
<b>Total governmental activities</b>	<b>35,459,883</b>	<b>4,631,416</b>	<b>3,614,762</b>	<b>4,185,240</b>
Business-Type Activities:				
Building Division	786,701	728,107	-	-
Wastewater	7,797,715	10,316,187	-	1,854,802
Ambulance	6,375,039	3,709,176	-	-
<b>Total business-type activities</b>	<b>14,959,455</b>	<b>14,753,470</b>	<b>-</b>	<b>1,854,802</b>
<b>Total primary government</b>	<b>\$ 50,419,338</b>	<b>\$ 19,384,886</b>	<b>\$ 3,614,762</b>	<b>\$ 6,040,042</b>
<b>Component Unit</b>				
Water and Light	\$ 48,180,704	\$ 47,502,181	\$ -	\$ 2,300,239

General Revenues:

Taxes:

  Property taxes

  Franchise fees

  Transient lodging taxes

Unrestricted state shared revenues

Unrestricted investment earnings

Timber sales, net of related expenses

Other, net

Total general revenues

Transfers between Governmental and Business-type  
Activities

Change in net position

Net position - beginning

Net position - ending

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

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Water and Light</b>
\$ (1,979,693)	\$ -	\$ (1,979,693)	\$ -
(2,274,711)	-	(2,274,711)	-
(10,910,536)	-	(10,910,536)	-
(3,611,329)	-	(3,611,329)	-
2,055,506	-	2,055,506	-
(3,937,914)	-	(3,937,914)	-
(1,732,142)	-	(1,732,142)	-
636,998	-	636,998	-
(1,274,644)	-	(1,274,644)	-
<u>(23,028,465)</u>	<u>-</u>	<u>(23,028,465)</u>	<u>-</u>
-	(58,594)	(58,594)	-
-	4,373,274	4,373,274	-
-	(2,665,863)	(2,665,863)	-
<u>-</u>	<u>1,648,817</u>	<u>1,648,817</u>	<u>-</u>
<u>(23,028,465)</u>	<u>1,648,817</u>	<u>(21,379,648)</u>	<u>-</u>
			<u>\$ 1,621,716</u>
17,509,832	-	17,509,832	-
2,688,775	-	2,688,775	-
1,274,661	-	1,274,661	-
1,428,732	-	1,428,732	-
151,605	591,066	742,671	1,195,165
-	-	-	3,500,751
260,194	26,492	286,686	1,476,866
<u>23,313,799</u>	<u>617,558</u>	<u>23,931,357</u>	<u>6,172,782</u>
(711,000)	711,000	-	-
(425,666)	2,977,375	2,551,709	7,794,498
69,447,514	79,429,564	148,877,078	170,088,307
<u>\$ 69,021,848</u>	<u>\$ 82,406,939</u>	<u>\$ 151,428,787</u>	<u>\$ 177,882,805</u>



## **FUND FINANCIAL STATEMENTS**

- Governmental Funds:
  - Balance Sheet
  - Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
  - Statement of Revenues, Expenditures, and Changes in Fund Balances
  - Reconciliation of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
  - Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:
    - General Fund
    - Airport Maintenance Fund
- Proprietary Funds:
  - Statement of Net Position
  - Statement of Revenues, Expenses, and Changes in Net Position
  - Statement of Cash Flows





**City of McMinnville, Oregon**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	General	Airport Maintenance	Transportation	Debt Service	Urban Renewal Debt Service	Total Non- Major Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and investments	\$ 6,551,873	\$ -	\$ -	\$ -	\$ 226,961	\$ 2,620,686	\$ 9,399,520
Receivables	1,593,718	723,588	-	251,504	14,254	737,570	3,320,634
Due from other funds	2,079,554	-	-	-	-	-	2,079,554
Prepays	34,193	-	-	-	-	48,793	82,986
Advances to other funds	1,268,777	-	-	-	-	-	1,268,777
Due from component unit	-	-	-	-	-	-	-
Restricted cash and investments	-	97,859	6,566,337	1,407,279	-	1,519,434	9,590,909
Total assets	<u>\$ 11,528,115</u>	<u>\$ 821,447</u>	<u>\$ 6,566,337</u>	<u>\$ 1,658,783</u>	<u>\$ 241,215</u>	<u>\$ 4,926,483</u>	<u>\$ 25,742,380</u>
<b>Liabilities</b>							
Accounts payable	\$ 352,071	\$ 81,122	\$ 825,827	\$ -	\$ -	\$ 390,209	\$ 1,649,229
Due to other funds	-	-	-	-	2,079,554	-	2,079,554
Accrued payroll and other payroll liabilities	1,379,000	-	-	-	-	20,430	1,399,430
Retainage payable	-	6,698	41,494	-	-	-	48,192
Deposits	267,167	-	-	-	-	-	267,167
Advances from other funds	-	-	-	-	-	111,944	111,944
Unearned revenue	184,917	53,184	-	-	-	219,188	457,289
Total Liabilities	<u>2,183,155</u>	<u>141,004</u>	<u>867,321</u>	<u>-</u>	<u>2,079,554</u>	<u>741,771</u>	<u>6,012,805</u>
<b>Deferred inflows of resources:</b>							
Unavailable revenue - taxes	662,026	-	-	184,142	9,932	-	856,100
Unavailable revenue - other	100,214	714,221	-	-	-	38,857	853,292
Total deferred inflows of resources	<u>762,240</u>	<u>714,221</u>	<u>-</u>	<u>184,142</u>	<u>9,932</u>	<u>38,857</u>	<u>1,709,392</u>
<b>Fund Balances</b>							
Nonspendable	2,113,747	-	-	-	-	48,793	2,162,540
Restricted	-	-	5,699,016	1,474,641	-	3,775,356	10,949,013
Committed	-	-	-	-	-	174,734	174,734
Assigned	655,396	-	-	-	-	146,972	802,368
Unassigned	5,813,577	(33,778)	-	-	(1,848,271)	-	3,931,528
Total fund balances	<u>8,582,720</u>	<u>(33,778)</u>	<u>5,699,016</u>	<u>1,474,641</u>	<u>(1,848,271)</u>	<u>4,145,855</u>	<u>18,020,183</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,528,115</u>	<u>\$ 821,447</u>	<u>\$ 6,566,337</u>	<u>\$ 1,658,783</u>	<u>\$ 241,215</u>	<u>\$ 4,926,483</u>	<u>\$ 25,742,380</u>

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 Position**  
**June 30, 2019**

Total fund balances - governmental funds \$ 18,020,183

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

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

Capital assets	\$ 184,508,765	
Accumulated depreciation	<u>(82,457,699)</u>	102,051,066

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

Property taxes earned but not available	856,100	
Other receivables earned but not available	853,292	
Deferred outflows of resources - pension and OPEB	<u>8,532,146</u>	10,241,538

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

Net pension liability	(17,265,777)	
Bonds payable	(35,398,822)	
Deferred amount on bond refunding	285,392	
Pension related debt	(2,179,053)	
Interest payable	(531,867)	
Other post employment benefits payable	(714,285)	
Compensated absences payable	(956,126)	
Deferred inflows of resources - pension and OPEB	<u>(6,410,755)</u>	(63,171,293)

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. 1,880,354

Total net position - governmental activities \$ 69,021,848

**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 Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	General	Airport Maintenance	Transportation	Debt Service	Urban Renewal Debt Service	Total Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Property taxes	\$ 13,699,308	\$ -	\$ -	\$ 3,908,133	\$ 256,458	\$ -	\$ 17,863,899
Special assessments	-	-	-	-	-	53,718	53,718
Licenses and permits	3,130,370	-	-	-	-	1,552,418	4,682,788
Intergovernmental	2,005,684	659,857	201,248	-	-	2,589,551	5,456,340
Charges for services	3,009,698	327,826	664,848	-	-	707,020	4,709,392
Fines and forfeitures	628,167	-	-	-	-	-	628,167
Miscellaneous	918,105	13,653	190,936	29,860	4,942	100,890	1,258,386
Total revenues	<u>23,391,332</u>	<u>1,001,336</u>	<u>1,057,032</u>	<u>3,937,993</u>	<u>261,400</u>	<u>5,003,597</u>	<u>34,652,690</u>
<b>Expenditures</b>							
Current:							
General government	2,506,822	-	-	-	-	1,138,798	3,645,620
Community development	2,046,261	-	-	-	-	-	2,046,261
Public Safety	12,020,750	-	-	-	-	854,579	12,875,329
Highways and streets	-	-	641,755	-	-	2,011,530	2,653,285
Culture and recreation	5,581,313	-	-	-	-	138,498	5,719,811
Airport	-	547,711	-	-	-	-	547,711
Capital outlay:							
Highways and streets	-	-	5,455,486	-	-	166,704	5,622,190
Culture and recreation	-	-	-	-	-	512,264	512,264
Airport	-	302,280	-	-	-	-	302,280
Debt service:							
Principal	355,780	-	154,409	2,555,000	-	-	3,065,189
Interest	132,215	-	46,839	1,176,138	43,499	-	1,398,691
Total expenditures	<u>22,643,141</u>	<u>849,991</u>	<u>6,298,489</u>	<u>3,731,138</u>	<u>43,499</u>	<u>4,822,373</u>	<u>38,388,631</u>
Excess (deficiency) of revenues over (under) expenditures	<u>748,191</u>	<u>151,345</u>	<u>(5,241,457)</u>	<u>206,855</u>	<u>217,901</u>	<u>181,224</u>	<u>(3,735,941)</u>
Other Financing Sources (Uses)							
Transfers from other funds	392,821	-	570,000	-	-	999,730	1,962,551
Transfers to other funds	(1,528,100)	-	-	-	(182,630)	(962,821)	(2,673,551)
Total other financing sources (uses)	<u>(1,135,279)</u>	<u>-</u>	<u>570,000</u>	<u>-</u>	<u>(182,630)</u>	<u>36,909</u>	<u>(711,000)</u>
Net change in fund balances	(387,088)	151,345	(4,671,457)	206,855	35,271	218,133	(4,446,941)
Fund balances - beginning	8,969,809	(185,123)	10,370,473	1,267,786	(1,883,542)	3,927,722	22,467,125
Fund balances - ending	<u>\$ 8,582,721</u>	<u>\$ (33,778)</u>	<u>\$ 5,699,016</u>	<u>\$ 1,474,641</u>	<u>\$ (1,848,271)</u>	<u>\$ 4,145,855</u>	<u>\$ 18,020,184</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, 2019**

Net change in fund balances - governmental funds \$ (4,446,941)

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 these 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	\$ 10,427,948	
Current year depreciation expense	<u>(3,707,715)</u>	6,720,233

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in property taxes earned but not available	(354,067)	
Change in other revenues earned but not available	<u>(378,079)</u>	(732,146)

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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is

Principal repayments on long-term obligations	3,090,316	
Amortization of premium - general obligation bonds	313,083	
Amortization of deferred charge on bond refunding	<u>(36,825)</u>	3,366,574

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.

Change in compensated absences	(57,280)	
Change in other post employment benefits	88,183	
Change in pension liability	(4,998,508)	
Change in accrued interest	<u>(84,774)</u>	(5,052,379)

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. Losses from capital asset transfers from internal service funds to other governmental funds are offset by the receipt of assets within governmental activities and are eliminated on the Statement of Activities.

Net revenue		<u>(281,007)</u>
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Change in net position - governmental activities \$ (425,666)

## City of McMinnville, Oregon

### General Fund

#### Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 12,846,861	\$ 12,846,861	\$ 13,699,308	\$ 852,447
Licenses and permits	2,998,600	2,998,600	3,130,370	131,770
Intergovernmental	2,202,060	2,388,480	2,005,684	(382,796)
Charges for services	1,462,458	1,462,458	1,384,256	(78,202)
Fines and forfeitures	564,300	564,300	628,167	63,867
Miscellaneous	812,879	894,879	874,604	(20,275)
<b>Total revenues</b>	<b>20,887,158</b>	<b>21,155,578</b>	<b>21,722,389</b>	<b>566,811</b>
<b>Expenditures</b>				
General government:				
Administration	1,463,991	1,505,991	1,328,128	177,863
Finance	805,929	845,929	828,517	17,412
Community development:				
Engineering	1,091,207	1,091,207	1,054,540	36,667
Planning	1,502,007	1,502,007	991,721	510,286
Public safety:				
Police	8,506,466	8,506,466	8,068,767	437,699
Municipal court	539,655	539,655	512,222	27,433
Fire	3,538,396	3,802,566	3,439,761	362,805
Culture and recreation:				
Parks and recreation	2,949,569	2,989,569	2,730,665	258,904
Park maintenance	1,328,774	1,328,774	1,217,886	110,888
Library	1,678,331	1,678,331	1,632,762	45,569
Non-departmental	487,996	487,996	487,995	1
Contingencies	900,000	742,250	-	742,250
<b>Total expenditures</b>	<b>24,792,321</b>	<b>25,020,741</b>	<b>22,292,964</b>	<b>2,727,777</b>
Excess (deficiency) of revenues over (under) expenditures	(3,905,163)	(3,865,163)	(570,575)	3,294,588
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	2,458,547	2,498,547	2,338,400	(160,147)
Transfers to other funds	(2,182,508)	(2,182,508)	(2,060,907)	121,601
<b>Total other financing sources (uses)</b>	<b>276,039</b>	<b>316,039</b>	<b>277,493</b>	<b>(38,546)</b>
<b>Net change in fund balances</b>	<b>(3,629,124)</b>	<b>(3,549,124)</b>	<b>(293,082)</b>	<b>3,256,042</b>
Fund balances - beginning	5,392,990	5,392,990	6,796,248	1,403,258
<b>Fund balances - ending</b>	<b>\$ 1,763,866</b>	<b>\$ 1,843,866</b>	<b>6,503,166</b>	<b>\$ 4,659,300</b>
<b>Add (subtract):</b>				
Outstanding interfund loan			2,079,554	
Fund balance, modified accrual basis			<b>\$ 8,582,720</b>	
<b>Reconciliation:</b>				
Charges for services, budgetary basis			\$ 1,384,256	
Transfers from other funds - services provided			1,625,442	
Charges for services, modified accrual basis			<b>\$ 3,009,698</b>	
Expenditures, budgetary basis			\$ 22,292,964	
Transfers to other funds - services provided			350,177	
Expenditures, modified accrual basis			<b>\$ 22,643,141</b>	
Other financing sources (uses), budgetary basis			\$ 277,493	
Transfers from other funds - services provided			(1,625,442)	
Transfers from other funds - interfund loan repayment			(320,137)	
Transfers to other funds - services provided			350,177	
Transfers to other funds - interfund loan			182,630	
Other financing sources (uses), modified accrual basis			<b>\$ (1,135,279)</b>	

**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, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 239,333	\$ 239,333	\$ 659,857	420,524
Charges for services	325,900	325,900	327,826	1,926
Miscellaneous	8,800	8,800	13,653	4,853
Total revenues	574,033	574,033	1,001,336	427,303
<b>Expenditures</b>				
Airport:				
Materials and services	431,833	474,433	422,092	52,341
Capital Outlay	-	357,400	302,280	55,120
Contingencies	300,000	-	-	-
Total expenditures	731,833	831,833	724,372	107,461
Excess (deficiency) of revenues over (under) expenditures	(157,800)	(257,800)	276,964	534,764
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	-	100,000	-	(100,000)
Transfers to other funds	(125,619)	(125,619)	(125,619)	-
Total other financing sources (uses)	(125,619)	(25,619)	(125,619)	(100,000)
Net change in fund balances	(283,419)	(283,419)	151,345	434,764
Fund balances, budgetary basis - beginning	763,883	763,883	(185,123)	(949,006)
Fund balances, budgetary basis - ending	\$ 480,464	\$ 480,464	\$ (33,778)	\$ (514,242)
<b>Reconciliation:</b>				
Expenditures, budgetary basis			\$ 724,372	
Transfers to other funds - services provided			125,619	
Expenditures, modified accrual basis			\$ 849,991	
Other financing sources (uses), budgetary basis			\$ (125,619)	
Transfers to other funds - services provided			125,619	
Other financing sources (uses), modified accrual basis			\$ -	

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

**City of McMinnville, Oregon**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	Business-Type Activities				Governmental Activities
	Enterprise Funds			Internal Service Funds	
	Wastewater Fund	Ambulance	Non-major Building		Total
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 30,599,114	\$ -	\$ 1,282,061	\$ 31,881,175	\$ 2,142,063
Receivables, net of allowance for uncollectibles	988,878	1,328,763	1,883	2,319,524	-
Due from component unit	560,827	-	-	560,827	-
Prepays	2,160	6,000	-	8,160	-
<b>Total current assets</b>	<b>32,150,979</b>	<b>1,334,763</b>	<b>1,283,944</b>	<b>34,769,686</b>	<b>2,142,063</b>
Non-current assets:					
Capital assets:					
Non-depreciable capital assets	4,688,017	2,420	-	4,690,437	-
Depreciable capital assets	105,242,485	1,178,253	401,657	106,822,395	2,323,590
Accumulated depreciation	(54,416,942)	(642,612)	(168,146)	(55,227,700)	(1,909,509)
OPEB asset	12,614	25,201	926	38,741	2,438
<b>Total non-current assets</b>	<b>55,526,174</b>	<b>563,262</b>	<b>234,437</b>	<b>56,323,873</b>	<b>416,519</b>
<b>Total assets</b>	<b>87,677,153</b>	<b>1,898,025</b>	<b>1,518,381</b>	<b>91,093,559</b>	<b>2,558,582</b>
<b>Deferred outflow of resources</b>					
Deferred outflow of resources - pension	1,022,757	2,043,305	75,111	3,141,173	197,679
Deferred outflow of resources - OPEB	11,921	23,817	875	36,613	2,304
<b>Total deferred outflows</b>	<b>1,034,678</b>	<b>2,067,122</b>	<b>75,986</b>	<b>3,177,786</b>	<b>199,983</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	519,685	56,297	1,426	577,408	118,497
Advances from other funds	-	1,156,833	-	1,156,833	-
Retainage payable	142,652	-	-	142,652	-
Accrued payroll and other payroll liabilities	41,795	82,212	9,971	133,978	10,007
Other liabilities	-	-	-	-	91,848
Unearned revenue	1,300	11,959	-	13,259	15,091
Pension related debt - due in one year	23,944	47,833	1,758	73,535	4,627
Compensated absences	104,163	136,082	26,222	266,467	40,284
<b>Total current liabilities</b>	<b>833,539</b>	<b>1,491,216</b>	<b>39,377</b>	<b>2,364,132</b>	<b>280,354</b>
Non-current liabilities:					
Other post employment benefits	99,472	198,729	7,305	305,506	19,226
Net pension liability	1,976,865	3,949,459	145,150	6,071,474	382,089
Pension related debt	242,138	483,720	17,774	743,632	46,786
<b>Total non-current liabilities</b>	<b>2,318,475</b>	<b>4,631,908</b>	<b>170,229</b>	<b>7,120,612</b>	<b>448,101</b>
<b>Total liabilities</b>	<b>3,152,014</b>	<b>6,123,124</b>	<b>209,606</b>	<b>9,484,744</b>	<b>728,455</b>
<b>Deferred inflow of resources</b>					
Deferred inflow of resources - pension	670,353	1,339,257	49,230	2,058,840	129,566
Deferred inflow of resources - OPEB	104,459	208,692	7,671	320,822	20,190
<b>Total deferred inflows</b>	<b>774,812</b>	<b>1,547,949</b>	<b>56,901</b>	<b>2,379,662</b>	<b>149,756</b>
<b>Net Position</b>					
Net investment in capital assets	55,513,560	538,061	233,511	56,285,132	414,081
Restricted for:					
Building	-	-	1,094,349	1,094,349	-
Unrestricted	29,271,445	(4,243,987)	-	25,027,458	1,466,273
<b>Total net position</b>	<b>\$ 84,785,005</b>	<b>\$ (3,705,926)</b>	<b>\$ 1,327,860</b>	<b>\$ 82,406,939</b>	<b>\$ 1,880,354</b>

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

**City of McMinnville, Oregon**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	Business-Type Activities				Governmental Activities
	Enterprise Funds				Internal Service Funds
	Wastewater Fund	Ambulance	Non-major Building	Total	
<b>Operating Revenues</b>					
Charges for services	\$ 10,290,558	\$ 3,534,424	\$ 718,569	\$ 14,543,551	\$ 2,015,267
Intergovernmental	-	86,936	-	86,936	-
Miscellaneous	25,629	87,816	9,538	122,983	113,177
Total operating revenues	<u>10,316,187</u>	<u>3,709,176</u>	<u>728,107</u>	<u>14,753,470</u>	<u>2,128,444</u>
<b>Operating Expenses</b>					
Personnel services	2,517,663	4,847,791	548,226	7,913,680	579,148
Materials and services	2,071,512	1,432,074	222,884	3,726,470	1,827,748
Depreciation	3,208,540	95,174	15,591	3,319,305	43,217
Total operating expenses	<u>7,797,715</u>	<u>6,375,039</u>	<u>786,701</u>	<u>14,959,455</u>	<u>2,450,113</u>
Operating income (loss)	<u>2,518,472</u>	<u>(2,665,863)</u>	<u>(58,594)</u>	<u>(205,985)</u>	<u>(321,669)</u>
<b>Nonoperating Revenues (Expenses)</b>					
Investment earnings	566,702	-	24,364	591,066	40,662
Gain on disposal of capital assets	-	-	-	-	-
Other revenue	21,601	4,891	-	26,492	-
Total nonoperating revenues (expenses)	<u>588,303</u>	<u>4,891</u>	<u>24,364</u>	<u>617,558</u>	<u>40,662</u>
Income (loss) before contributions and transfers	<u>3,106,775</u>	<u>(2,660,972)</u>	<u>(34,230)</u>	<u>411,573</u>	<u>(281,007)</u>
<b>Capital Contributions and Transfers</b>					
System development revenue	1,031,922	-	-	1,031,922	-
Capital contributions	822,880	-	-	822,880	-
Transfers from other funds	-	800,000	-	800,000	-
Transfers to other funds	-	(89,000)	-	(89,000)	-
Total capital contributions and transfers	<u>1,854,802</u>	<u>711,000</u>	<u>-</u>	<u>2,565,802</u>	<u>-</u>
Change in net position	<u>4,961,577</u>	<u>(1,949,972)</u>	<u>(34,230)</u>	<u>2,977,375</u>	<u>(281,007)</u>
Net position - beginning	<u>79,823,428</u>	<u>(1,755,954)</u>	<u>1,362,090</u>	<u>79,429,564</u>	<u>2,161,361</u>
Total net position - ending	<u>\$ 84,785,005</u>	<u>\$ (3,705,926)</u>	<u>\$ 1,327,860</u>	<u>\$ 82,406,939</u>	<u>\$ 1,880,354</u>

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



**City of McMinnville, Oregon**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	Business-Type Activities				Governmental
	Enterprise Funds				Activities
	Wastewater	Ambulance	Building	Total	Internal Service Funds
<b>Cash Flows From Operating Activities</b>					
Receipts from customers and users	\$ 10,274,064	\$ 3,657,236	\$ 726,755	\$ 14,658,055	\$ -
Receipts from interfund services provided	-	-	-	-	2,015,489
Other operating receipts - insurance reimbursements	-	-	-	-	112,955
Payments to suppliers	(1,562,170)	(1,397,176)	(264,341)	(3,223,687)	(1,738,140)
Payments to employees	(1,915,094)	(3,574,546)	(515,194)	(6,004,834)	(454,293)
Cash received for rental revenue	21,601	-	-	21,601	-
Net cash from operating activities	<u>6,818,401</u>	<u>(1,314,486)</u>	<u>(52,780)</u>	<u>5,451,135</u>	<u>(63,989)</u>
<b>Cash Flows From Non-Capital Financing Activities</b>					
Principal paid on pension-related obligations	(31,811)	(44,480)	(1,634)	(77,925)	(4,302)
Transfers from other funds	-	1,695,643	-	1,695,643	-
Transfers to other funds	-	(89,000)	-	(89,000)	-
Net cash from non-capital financing activities	<u>(31,811)</u>	<u>1,562,163</u>	<u>(1,634)</u>	<u>1,528,718</u>	<u>(4,302)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>					
Additions to capital assets	(3,477,696)	(247,677)	(19,770)	(3,745,143)	-
Proceeds on the disposition of capital assets	-	-	-	-	-
Development charges and fees	1,031,922	-	-	1,031,922	-
Net cash from capital and related financing activities	<u>(2,445,774)</u>	<u>(247,677)</u>	<u>(19,770)</u>	<u>(2,713,221)</u>	<u>-</u>
<b>Cash Flows From Investing Activities</b>					
Interest received	566,702	-	24,364	591,066	40,662
Increase (decrease) in cash and investments	4,907,518	-	(49,820)	4,857,698	(27,629)
Cash and investments - beginning	25,691,596	-	1,331,881	27,023,477	2,169,692
Cash and investments - ending	<u>\$ 30,599,114</u>	<u>\$ -</u>	<u>\$ 1,282,061</u>	<u>\$ 31,881,175</u>	<u>\$ 2,142,063</u>
<b>Reconciliation of Operating Income (Loss) to</b>					
<b>Net Cash From Operating Activities</b>					
Operating income (loss)	\$ 2,518,472	\$ (2,665,863)	\$ (58,594)	\$ (205,985)	\$ (321,669)
Adjustments to reconcile operating income (loss)					
to net cash from operating activities:					
Cash from rental activities, recognized as non-operating					
on the Statement of Revenues, Expenses, and					
Changes in Net Position	21,601	-	-	21,601	-
Depreciation	3,208,540	95,174	15,591	3,319,305	43,217
Change in current assets and liabilities:					
Receivables	(214,994)	(63,899)	(1,352)	(280,245)	-
Due from component unit	172,871	-	-	172,871	-
Prepays	(1,520)	(6,000)	-	(7,520)	-
Accounts payable	369,210	40,898	(41,457)	368,651	74,517
Retainage payable	141,652	-	-	141,652	-
Compensated absences	4,815	(8,347)	7,074	3,542	9,176
Other post employment benefits	(8,148)	63,049	(19,693)	35,208	(2,300)
Net pension expense	604,715	1,208,123	44,410	1,857,248	116,880
Accrued payroll and other payroll liabilities	1,187	10,420	1,241	12,848	1,099
Other liabilities	-	-	-	-	15,091
Unearned revenue	-	11,959	-	11,959	-
Net cash from operating activities	<u>\$ 6,818,401</u>	<u>\$ (1,314,486)</u>	<u>\$ (52,780)</u>	<u>\$ 5,451,135</u>	<u>\$ (63,989)</u>
<b>Non-Cash Investing, Capital, and Financing Activities</b>					
Capital asset contributions from developers	\$ 822,880	\$ -	\$ -	\$ 822,880	\$ -

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

## **NOTES TO BASIC FINANCIAL STATEMENTS**

- I. Summary of Significant Accounting Policies
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  - C. Other Post-Employment Benefits
  - D. Employee Retirement Pension Plans
  - E. Commitments and Contingencies
  - F. Major Customer and Supplier
  - G. Jointly Governed Organization
  - H. BPA Overpayment
  - I. McMinnville Rural Fire Protection District
  - J. Restatement
  - K. Deficit Fund Balance/Net Position
  - L. New Accounting Pronouncements - GSAB Statement No. 83 and 88



**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2018**

**I. Summary of Significant Accounting Policies**

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

**A. Description of Government-Wide Financial Statements**

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

**B. Reporting Entity**

**1. Primary Government**

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

The accompanying basic financial statements present the City and its component units, McMinnville Water and Light Department (Department) and McMinnville Urban Renewal Agency (Agency). The Department is a discretely presented component unit and as such is reported in a separate column in the government-wide financial statements to emphasize the Department's separate enterprise operations. The City and the Department have June 30<sup>th</sup> 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, 2019**

**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 franchise fee payments from the Department based on a percentage established by the City Council.

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, 2019**

**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. However, 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, 2019**

**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 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; and intergovernmental revenues. Expenditures are for police, municipal court, fire, 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.
- 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.
- 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.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

- Ambulance Fund – accounts for emergency medical services revenues, the General Fund operating support, and related expenses.

The City reports one non-major enterprise fund, the Building Fund.

The City also reports internal service funds within the proprietary fund type. The City's internal service funds include a fund which accounts for the City's property, liability, and workers' compensation insurance and a 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*, which was implemented by the City in the fiscal year ending June 30, 2016, 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). There was no material impact to the financial statements caused by the implementation of GASB Statement 72.

**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, 2019**

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 and in the proprietary fund financial statements, an allowance for uncollectible accounts is recorded in business-type activities for ambulance transport charges and 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. In the Ambulance Fund, a collection percentage is calculated based on payments as a percentage of total charges. To estimate the allowance for uncollectible accounts, the collection percentage is applied to the year-end accounts receivable balance.

**3. Inventories and Prepaid Items**

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

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

**4. Restricted Assets**

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

**5. Capital Assets**

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

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

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

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

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

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

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

<u>Assets</u>	<u>Years</u>
City:	
Land improvements	20
Buildings and building improvements	20-50
Computer equipment	4-5
Machinery and equipment	5-15
Vehicles	5-10
Computer infrastructure	10-50
Street and sewer infrastructure	20-50
Department:	
Office and other equipment	10-14
Transportation equipment	5-10
Electricity and water infrastructure	20-100

**6. Renewable Energy Certificates**

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

The Department receives RECs as part of the purchase agreement with Bonneville Power Administration for buying Green Energy Premium Wind. The RECs are available for sale at market price. The Department also receives RECs as part of the renewable energy purchased from Waste Management Renewable Energy (WMRE). These RECs are also available for sale at market prices or are banked to satisfy future Oregon Renewable Portfolio Standard obligations.

**7. 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. Historically, compensated absences used during the year exceed the year-end balance; therefore management considers all compensated absences to be 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.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

**8. Pension Obligations**

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*, the City's net pension (asset)/liability, deferred inflows and outflows of resources related to pensions, and pension expense have been determined on the same basis as they are reported by Oregon Public Employees Retirement System (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.

**9. Other Postemployment Benefit Obligations**

The City and Department implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ending June 30, 2018. GASB 75 replaces the requirements of GASB Statement 45, GASB Statement 57, and GASB Statement 74. Specifically, GASB 75 recognizes the long-term obligation for health and life insurance benefits offered to retirees. The accounting change adopted to conform to the provisions of GASB 75 has been applied by adjusting the beginning net position for the fiscal year ended June 30, 2018. GASB 75 was early implemented for the year ending June 30, 2017 for post employment benefits related to the City's Length of Service Awards Program (LOSAP) provided as a pension benefit to volunteer fire fighters. See Note IV.D.2 for more information on this OPEB plan.

OPERS - Retirement Health Insurance Account. For purposes of measuring the net OPEB liability/asset, deferred outflows of resources and deferred inflows of resources to OPEB, and OPEB expense, information about the fiduciary net position of the OPERS and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are report by OPERS. For this purpose, OPERS recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

City County Insurance Services (CIS). For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources to OPEB, and OPEB expense, the City has relied on actuarial reports. The City allows retired employees to purchase health insurance at the same rates as active employees. The related expense is recognized as the City pays premiums to CIS; the actuarial valuation of the OPEB liability/asset, along with deferred inflows and outflows related to pensions, includes the calculated cost of providing future benefits to current employees.

**10. 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.

**11. Pensions**

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows or resources related to pension, and pension expense, information about the fiduciary net position of

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

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.

**12. 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.

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 position 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 two types of deferred inflows that qualify for reporting in this category. *Unavailable revenue* from property taxes is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available. The governmental funds report unavailable revenues from two sources: property taxes and donations where a timing requirement has not been met. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred amounts related to pension. This amount is deferred and recognized as an inflow of resources in the period when the City recognizes pension income. Deferred inflows are included in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

**13. 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.

**14. 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.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

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.

A formal fund balance policy was adopted by the City Council in fiscal year 2011-12. The fund balance policy establishes a goal for General Fund unassigned fund balance levels and is intended to serve as a guide for important budgetary decisions. The policy recommends that cash flow needs, bond credit ratings, unforeseen emergencies, and capital reserves should be considered in determining the minimum fund balance level. Generally, 25 percent of General Fund annual budgeted expenditures provides an adequate cash reserve to cover operating expenditures prior to the receipt of current year property tax revenues. The policy does not stipulate the conditions under which the fund balance may fall below the minimum, but, rather, establishes a target amount that the City believes should be maintained to provide a reasonable level of assurance that day-to-day operations can continue if revenues are insufficient to cover expenditures.

**G. Use of Estimates**

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

**II. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

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

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 30<sup>th</sup>.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

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 personal 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. Four General Fund supplemental budgets were approved by the City Council during the current fiscal year. 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 two appropriation transfers during the fiscal year ending June 30, 2019. 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.

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

**III. Detailed Notes on Accounts**

**A. Cash and Investments**

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

The State of Oregon Local Government Investment Pool (Pool) is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested, and the investments managed as a prudent investor would, exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board which establishes diversification percentages and specifies the types and maturities of investments. The Oregon Audits Division audits the Pool annually. The Division's report on the Pool as of and for the year ended June 30, 2019 was unmodified. The fair value of the City's position in the Pool at June 30, 2019 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 \$4,523,431 and the bank balance was \$5,967,905. The City's bank balances were covered by \$250,000 Federal Depository Insurance. Of the Department's bank balances, \$500,000 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.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

At June 30, 2019, the City's cash and investment balances were as follows:

Cash held in city offices	\$	3,650
Deposits with financial institutions		5,603,167
Cash with fiscal agent		655,396
Oregon State Local Government Investment Pool – City's general account		42,716,413
Oregon State Local Government Investment Pool – Transportation Bond proceeds		3,197,371
Oregon State Local Government Investment Pool – Park System Improvement Bond proceeds		575,697
Oregon State Local Government Investment Pool – Urban Renewal Loan Proceeds		261,973
Total City cash and investments	\$	<u>53,013,667</u>

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

	Governmental Activities	Business-type Activites	Total
Cash and investments			
Unrestricted	\$ 11,541,583	\$ 31,881,175	\$ 43,422,758
Restricted	9,590,909	-	9,590,909
Total cash and investments	<u>\$ 21,132,492</u>	<u>\$ 31,881,175</u>	<u>\$ 53,013,667</u>

At June 30, 2019, the Department's cash and investment balances were as follows:

	Fair Value
Cash on hand	\$ 1,700
Deposits with financial institutions	1,058,123
Oregon State Local Government Investment Pool	47,813,076
Oregon State Local Government Intermediate Fund	5,279,047
Total Department cash and investments	<u>\$ 54,151,946</u>

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, 2019, the City does not have investments exposed to custodial credit risk.

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

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

**B. Receivables**

**1. Government Funds and Governmental Activities**

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

Receivables:	General	Airport Maintenance	Debt Service	UR Debt Service	Total Non-Major	Governmental Activities
Accounts	\$ 685,102	\$ 723,588	\$ -	\$ -	\$ 698,721	\$ 2,107,411
Fire Fees	1,512	-	-	-	-	1,512
Property Taxes	729,275	-	251,504	11,761	-	992,540
Cash with county	176,000	-	-	2,493	-	178,493
Assessments	1,829	-	-	-	38,849	40,678
Total	<u>\$ 1,593,718</u>	<u>\$ 723,588</u>	<u>\$ 251,504</u>	<u>\$ 14,254</u>	<u>\$ 737,570</u>	<u>\$ 3,320,634</u>

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

	Total Governmental
Gross Revenue	\$ 17,980,566
Less: discounts, etc.	(470,734)
Net revenue	<u>\$ 17,509,832</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, and delinquent fire fees.

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

**2. Business-Type Activities**

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

	Wastewater	Ambulance	Building	Business-type Activities
Accounts receivable	\$ 988,878	\$ 1,465,393	\$ 1,883	\$ 2,456,154
Less: allowance for uncollectable accounts	-	(136,630)	-	(136,630)
Net receivables	<u>\$ 988,878</u>	<u>\$ 1,328,763</u>	<u>\$ 1,883</u>	<u>\$ 2,319,524</u>



**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

Ambulance revenue is reported net of uncollectible amounts and direct medical insurance contractual write-off's as follows:

Gross revenue	\$ 3,962,164
Less: medical write-offs	<u>(427,740)</u>
Net revenue	<u>\$ 3,534,424</u>

**3. Non-Cancellable Leases**

The City leases certain property with an approximate net capital cost of \$1,438,000 under long-term operating leases. For fiscal year ended June 30, 2019 total depreciation expense was \$34,388. As of June 30, 2019, accumulated depreciation was \$1,345,000. The minimum future payments to be received under these non-cancellable leases are approximately as follows:

	June 30,	
	2020	\$ 152,300
	2021	62,600
	2022	63,200
	2023	57,800
	2024	57,800
	2025-29	263,900
	Thereafter	<u>472,000</u>
	Total	<u>\$ 1,129,600</u>

**4. Department**

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

Accounts and notes receivable	\$ 5,151,871
Less: allowance for uncollectibles	<u>(41,749)</u>
Net receivables	<u>\$ 5,110,122</u>

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

**C. Capital Assets**

In the government-wide financial statements, the City's governmental activities' capital asset activity for the year ended June 30, 2019 is illustrated in the following table. Activity includes additions, dispositions, annual depreciation expense and adjustments.

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Non-depreciable:</b>					
Land	\$ 28,607,972	\$ -	\$ -	\$ -	\$ 28,607,972
Easements	1,922,196	-	-	-	1,922,196
Public art	193,235	36,069	-	-	229,304
Construction in progress	15,878,985	7,475,327	-	(21,499,766)	1,854,546
Total non-depreciable	<u>46,602,388</u>	<u>7,511,396</u>	<u>-</u>	<u>(21,499,766)</u>	<u>32,614,018</u>
<b>Depreciable:</b>					
Land improvements	18,747,913	39,240	-	-	18,787,153
Buildings	32,801,735	84,969	-	-	32,886,704
Machinery and equipment	6,234,405	237,608	(63,728)	-	6,408,285
Vehicles	5,087,247	86,384	-	31,626	5,205,257
Infrastructure	66,994,447	2,468,351	-	21,468,140	90,930,938
Total depreciable	<u>129,865,747</u>	<u>2,916,552</u>	<u>(63,728)</u>	<u>21,499,766</u>	<u>154,218,337</u>
<b>Accumulated depreciation:</b>					
Land improvements	(11,783,721)	(782,563)	-	-	(12,566,284)
Buildings	(19,971,734)	(697,051)	-	-	(20,668,785)
Machinery and equipment	(5,636,965)	(190,948)	63,728	-	(5,764,185)
Vehicles	(3,461,932)	(268,022)	-	-	(3,729,954)
Infrastructure	(39,825,652)	(1,812,348)	-	-	(41,638,000)
Total accumulated depreciation	<u>(80,680,004)</u>	<u>(3,750,932)</u>	<u>63,728</u>	<u>-</u>	<u>(84,367,208)</u>
Governmental activities capital assets, net	<u>\$ 95,788,131</u>	<u>\$ 6,677,016</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,465,147</u>

At June 30, 2019, the City's government-wide governmental activities construction in progress consisted of costs related to park system and street improvement bond projects.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

Depreciation expense was charged to governmental activities functions as follows:

General government	\$ 146,122
Community development	38,906
Public safety:	
Police	433,286
Fire	211,553
Emergency communications	33,504
Highways and streets	1,830,407
Culture and recreation:	
Parks and recreation	632,273
Library	38,919
Airport	342,745
Internal service fund capital asset depreciation in the government- wide financial	43,217
Total governmental activities depreciation expense	<u>\$ 3,750,932</u>

In the government-wide financial statements and proprietary fund financial statements, the City's business-type activities' capital asset activity for the year ended June 30, 2019 is illustrated in the following table. Activity includes additions, dispositions, annual depreciation expense, and adjustments.

	Beginning Balance	Increases	Decreases	Ending Balance
Non-depreciable:				
Land	\$ 785,223	\$ -	\$ -	\$ 785,223
Easements	241,444	-	-	241,444
Construction in progress	301,124	3,362,646	-	3,663,770
Total non-depreciable	1,327,791	3,362,646	-	4,690,437
Depreciable:				
Land improvements	84,445	-	-	84,445
Buildings	54,947,301	37,884	-	54,985,185
Machinery and equipment	2,457,973	54,273	(6,058)	2,506,188
Vehicles	1,597,436	213,174	-	1,810,610
Infrastructure	46,535,921	900,046	-	47,435,967
Total Depreciable	105,623,076	1,205,377	(6,058)	106,822,395
Accumulated depreciation:				
Land improvements	(76,001)	(1,812)	-	(77,813)
Buildings	(35,592,877)	(2,031,607)	-	(37,624,484)
Machinery and equipment	(1,723,582)	(162,616)	6,058	(1,880,140)
Vehicles	(958,776)	(132,612)	-	(1,091,388)
Infrastructure	(13,563,217)	(990,658)	-	(14,553,875)
Total accumulated depreciation	(51,914,453)	(3,319,305)	6,058	(55,227,700)
Business-type activities capital assets, net	\$ 55,036,414	\$ 1,248,718	\$ -	\$ 56,285,132

At June 30, 2019, the City's business-type activities construction in progress consisted of costs related to a remodel project at the Fire Hall, with costs allocated to the Fire Department and the Ambulance Fund.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

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

Wastewater	\$	3,208,540
Ambulance		95,174
Building		15,591
Total business-type activities depreciation expense	\$	3,319,305

The Department's capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Non-depreciable:</b>				
Land	\$ 7,602,425	\$ 210,051	\$ -	\$ 7,812,476
Construction in progress	4,108,599	6,405,424	(6,737,109)	3,776,914
Total non-depreciable	11,711,024	6,615,475	(6,737,109)	11,589,390
<b>Depreciable:</b>				
Structures and improvements	9,240,255	688,103	-	9,928,358
Water treatment plant	35,005,498	-	-	35,005,498
Supply and distribution systems	117,372,682	6,797,554	(515,367)	123,654,869
Furniture and equipment	3,101,988	203,124	(92,267)	3,212,845
Transportation equipment	3,221,736	149,147	(53,502)	3,317,381
Total depreciable	167,942,159	7,837,928	(661,136)	175,118,951
<b>Accumulated depreciation:</b>				
Electric plant	(24,954,102)	(1,931,261)	274,126	(26,611,237)
Water plant	(27,935,336)	(1,612,497)	57,077	(29,490,756)
Transportation equipment	(1,987,707)	(249,435)	54,262	(2,182,880)
Total accumulated depreciation	(54,877,145)	(3,793,193)	385,465	(58,284,873)
Governmental activities capital assets, net	\$ 124,776,038	\$ 10,660,210	\$ (7,012,780)	\$ 128,423,468

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

**D. Interfund Balances and Transfers**

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

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

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	\$ 48,271
Major enterprise fund - Wastewater Fund	Department	774,461
		\$ 822,732

Interfund transfers for the year ended June 30, 2019, consisted of the following:

**Interfund Transfers:**

	Transfers In:					
	General Fund	Transportation Fund	Urban Renewal Debt Service	Nonmajor Governmental funds	Enterprise Fund Ambulance Fund	Total
Transfer Out:						
General Fund	\$ -	\$ -	\$ -	\$ 728,100	\$ 800,000	\$ 1,528,100
Urban Renewal Debt Service	-	-	-	182,630	-	182,630
Nonmajor Governmental Funds	392,821	570,000	-	-	-	962,821
Ambulance Fund	-	-	-	89,000	-	89,000

Transfers are used to: 1) move allocations of system development charges from the receipting funds to the debt service fund; 2) move allocations of revenues from the receipting funds to support specific capital projects or programs.

**E. Due to/from other funds**

Receivable Fund	Payable fund	
General Fund	Urban Renewal Debt Service Fund	\$2,079,554

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

The amount payable to the General Fund relates to monthly loans from the General Fund to the Urban Renewal fund for accounts payable, a loan for preliminary urban renewal feasibility study costs, and a loan for street improvements in the urban renewal district, as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2020	146,060
2021	149,060
2022	152,120
2023	155,230
2024	155,230
2025-2029	825,240
2030-2032	496,614
Total	<u><u>\$ 2,079,554</u></u>

**F. Renewable Energy Certificates (REC) – Department**

As of June 30, 2019, the Department has 268,272 RECs banked in its Western Renewable Energy Generation Information System (WREGIS) account, valued at \$.50 per REC, for a total value of \$134,136. The value of these RECs is based on management’s estimate of fair value.

The Department also holds 370,468 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, 2019.

**G. Regulatory Asset - Conservation Charges - Department**

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

**H. 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 Park System Improvement and Transportation Bonds are subject to federal arbitrage rebate calculations, although there is no contingent rebatable arbitrage liability as of June 30, 2019 related to these bonds.

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, 2019.

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

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

**2. Full Faith and Credit Obligations**

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

In October 2016, the City entered into a financing agreement with JPMorgan Chase Bank to borrow \$3,525,860 to refinance the City's OPERS transition liability. The loan is subject to interest at 2.73% through 2027. The debt will be repaid from both governmental activities and business-type activities, \$2,573,102 and \$952,758, respectively.

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 2031.

Annual debt service requirements to maturity for governmental activities, including general obligation bonds and full faith and credit obligations, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 3,251,363	\$ 1,284,938
2021	3,367,064	1,172,963
2022	3,378,842	1,070,696
2023	2,850,994	944,955
2024	3,513,277	828,488
2025-2029	14,141,908	2,181,109
2030-2033	4,497,604	253,701
Total	<u>\$ 35,001,052</u>	<u>\$ 7,736,851</u>

Annual debt service requirements to maturity for business-type activities for full faith and credit obligations, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 73,535	\$ 21,816
2021	78,943	19,772
2022	84,624	17,579
2023	90,581	15,228
2024	96,834	12,713
2025-2029	392,650	22,120
Total	<u>\$ 817,167</u>	<u>\$ 109,228</u>

**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.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

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, as disclosed in Note III.G.2, to pay its share of the transition liability. The Department used available cash to pay its share.

**4. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2019 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds					
Series 2011 - Parks, interest 2.0-4.0% , original issue \$5,590,000, due 2021	\$ 2,365,000	\$ -	\$ (570,000)	\$ 1,795,000	\$ 580,000
Series 2015 - Public Safety Refunding, interest 2.5-5.0% , original issue \$7,235,000, due 2030	6,520,000	-	(670,000)	5,850,000	700,000
Series 2015 - Transportation, interest 2.5-5.0% , original issue \$16,085,000, due 2030	13,475,000	-	(875,000)	12,600,000	915,000
Series 2018 - Transportation, interest 3-4% , original issue \$7,915,000, due 2033	7,915,000	-	(440,000)	7,475,000	440,000
Full Faith and Credit Obligations					
2014 Loan - Fire Equipment, interest 3.1-variable% , original amount \$1,370,000, due 2021	1,067,668	-	(82,831)	984,837	85,418
2015 Loan - Dundee Bypass, interest 2.26% , total amount \$3,209,600, due 2036	2,072,513	-	(154,409)	1,918,104	157,899
2016 Urban Renewal Improvements, interest 2.04% , total amount \$2,192,300, due 2031	2,157,300	-	(100,000)	2,057,300	146,060
2018 Lease - Police Vehicles, interest 6.45% , original issue \$136,045	105,333	-	(23,918)	81,415	25,461
Plus: Bond premium	2,941,319	-	(313,083)	2,628,236	-
	38,619,133	-	(3,229,241)	35,389,892	3,049,838
Pension-related debt (PERS transition liability)					
2016 Loan,PERS transition liability refinancing interest 2.73% , total amt of \$3,525,860, due 2027	2,417,348	-	(177,952)	\$ 2,239,396	201,525
<b>Total Governmental Activities</b>	<b>\$ 41,036,481</b>	<b>\$ -</b>	<b>\$ (3,407,193)</b>	<b>\$ 37,629,288</b>	<b>\$ 3,251,363</b>
<b>Business-Type Activities</b>					
Pension-related debt (PERS transition liability)					
2016 Loan,PERS transition liability refinancing interest 2.73% , total amt of \$3,525,860, due 2027	\$ 895,021	\$ -	\$ (77,854)	\$ 817,167	\$ 73,535
<b>Total Business-Type Activities</b>	<b>\$ 895,021</b>	<b>\$ -</b>	<b>\$ (77,854)</b>	<b>\$ 817,167</b>	<b>\$ 73,535</b>

Though internal service funds predominantly serve the governmental funds, the internal service funds' long-term liabilities of \$51,413 for pension related debt are included in the business-type activity totals for governmental activities.

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



**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

**I. Fund Balances**

Fund balances by classification for the year ended June 30, 2019 were as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Airport</u>	<u>Transportation</u>	<u>Debt Service</u>	<u>Urban Renewal Debt Service</u>	<u>Other Government Funds</u>	<u>Total Government Funds</u>
Nonspendable:							
In Form:	\$ 2,113,747	\$ -	\$ -	\$ -	\$ -	\$ 48,793	\$ 2,162,540
Restricted for:							
Street Maintenance	-	-	-	-	-	2,089,468	2,089,468
Tourism Promotion	-	-	-	-	-	262,485	262,485
Capital Projects	-	-	5,699,016	-	-	1,423,403	7,122,419
Debt Service	-	-	-	1,474,641	-	-	1,474,641
Committed to:							
Emergency				-			
Communications	-	-	-	-	-	174,734	174,734
Assigned to:							
LOSAP	655,396	-	-	-	-	-	655,396
Special Assessments	-	-	-	-	-	145,086	145,086
Telecommunications	-	-	-	-	-	1,886	1,886
Unassigned:	5,813,577	(33,778)	-	-	(1,848,271)	-	3,931,528
<b>Total fund balances</b>	<b>\$ 8,582,720</b>	<b>\$ (33,778)</b>	<b>\$ 5,699,016</b>	<b>\$ 1,474,641</b>	<b>\$ (1,848,271)</b>	<b>\$ 4,145,855</b>	<b>\$ 18,020,183</b>

**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.

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

**2. Department**

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. The Department is covered for comprehensive liability, property, auto liability and physical damage, employer's liability, and workers' compensation insurance through City County Insurance Services (CIS), a public entity risk pool.

For property and liability insurance, settlements did not exceed insurance coverage in any of the past three fiscal years.

**B. Deferred Compensations Plans**

The City offers employees two deferred compensation plans and the Department offers employees one deferred compensation plan created in accordance with Internal Revenue Code Section 457. All plan assets are maintained by separate deferred compensation companies and are valued at market. The plans permit employees to defer a portion of their salary until future years. The City does not contribute

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

to the plan. Deferred compensation is not available to participants until termination, retirement, death, or certain unforeseeable emergency. The assets and income of the plans are held in trust for the exclusive benefit of the participants and their beneficiaries and accordingly are not included in the City's or the Department's financial statements. Employees are immediately vested in all contributions to the plan.

**C. Other Post-Employment Benefits (OPEB)**

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

**1. Post-Employment Healthcare Plan – City**

**Plan Description & Benefits Provided:**

The City has a Post-Employment Healthcare Plan option available for retirees. It is a substantive postemployment benefits plan offered under Oregon Revised Statutes (ORS) 243. ORS 243.303 requires the City provides retirees and their dependents with an opportunity to participate in group health and dental insurance from the date of retirement to age 65, and the rate would be calculated using claims experience from retirees and active employees for health plan rating purposes. Providing the same rate to retirees as provided to current employees constitutes an implicit rate subsidy for OPEB. This single-employer "plan" is not a stand-alone plan and therefore does not issue its own financial statements.

**Employees covered by benefit terms:**

At July 1, 2018, the following employees were covered by the benefit terms:

Active employees	139	
Retired employees	8	
Total	147	

**OPEB Liability:**

The City's total Post-Employment Healthcare Plan OPEB liability as of June 30, 2019 is \$1,142,750.

Actuarial assumptions and other inputs: The total OPEB liability was determined by an actuarial valuation, as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

Valuation date	July 1, 2018
Measurement date	June 30, 2018
Actuarial cost method	Entry Age Normal

Actuarial assumptions:

Inflation rate	2.50%
Discount rate	3.87%
Projected salary increases (weighted average)	3.50%
Healthcare cost trend rate	4.50% - 7.00%
Dental cost trend rate (Per year)	4.50%

The discount rate was based on a 20-year general obligation bond yield index published by The Bond Buyer.

Healthy Mortality rates used were based on the tables as detailed below:

Employee Class	Mortality Tables
All eligible employees	RP-2014 Healthy Annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back on year for males. Mortality is projected on a generational basis using the Unisex Social Security Data Scale.

**Changes in Total OPEB Liability:**

	Total OPEB Liability
BALANCE, beginning of the year	\$ 2,122,140
Changes for the year:	
Service cost	143,891
Interest on total OPEB liability	79,991
Economic/demographic gains/(losses)	(959,788)
Changes in assumptions or other inputs	(179,626)
Benefit payments	(63,858)
Net changes	<u>(979,390)</u>
BALANCE, June 30, 2018	<u>\$ 1,142,750</u>

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

*Sensitivity of the total OPEB liability to changes in the discount rate:*

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

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 1,248,925	\$ 1,142,750	\$ 1,045,893

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

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 1,015,006	\$ 1,142,750	\$ 1,294,942

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended June 30, 2019, the City recognized an OPEB expense of \$94,132. At June 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between actual and expected experience	\$ -	\$ (862,840)
Changes of assumptions or inputs	-	(296,333)
Contributions made subsequent to measurement date***	64,858	-
Total	\$ 64,858	\$ (1,159,173)

\*\*\*Amount shown is expected benefit payments in the current fiscal year.

Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2020	\$ (129,750)
2021	(129,750)
2022	(129,750)
2023	(129,750)
2024	(129,750)
Thereafter	(510,423)
Total	\$ (1,159,173)

**2. Oregon Public Employees' Retirement Systems (OPERS) Retirement Health Insurance Account (RHIA)**

**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

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

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 by URL <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

**Benefits Provided** – RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible employees. 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 City, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. The plan has been closed to new entrants since January 1, 2004.

**Contributions** – 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. Participating cities are contractually required to contribute to RHIA at a rate assessed each year by PERS.

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

At June 30, 2019, the City reported an asset of \$144,912 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation date as of December 31, 2016. The City's proportionate share of the RHIA net OPEB asset has been determined based on the City's contributions to the RHIA program (as reported by PERS) during the Measurement Period ending on the corresponding Measurement Date. The City's proportionate share at the current measurement was 0.12981751% and 0.17139914% at the prior measurement date.

For the year ended June 30, 2019, the City recognized an OPEB expense (income) of \$(11,338). At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Outflows(Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ (8,213)	\$ (8,213)
Changes of assumptions	-	(460)	(460)
Net difference between projected and actual earnings on investments	-	(31,243)	(31,243)
Changes in proportionate share	6,494	(952)	5,542
Total (prior to post-measurement date contributions)	6,494	(40,868)	(34,374)
Contributions made subsequent to measurement date	65,602	-	65,602
Net deferred outflow / (inflows) of resources	<u>\$ 72,096</u>	<u>\$ (40,868)</u>	<u>\$ 31,228</u>

\$65,602 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020.

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**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	2020	\$	(10,886)
	2021		(10,718)
	2022		(9,662)
	2023		(3,108)
			<hr/>
Totals		\$	<u>(34,374)</u>

**Actuarial Methods & Assumptions** – The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation date	December 31, 2016
Measurement date	June 30, 2018
Actuarial cost method	Entry Age Normal
Experience study 2016, published July 26, 2017	
Actuarial assumptions:	
Inflation rate	2.50%
Long-term expected rate of return	7.20%
Discount rate	7.20%
Projected salary increases	3.50%
Retiree healthcare participation:	
Healthy retirees	38%
Disabled retirees	20%
Healthcare cost trend rate	Not applicable

**Mortality** Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as describe in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex-distinct generational per Scale BB, disabled mortality table.

**Discount rate** – The discount rate used to measure the total OPEB liability at June 30, 2018 was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from 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 payment of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Depletion Date Projection** – GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) 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.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

**Assumed Asset Allocation:**

Asset Class/Strategy	Range	Range	Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	14.0%	21.0%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

**Long-Term Expected Rate of Return** – To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 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. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an 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.

Asset Class	Target	Return (Geometric)
Core Fixed Income	8.00 %	3.49 %
Short-Term Bonds	8.00	3.42
Bank/Leveraged Loans	3.00	5.09
High Yield Bonds	1.00	6.45
Large/Mid Cap US Equities	15.75	6.30
Small Cap US Equities	1.31	6.69
Micro Cap US Equities	1.31	6.80
Developed Foreign Equities	13.13	6.71
Emerging Market Equities	4.13	7.45
Non-US Small Cap Equities	1.88	7.01
Private Equity	17.50	7.82
Real Estate (Property)	10.00	5.51
Real Estate (REITS)	2.50	6.37
Hedge Fund of Funds - Diversified	2.50	4.09
Hedge Fund - Event-driven	0.63	5.86
Timber	1.88	5.62
Farmland	1.88	6.15
Infrastructure	3.75	6.60
Commodities	1.88	3.84
Assumed Inflation - Mean		2.50

**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), as well as what the City's proportionate share of the net OPEB liability/(asset) would be if it were calculated

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

using a discount rate that is one percentage point lower (6.20%) or one percentage point higher (8.20%):

	1% Decrease	Discount Rate	1% Increase
Proportionate share of the net OPEB liability (asset)	\$ (84,375)	\$ (144,912)	\$ (196,441)

The RHIA plan is unaffected by health care cost trends since the benefit is limited to a \$60 monthly payment toward Medicare companion insurance premiums. Consequently, disclosure of a healthcare cost trend analysis is not applicable.

**OPEB plan fiduciary net position:**

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

**Aggregate Net OPEB Liability/Asset, Pension Expense, & Net Deferred Outflow/Inflow of Resourced Related to OPEB:**

The tables below present the aggregate balance (in millions) of the City's net OPEB liability/(asset), OPEB expense, and net deferred inflows and outflows as of June 30, 2019:

	Deferred Outflow of Resources	Deferred Inflow of Resources	Liability/(Asset)	OPEB Expense
Healthcare Plan (CIS)	\$ 64,858	\$ 1,159,173	\$ 1,142,751	\$ 94,132
RHIA	72,096	40,868	(144,912)	(11,338)
Total	\$ 136,954	\$ 1,200,041	\$ 997,839	\$ 82,794

**3. The Department**

The Department has two plans that are similar to the City's plans.

**Employees covered by benefit terms:**

At July 1, 2018, the following employees were covered by the benefit terms:

Active employees	57
Retired employees	14
Total	71



**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

**Changes in Total OPEB Liability:**

	Total OPEB Liability
BALANCE, beginning of the year	\$ 2,285,967
Changes for the year:	
Service cost	80,853
Interest on total OPEB liability	81,690
Differences between expected and actual experience	34,195
Changes in assumptions or other inputs	(699,861)
Benefit payments	(210,866)
Net RHIA change	(32,427)
Net changes	(746,416)
BALANCE, June 30, 2018	\$ 1,539,551

*Sensitivity of the total OPEB liability to changes in the discount rate:*

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

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 1,680,616	\$ 1,539,551	\$ 1,410,038

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

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 1,451,505	\$ 1,539,551	\$ 1,754,404

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - For the year ended June 30, 2019, the Department recognized an OPEB expense of \$78,390. At June 30, 2019, the Department reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between actual and expected experience	\$ 30,265	\$ (2,944.00)
Changes of assumptions or inputs	-	(726,032)
Net difference between projected and actual earnings	-	(11,199)
Changes in proportionate share	-	(7,632)
Contributions made subsequent to measurement date***	195,907	-
Total	\$ 226,172	\$ (747,807)

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2020		\$ (100,490)
		(100,425)
		(97,119)
		(93,515)
		(92,402)
		(233,592)
	Total	\$ (717,543)

**D. Employee Retirement Pension Plan**

**1. Oregon Public Employees Retirement System (OPERS)**

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

**ORS 238 Tier One/Tier Two Retirement 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.

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

**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

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

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 changes. Under current law the cap on the cost-of-living changes in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

**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.

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

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

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

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

**OPSRP Individual Account Program (IAP).** 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.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

**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 contribution rates during the period were based on the December 31, 2015 actuarial valuation. The City's rates for the year ended June 30, 2019 were 22.99 percent for OPERS members, 14.02 percent for general service OPSRP members, 18.79 percent for police and fire OPSRP members, and 6.00 percent for the Individual Account Program (IAP). The Department's rates are 16.49 for OPERS and 10.63 percent for OPSRP. The contribution requirements for plan members and the City and Department are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Employer contributions for the City and Department for the year ended June 30, 2019, were approximately \$2,672,000 and \$820,000, respectively, excluding amounts to fund employer specific liabilities.

A six-year Schedule of Contributions can be found in the Required Supplementary Information, which immediately follows the Notes in this report.

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

Information included in the following section for the Department is as reported in the "Report of Independent Auditors and Combined Financial Statements for McMinnville Water and Light Department" for fiscal years ending June 30, 2019 and 2018. Due to differences used by the City and the Department for calculation of pension liabilities, pension expenses, and deferred outflows and inflows of resources related to pensions, City and Department amounts, in the aggregate, do not agree to amounts reported by OPERS. Variances in these amounts are immaterial.

At June 30, 2019, the City and Department reported liabilities of \$22,710,542 and \$8,142,888, respectively for their proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2018 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 0.14991760 percent and the Department's proportion was 0.05375311 percent. The City's and Department's proportionate share at the prior measurement date was 0.15823662 percent and 0.05938144 percent, respectively.

For the year ended June 30, 2019, the City and Department recognized pension expense of \$3,615,888 and \$2,825,866, respectively. The Department has elected to use regulatory accounting to recognize pension expense in conjunction with the required employer contribution rates.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

At June 30, 2019, the City and Department reported deferred outflows of resources and deferred inflows of resources related to pensions excluding LOSAP from the following sources:

	City		Department	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 772,545	\$ -	\$ 276,997	\$ -
Change of assumptions	5,280,158	-	1,893,207	-
Net difference between projected and actual earnings on pension plan investments	-	1,008,476	-	361,590
Changes in proportionate share	26,422	6,628,436	4,452,510	396,888
Differences between employer contributions and employer's proportionate share of contributions	2,998,765	64,210	1,069,076	24,661
Contributions subsequent to the measurement date	2,671,712	-	820,096	-
<b>Total</b>	<b>\$ 11,749,602</b>	<b>\$ 7,701,122</b>	<b>\$ 8,511,886</b>	<b>\$ 783,139</b>

For City and Department, the amount of the balance of deferred outflows of resources that will be recognized as a reduction of the net pension liability during fiscal year 2020 is \$2,671,712 and \$820,096, respectively.

For the City, 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:	City	Department
2020	2,034,499	2,258,347
2021	1,178,971	1,951,242
2022	(928,667)	1,198,764
2023	(791,327)	1,238,593
2024	(116,708)	261,704
	<b>\$ 1,376,768</b>	<b>\$ 6,908,650</b>

**Actuarial Assumptions.** The employer contribution rates effective July 1, 2017 through June 30, 2019 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.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

**Actuarial Methods and Assumptions**

The total pension liability in the December 2016 actuarial valuation was determined using the following assumptions:

- Valuation Date December 31, 2016
- Measurement Date June 30, 2018
- Experience Study Report 2016, published July 2017
- Actuarial cost method Entry Age Normal
- Actuarial assumptions
  - Inflation rate 2.50 percent
  - Long-Term Expected Rate of Return 7.20 percent
  - Projected salary increases 3.50 percent
  - Cost of Living Adjustment Blend of 2.00 percent COLA and graded COLA
- Mortality
  - Healthy retirees and beneficiaries:  
 RP-2014 Health annuitant, sex distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.
  - Active members:  
 RP-2014 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.
  - Disabled retirees:  
 RP-2014 Disabled retirees, sex distinct, generational with Unisex, Social Security Data Scale.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts 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 2016 Experience Study which reviewed experience for the four year period ending on December 31, 2016.

**Long-Term Expected Rate of Return.** The long term expected rate of return is based on a consistent set of underlying assumptions for each asset class and includes adjustment for the inflation assumption. These assumptions are not based on historical return, but instead are based on a forward-looking capital market economic model. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 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. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00 %	3.49 %
Short-Term Bonds	8.00	3.42
Bank/Leveraged Loans	3.00	5.09
High Yield Bonds	1.00	6.45
Large/Mid Cap US Equities	15.75	6.30
Small Cap US Equities	1.31	6.69
Micro Cap US Equities	1.31	6.80
Developed Foreign Equities	13.13	6.71
Emerging Market Equities	4.13	7.45
Non-US Small Cap Equities	1.88	7.01
Private Equity	17.50	7.82
Real Estate (Property)	10.00	5.51
Real Estate (REITS)	2.50	6.37
Hedge Fund of Funds - Diversified	2.50	4.09
Hedge Fund - Event-driven	0.63	5.86
Timber	1.88	5.62
Farmland	1.88	6.15
Infrastructure	3.75	6.60
Commodities	1.88	3.84
Assumed Inflation - Mean		2.50

**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, 2019**

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 7.20 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 represents the City's proportionate share of the pension (asset)/liability calculated using the discount rate of 7.20 percent, as well as what the City's share of the net pension (asset)/liability would be if it were calculated using a discount rate that is one percentage point lower than the current rate or one percentage point higher than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of net pension (asset)/liability	\$ 37,953,606	\$ 22,710,542	\$ 10,128,640
Department's proportionate share of net pension (asset)/liability	13,608,304	8,142,888	3,631,634

**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, 2019, the City's payable to OPERS for defined benefit contributions was approximately \$298,000. This amount represents legally required contributions to the plan for services incurred in the current fiscal year. The Department did not have outstanding contributions at June 30, 2019.

Members of OPERS and OPSRP are required to contribute 6 percent of their salary covered under the plan which is invested in the IAP. The City and Department make this contribution on behalf of their employees. The City contributed approximately \$863,000 for the year ended June 30, 2019.

**2. McMinnville Fire Department Length of Service Awards Program**

**Plan Description**

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

**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



**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

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, 2019 there were 21 active employees, 20 inactive employees that are entitled but not yet receiving benefit payments and 5 inactive employees that are receiving benefit payments.

Employer contributions for the City were \$(29,300), \$86,451, and \$90,250 for fiscal years 2019, 2018, and 2017, respectively.

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

For the year ended June 30, 2019, the LOSAP pension expense as defined by GASB 75 was \$52,269.

For the LOSAP plan, at June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City	
	Deferred Outflows of	Deferred Inflows of
Difference between expected and actual experience	\$ 23,461	\$ -
Change of assumptions	-	(39,012)
Total	\$ 23,461	\$ (39,012)

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:		
2020	\$	(4,213)
2021		(4,213)
2022		(4,213)
2023		(3,704)
2024		387
Thereafter		405
		\$ (15,551)

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

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

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

**Actuarial Methods and Assumptions.**

- Valuation Date June 30, 2018
- Measurement Date June 30, 2019
- Actuarial cost method Entry Age Normal
- Actuarial assumptions
  - Discount Rate 3.87 percent
  - Inflation Rate 2.5 percent
  - Annuity Purchases-0 to 30 years 4.6 percent
  - Annuity Purchases-30+ years 3.0 percent
- Mortality rates RP 2014 Blue Collar generational tables projected forward using Scale MP 2017

Liabilities will be satisfied through the purchase of annuities. The cost of these annuities was based on the interest rates listed above.

**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 3.87 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Net pension (asset)/liability	\$ 1,043,874	\$ 1,008,827	\$ 975,431

**Changes in total pension liability:**

Beginning total pension liability:	\$ 976,812
Benefit payments	(24,467)
Service cost	19,153
Interest on total pension liability	37,329
Change in assumptions	-
Experience (gain)/loss	-
Change in total pension liability	32,015
Ending total pension liability	\$ 1,008,827

**E. Commitments and Contingencies**

**1. City**

At June 30, 2019, the City was committed to sixteen contracts. In the major governmental funds, a total of approximately \$2,304,000 was committed for construction contracts, with \$116,000 for street improvement projects and \$225,000 for runway rehabilitation at the Municipal Airport. In the non-major fund for Urban Renewal \$312,000 was committed for construction contracts. In the Wastewater Fund,

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

a business-type activity, approximately \$800,000 remained for Wastewater Facility Construction and \$2,761,000 on contracts for sanitary sewer rehabilitation projects.

The City purchases workers' compensation insurance from City County Insurance Services, a public entity risk pool. The initial premium contribution for the plan is calculated using a retrospective rate. The premium is then adjusted throughout the period of coverage based on the City's actual workers' compensation claims. The premium is subject to a minimum (initial contribution) and a maximum limit. The maximum limit is designed to compensate the insurer if larger than expected losses are incurred. At June 30, 2019, the City had five open plan years with a total potential remaining liability of \$1,193,934. The potential remaining liability is the difference between the premium that has been paid by the City and the maximum limit for the premium. For comparison purposes, workers' compensation retrospective plan premiums paid by the City in fiscal years ended June 30, 2018, 2017, and 2016 were \$398,000, \$187,000 and \$236,000, respectively.

In 2013, the City entered into a loan agreement with the Oregon Department of Transportation (ODOT) in the amount of \$3,209,600 at 2.26% interest per annum. The loan is to cover the City's portion of costs for Phase 1 of the Newberg-Dundee Bypass constructed by ODOT and will be repaid with Federal and State transportation funds. The City made a principal and interest payment on the City's share of ODOT's expended funds through February 2019. Principal and interest payments will continue until January 2036. At June 30, 2019 ODOT had expended approximately \$2,379,000 of City funds on the project and interest of approximately \$158,000 had accrued.

**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, 2019 were approximately \$735,000.

**F. Major Customer and Supplier – Department**

Department sales of electricity were made to one major commercial customer during the year ended June 30, 2019 in amounts exceeding ten percent of total sales. This customer accounted for approximately \$12,894,000 of revenues during the year ended June 30, 2019. At June 30, 2019, accounts receivable from this same customer amounted to approximately \$1,212,000.

Department purchases were made from one major supplier of power, including supply, transmission and distribution during the year ended June 30, 2019 in amounts exceeding ten percent of the total of such purchases. The supplier accounted for \$28,081,000 of purchases during the year ended June 30, 2019. At June 30, 2019, amounts due to this same supplier, and included in accounts payable, amounted to \$2,493,000.

**G. Jointly Governed Organization**

**1. 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 \$814,000 in member contributions to YCOM in fiscal year 2019. YCOM also receives 911 Excise Taxes that are charged on telephone exchange

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

access services and are collected by the State of Oregon. The City received approximately \$29,000 from YCOM for providing operational space within the Police Department.

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

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

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

**H. BPA Overpayment - Department**

The Residential Exchange Program (REP) is used to distribute financial benefits of the Federal Columbia River Power System to the residential and small farm customers of the region's investor-owned utilities (IOUs). On May 3, 2007, the United States Ninth Circuit Court of Appeals (Court) ruled that Bonneville Power Administration (BPA) exceeded its settlement authority in 2000 when it executed the REP settlements with six IOUs, holding that BPA's decision to allocate costs of the settlements to publicly-owned utilities was not in accordance with the law.

The Court remanded the issue back to BPA and as a result of the Court's decisions, BPA suspended monthly program benefits to the IOUs. This resulted in BPA's over-collection of funds from its publicly-owned utility customers. This left BPA with larger than anticipated financial reserves. Because of the over-collection from public utilities, BPA has refunded amounts directly to public utilities as well as issuing "lookback adjustments" that show as credits against power costs on monthly BPA bills. The overpayment that was attributed to the Department was \$3,700,000 and is recorded as a reduction to supply and transmission expense within operating expenses. This was refunded to the Department in October 2008.

The fiscal year 2019 credits for 2002-2006 look back adjustments were \$1,087,000. Future look back credits have not yet been determined.

**I. McMinnville Rural Fire Protection District**

McMinnville Rural Fire Protection District (MRFPD) contracts with the City for fire protection services. For fiscal year 2019, the City received \$376,000 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.

**J. 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, 2019 has been abated under the following programs:

<u>Program and statutory authority</u>		<u>Amount of Abatement</u>
Housing for low income rental	ORS 307.517	\$ 39,392
Historic property	ORS 358.475 - .545	4,899

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2019**

**K. Deficit Fund Balance/Net Position**

The following funds had a deficit fund balance/net position at June 30, 2019. These deficits will be financed through future revenues.

<u>Fund</u>	<u>Amount</u>
Airport Maintenance Fund	\$ (33,778)
Urban Renewal Debt Service Fund	\$ (1,848,271)
Ambulance Fund	\$ (3,705,926)

**L. New Accounting Pronouncements – GASB Statement No. 83 and 88**

The Governmental Accounting Standards Board (GASB) has issued *Statement No. 83, Certain Asset Retirement Obligations* effective for fiscal years beginning after June 15, 2018. The City did not identify any significant Asset Retirement Obligations.

*Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* GASB Statement 88 clarifies the definition of debt and requires certain additional disclosures regarding debt. The City implemented this standard for the fiscal year ending June 30, 2019.

## **REQUIRED SUPPLEMENTARY INFORMATION**

- Required Supplementary Information Schedules
- Notes to Required Supplementary Information



## **REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES**

- Schedule of the Proportionate Share of OPEB Liability
- Schedule of Contributions to OPEB Liability
- Schedule of Changes in OPEB Liability
- Schedule of the Proportionate Share of the Net Pension Liability
- Schedule of Contributions





## Required Supplementary Information

### City of McMinnville, Oregon Schedule of the Proportionate Share of OPEB Liability For the last three fiscal years<sup>1</sup>

#### City - OPERS Retirement Health Insurance Account

Measurement Date	Proportion of the net pension liability (asset) (a)	Proportionate share of the net pension liability (asset) (b)	Covered payroll (c)	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll (b/c)	Plan fiduciary net position as a percentage of the total pension liability
2018	0.12981751%	\$ (144,912)	\$ 13,566,496	-1.07%	124.00%
2017	0.12462946%	(52,013)	12,704,671	-0.41%	108.90%
2016	0.13230662%	35,930	12,346,146	0.29%	94.20%

#### Department - OPERS Retirement Health Insurance Account

Measurement Date	Proportion of the net pension liability (asset) (a)	Proportionate share of the net pension liability (asset) (b)	Covered payroll (c)	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll (b/c)	Plan fiduciary net position as a percentage of the total pension liability
2018	0.04676968%	\$ (19,519)	\$ 4,865,881	-0.40%	124.00%
2017	0.04676968%	(19,519)	4,999,100	-0.39%	108.90%
2016	0.04965069%	13,483	4,876,213	0.28%	94.20%

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

<sup>1</sup>This 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.

**Required Supplementary Information (Continued)**

**City of McMinnville, Oregon  
Schedule of Contributions to OPEB Liability  
For the last three fiscal years<sup>1</sup>**

**City - OPERS Retirement Health Insurance Account**

Year ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percent of covered payroll
	(a)	(b)	(a-b)	(c)	(b/c)
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,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percent of covered payroll
	(a)	(b)	(a-b)	(c)	(b/c)
2019	\$ 22,896	\$ 22,896	\$ -	\$ 4,965,881	0.46%
2018	24,000	24,000	-	4,865,881	0.49%
2017	23,000	23,000	-	4,999,100	0.46%

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

<sup>1</sup>This 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.

**Required Supplementary Information (Continued)**

**City of McMinnville, Oregon  
Schedule of Changes in OPEB Liability  
For the last three fiscal years**

City	OPEB Health Plan
Balance, June 30, 2018	\$ 2,122,140
Changes for the year:	
Service cost	143,891
Interest on OPEB liability	79,991
Economic/demographic gains/(losses)	(959,788)
Changes in assumptions or other inputs	(179,624)
Benefit payments	(63,859)
	Net changes
	979,389
Balance, June 30, 2019	\$ 1,142,751
Department	OPEB Health Plan
Balance, June 30, 2018	\$ 2,285,967
Changes for the year:	
Service cost	80,853
Interest on OPEB liability	81,690
Differences between expected and actual experience	34,195
Changes in assumptions or other inputs	(699,861)
Benefit payments	(210,866)
Net RHIA change	(32,427)
	Net changes
	(746,416)
Balance, June 30, 2019	\$ 1,539,551

The OPEB Health Plan is a healthcare option available to City and Department retirees. The City and Department provide an implicit rate subsidy for the retiree post-employment health plan.

LOSAP is a length of service award plan for the City's volunteer fire fighters. The provides monthly pension payments to vested volunteer fire fighters s that have attained entitlement age. The plan is unfunded and contributions are determined on a pay-as- you go basis

**Required Supplementary Information (Continued)**

**City of McMinnville, Oregon  
Schedule of the Proportionate Share of the Net Pension Liability  
For the last six fiscal years<sup>1</sup>**

**City**

Measurement Date	Proportion of the net pension liability (asset) (a)	Proportionate share of the net pension liability (asset) (b)	Covered payroll (c)	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll (b/c)	Plan fiduciary net position as a percentage of the total pension liability
2018	0.14991760%	\$ 22,710,542	\$ 13,566,496	167.40%	82.10%
2017	0.15823662%	21,330,356	12,704,671	167.89%	83.12%
2016	0.16659100%	25,009,124	12,346,146	202.57%	80.50%
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**

Measurement Date	Proportion of the net pension liability (asset) (a)	Proportionate share of the net pension liability (asset) (b)	Covered payroll (c)	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll (b/c)	Plan fiduciary net position as a percentage of the total pension liability
2018	0.05375311%	\$ 8,142,888	\$ 4,865,881	167.35%	82.10%
2017	0.05938144%	8,004,641	4,999,100	160.12%	83.12%
2016	0.06251600%	9,385,171	4,876,213	192.47%	80.50%
2015	0.07041000%	3,990,001	4,858,713	82.12%	91.88%
2014	0.06593000%	(1,494,371)	4,665,911	-30.76%	103.60%
2013	0.06592673%	3,364,338	n/a	-	91.97%

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

<sup>1</sup>This 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.

## Required Supplementary Information (Continued)

### City of McMinnville, Oregon Schedule of Contributions For the last six fiscal years<sup>1</sup>

#### City

Year ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percent of covered payroll
	(a)	(b)	(a-b)	(c)	(b/c)
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,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percent of covered payroll
	(a)	(b)	(a-b)	(c)	(b/c)
2019	\$ 820,096	\$ 820,096	\$ -	\$ 4,965,881	16.51%
2018	908,381	908,381	-	4,865,881	18.67%
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	13.10%

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

<sup>1</sup>This 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**  
**June 30, 2019**

**Change of Assumptions**

The PERS Board lowered the assumed average annual future long-term investment return from 7.5% to 7.2%. Assumed administrative expenses were updated for both Tier 1/Tier 2 and OPSRP. Mortality assumptions were changed to reflect updated base tables and mortality improvement projection scales for all groups. Termination, disability and retirement rates were updated for some groups to more closely match observed experience.

The 2016 Experience Study for the PERS system was published in July, 2017, and can be found at <http://www.oregon.gov/PERS/Documents/2016-Exp-Study.pdf>.

## **OTHER SUPPLEMENTARY INFORMATION**

- Combining and Individual Fund Statements and Schedules
- Other Financial Schedules





## **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

- Governmental Funds
- Proprietary Funds



## **GOVERNMENTAL FUNDS**

- Combining Balance Sheet – Non-Major Governmental Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –Non-Major Governmental Funds
- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:
  - Special Assessment Fund
  - Transient Lodging Tax Fund
  - Telecommunications Fund
  - Emergency Communications Fund
  - Street Fund
  - Urban Renewal Debt Service Fund
  - Debt Service Fund
  - Park Development Fund
  - Urban Renewal Fund
  - Transportation Fund





**City of McMinnville, Oregon**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2019**

	<b>Special Revenue Funds</b>				
	<b>Special Assessment</b>	<b>Transient Lodging Tax</b>	<b>Telecomm- unications</b>	<b>Emergency Commun- ications</b>	<b>Street</b>
<b>Assets</b>					
Cash and investments	\$ 145,843	\$ -	\$ 1,886	\$ 169,859	\$ 2,037,914
Receivables	38,849	374,429	61,307	7,791	224,995
Prepays	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 184,692</b>	<b>\$ 374,429</b>	<b>\$ 63,193</b>	<b>\$ 177,650</b>	<b>\$ 2,262,909</b>
<b>Liabilities</b>					
Accounts payable	\$ 749	\$ -	\$ 61,307	\$ 2,916	\$ 153,011
Due to other funds	-	-	-	-	-
Accrued payroll and other payroll liabilities	-	-	-	-	20,430
Unearned revenue	-	-	-	-	-
Advances from other funds	-	111,944	-	-	-
<b>Total liabilities</b>	<b>749</b>	<b>111,944</b>	<b>61,307</b>	<b>2,916</b>	<b>173,441</b>
<b>Deferred inflows of resources</b>					
Deferred revenue taxes	-	-	-	-	-
Deferred revenue other	38,857	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>38,857</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>					
Nonspendable	-	-	-	-	-
Restricted	-	262,485	-	-	2,089,468
Committed	-	-	-	174,734	-
Assigned	145,086	-	1,886	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>145,086</b>	<b>262,485</b>	<b>1,886</b>	<b>174,734</b>	<b>2,089,468</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 184,692</b>	<b>\$ 374,429</b>	<b>\$ 63,193</b>	<b>\$ 177,650</b>	<b>\$ 2,262,909</b>

**Capital Projects Funds**

<b>Total</b>	<b>Park Develop- ment</b>	<b>Urban Renewal</b>	<b>Total</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 2,355,502	\$ -	\$ 265,184	\$ 265,184	\$ 2,620,686
707,371	29,541	658	30,199	737,570
-	48,793	-	48,793	48,793
-	1,519,434	-	1,519,434	1,519,434
<u>\$ 3,062,873</u>	<u>\$ 1,597,768</u>	<u>\$ 265,842</u>	<u>\$ 1,863,610</u>	<u>\$ 4,926,483</u>
\$ 217,983	\$ 162,760	\$ 9,466	\$ 172,226	\$ 390,209
-	-	-	-	-
20,430	-	-	-	20,430
-	219,188	-	219,188	219,188
111,944	-	-	-	111,944
<u>350,357</u>	<u>381,948</u>	<u>9,466</u>	<u>391,414</u>	<u>741,771</u>
-	-	-	-	-
38,857	-	-	-	38,857
<u>38,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,857</u>
-	48,793	-	48,793	48,793
2,351,953	1,167,027	256,376	1,423,403	3,775,356
174,734	-	-	-	174,734
146,972	-	-	-	146,972
-	-	-	-	-
<u>2,673,659</u>	<u>1,215,820</u>	<u>256,376</u>	<u>1,472,196</u>	<u>4,145,855</u>
<u>\$ 3,062,873</u>	<u>\$ 1,597,768</u>	<u>\$ 265,842</u>	<u>\$ 1,863,610</u>	<u>\$ 4,926,483</u>



**City of McMinnville, Oregon**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

**Special Revenue Funds**

	<b>Special Assessment</b>	<b>Transient Lodging Tax</b>	<b>Telecomm- unications</b>	<b>Emergency Commun- ications</b>	<b>Street</b>
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	53,718	-	-	-	-
Licenses and permits	-	1,274,661	247,700	30,041	16
Intergovernmental	-	-	-	7,500	2,474,381
Charges for services	-	-	-	15,990	-
Miscellaneous	2,994	2,735	36	2,485	52,230
<b>Total Revenues</b>	<b>56,712</b>	<b>1,277,396</b>	<b>247,736</b>	<b>56,016</b>	<b>2,526,627</b>
<b>Expenditures</b>					
Current:					
General government:	60,258	830,840	247,700	-	-
Public Safety	-	-	-	854,579	-
Highways and streets	-	-	-	-	1,801,055
Culture and recreation	-	-	-	-	-
Capital outlay:					
Culture and recreation	-	-	-	-	-
Highways and streets	-	-	-	-	164,029
<b>Total expenditures</b>	<b>60,258</b>	<b>830,840</b>	<b>247,700</b>	<b>854,579</b>	<b>1,965,084</b>
Excess (deficiency) of revenues over (under) expenditures	(3,546)	446,556	36	(798,563)	561,543
<b>Other Financing Sources (Uses):</b>					
Loan proceeds	-	-	-	-	-
Transfers from other funds	-	-	-	817,100	-
Transfers to other funds	-	(392,821)	-	-	(570,000)
<b>Total other financing sources (Uses)</b>	<b>-</b>	<b>(392,821)</b>	<b>-</b>	<b>817,100</b>	<b>(570,000)</b>
Net change in fund balances	(3,546)	53,735	36	18,537	(8,457)
Fund balance - beginning	148,632	208,750	1,850	156,197	2,097,925
<b>Fund balances - ending</b>	<b>\$ 145,086</b>	<b>\$ 262,485</b>	<b>\$ 1,886</b>	<b>\$ 174,734</b>	<b>\$ 2,089,468</b>

**Capital Projects Funds**

<b>Total</b>	<b>Park Develop- ment</b>	<b>Urban Renewal</b>	<b>Total</b>	<b>Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -
53,718	-	-	-	53,718
1,552,418	-	-	-	1,552,418
2,481,881	107,670	-	107,670	2,589,551
15,990	690,880	150	691,030	707,020
60,480	32,488	7,922	40,410	100,890
<u>4,164,487</u>	<u>831,038</u>	<u>8,072</u>	<u>839,110</u>	<u>5,003,597</u>
1,138,798	-	-	-	1,138,798
854,579	-	-	-	854,579
1,801,055	-	210,475	210,475	2,011,530
-	138,498	-	138,498	138,498
-	512,264	-	512,264	512,264
164,029	-	2,675	2,675	166,704
<u>3,958,461</u>	<u>650,762</u>	<u>213,150</u>	<u>863,912</u>	<u>4,822,373</u>
<u>206,026</u>	<u>180,276</u>	<u>(205,078)</u>	<u>(24,802)</u>	<u>181,224</u>
-	-	-	-	-
817,100	-	182,630	182,630	999,730
(962,821)	-	-	-	(962,821)
<u>(145,721)</u>	<u>-</u>	<u>182,630</u>	<u>182,630</u>	<u>36,909</u>
60,305	180,276	(22,448)	157,828	218,133
2,613,354	1,035,544	278,824	1,314,368	3,927,722
<u>\$ 2,673,659</u>	<u>\$ 1,215,820</u>	<u>\$ 256,376</u>	<u>\$ 1,472,196</u>	<u>\$ 4,145,855</u>

**City of McMinnville, Oregon**  
**Special Assessment Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Special assessments	\$ 72,300	\$ 72,300	\$ 53,718	\$ (18,582)
Miscellaneous	1,700	1,700	2,994	1,294
Total revenues	<u>74,000</u>	<u>74,000</u>	<u>56,712</u>	<u>(17,288)</u>
<b>Expenditures</b>				
General government:				
Materials and services	72,300	72,300	53,718	18,582
Contingencies	20,000	20,000	-	20,000
Total expenditures	<u>92,300</u>	<u>92,300</u>	<u>53,718</u>	<u>38,582</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(18,300)</u>	<u>(18,300)</u>	<u>2,994</u>	<u>21,294</u>
<b>Other Financing Sources (Uses)</b>				
Transfers to other funds	(6,540)	(6,540)	(6,540)	-
Total other financing sources (uses)	<u>(6,540)</u>	<u>(6,540)</u>	<u>(6,540)</u>	<u>-</u>
Net change in fund balances	(24,840)	(24,840)	(3,546)	21,294
Fund balances, budgetary basis - beginning	146,147	146,147	148,632	2,485
Fund balances, budgetary basis - ending	<u>\$ 121,307</u>	<u>\$ 121,307</u>	<u>\$ 145,086</u>	<u>\$ 23,779</u>
Reconciliation:				
Expenditures, budgetary basis			\$ 53,718	
Transfers to other funds - services provided			<u>6,540</u>	
Expenditures, modified accrual basis			<u>\$ 60,258</u>	
Other financing sources (uses), budgetary basis			\$ (6,540)	
Transfers to other funds - services provided			<u>6,540</u>	
Other financing sources (uses), modified accrual basis			<u>\$ -</u>	

**City of McMinnville, Oregon**  
**Transient Lodging Tax Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Licenses and permits	\$ 1,216,825	\$ 1,256,825	\$ 1,274,661	\$ 17,836
Miscellaneous	2,387	2,387	2,735	348
Total revenues	<u>1,219,212</u>	<u>1,259,212</u>	<u>1,277,396</u>	<u>18,184</u>
<b>Expenditures</b>				
General government:				
Materials and services	834,441	834,441	830,840	3,601
Contingencies	238,396	238,396	-	238,396
Total expenditures	<u>1,072,837</u>	<u>1,072,837</u>	<u>830,840</u>	<u>241,997</u>
Excess (deficiency) of revenues over (under) expenditures	<u>146,375</u>	<u>186,375</u>	<u>446,556</u>	<u>260,181</u>
<b>Other Financing Sources (Uses)</b>				
Transfers to other funds	(375,375)	(415,375)	(392,821)	22,554
Total other financing sources (uses)	<u>(375,375)</u>	<u>(415,375)</u>	<u>(392,821)</u>	<u>22,554</u>
Net change in fund balances	(229,000)	(229,000)	53,735	282,735
Fund balances, budgetary basis - beginning	229,000	229,000	208,750	(20,250)
Fund balances, budgetary basis - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,485</u>	<u>\$ 262,485</u>

**City of McMinnville, Oregon**  
**Telecommunications Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Licenses and permits	\$ 245,000	\$ 257,000	\$ 247,700	\$ (9,300)
Miscellaneous	100	100	36	(64)
Total revenues	<u>245,100</u>	<u>257,100</u>	<u>247,736</u>	<u>(9,364)</u>
<b>Expenditures</b>				
General government:				
Materials and services	245,000	257,000	247,700	9,300
Contingencies	1,450	1,450	-	1,450
Total expenditures	<u>246,450</u>	<u>258,450</u>	<u>247,700</u>	<u>10,750</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,350)</u>	<u>(1,350)</u>	<u>36</u>	<u>1,386</u>
Net change in fund balances	<u>(1,350)</u>	<u>(1,350)</u>	<u>36</u>	<u>1,386</u>
Fund balances - beginning	1,925	1,925	1,850	(75)
Fund balances - ending	<u>\$ 575</u>	<u>\$ 575</u>	<u>\$ 1,886</u>	<u>\$ 1,311</u>

**City of McMinnville, Oregon**  
**Emergency Communications Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Licenses and permits	\$ 30,000	\$ 30,000	\$ 30,041	\$ 41
Intergovernmental	7,500	7,500	7,500	-
Charges for services	15,990	15,990	15,990	-
Miscellaneous	1,600	1,600	2,485	885
Total revenues	<u>55,090</u>	<u>55,090</u>	<u>56,016</u>	<u>926</u>
<b>Expenditures</b>				
Public safety:				
Materials and services	863,916	863,916	854,579	9,337
Capital outlay	-	75,000	-	75,000
Contingencies	75,000	-	-	-
Total expenditures	<u>938,916</u>	<u>938,916</u>	<u>854,579</u>	<u>84,337</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(883,826)</u>	<u>(883,826)</u>	<u>(798,563)</u>	<u>85,263</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	817,100	817,100	817,100	-
Net change in fund balances	(66,726)	(66,726)	18,537	85,263
Fund balances - beginning	150,512	150,512	156,197	5,685
Fund balances - ending	<u>\$ 83,786</u>	<u>\$ 83,786</u>	<u>\$ 174,734</u>	<u>\$ 90,948</u>

**City of McMinnville, Oregon**  
**Street Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Licenses and permits	\$ 50	\$ 50	\$ 16	\$ (34)
Intergovernmental	2,425,000	2,425,000	2,474,381	49,381
Miscellaneous	19,700	19,700	46,893	27,193
Total revenues	<u>2,444,750</u>	<u>2,444,750</u>	<u>2,521,290</u>	<u>76,540</u>
<b>Expenditures</b>				
Highways and streets:				
Personnel services	868,716	868,716	803,302	65,414
Materials and services	943,476	898,476	739,059	159,417
Capital Outlay	125,500	170,500	164,029	6,471
Contingencies	250,000	250,000	-	250,000
Total expenditures	<u>2,187,692</u>	<u>2,187,692</u>	<u>1,706,390</u>	<u>481,302</u>
Excess (deficiency) of revenues over (under) expenditures	<u>257,058</u>	<u>257,058</u>	<u>814,900</u>	<u>557,842</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	5,337	5,337	5,337	-
Transfers to other funds	(828,694)	(828,694)	(828,694)	-
Total other financing sources (uses)	<u>(823,357)</u>	<u>(823,357)</u>	<u>(823,357)</u>	<u>-</u>
Net change in fund balances	(566,299)	(566,299)	(8,457)	557,842
Fund balances, budgetary basis - beginning	1,797,159	1,797,159	2,097,925	300,766
Fund balances, budgetary basis - ending	<u>\$ 1,230,860</u>	<u>\$ 1,230,860</u>	<u>\$ 2,089,468</u>	<u>\$ 858,608</u>
<b>Reconciliation:</b>				
Revenues, budgetary basis			\$ 2,521,290	
Transfers from other funds - services provided			5,337	
Revenues, modified accrual basis			<u>\$ 2,526,627</u>	
Expenditures, budgetary basis			\$ 1,706,390	
Transfers to other funds - services provided			258,694	
Expenditures, modified accrual basis			<u>\$ 1,965,084</u>	
Other financing sources (uses), budgetary basis			\$ (823,357)	
Transfers from other funds - services provided			(5,337)	
Transfers to other funds - services provided			258,694	
Other financing sources (uses), modified accrual basis			<u>\$ (570,000)</u>	

**City of McMinnville, Oregon**  
**Urban Renewal Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 221,700	\$ 221,700	\$ 256,458	\$ 34,758
Miscellaneous	3,500	3,500	4,942	1,442
Total revenues	<u>225,200</u>	<u>225,200</u>	<u>261,400</u>	<u>36,200</u>
<b>Other Financing Sources (Uses)</b>				
Transfers to other funds	(457,730)	(457,730)	(320,137)	137,593
Net change in fund balances	<u>(232,530)</u>	<u>(232,530)</u>	<u>(58,737)</u>	<u>173,793</u>
Fund balance - beginning	259,425	259,425	290,020	30,595
Fund balances - ending	<u>\$ 26,895</u>	<u>\$ 26,895</u>	<u>231,283</u>	<u>\$ 204,388</u>
Add (subtract):				
Interfund loan balance			(2,079,554)	
Fund balance, modified accrual basis			<u>\$ (1,848,271)</u>	
Reconciliation:				
Other financing sources (uses), budgetary basis			\$ (320,137)	
Transfers to other funds - interfund loan repayment			94,008	
Transfers to other funds - interfund loan interest			43,499	
Other financing sources (uses), modified accrual basis			<u>\$ (182,630)</u>	



**City of McMinnville, Oregon**

**Debt Service Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 3,711,900	\$ 3,711,900	\$ 3,908,133	\$ 196,233
Miscellaneous	12,500	12,500	29,860	17,360
Total revenues	<u>3,724,400</u>	<u>3,724,400</u>	<u>3,937,993</u>	<u>213,593</u>
<b>Expenditures</b>				
Debt service	<u>3,731,138</u>	<u>3,731,138</u>	<u>3,731,138</u>	<u>-</u>
Net change in fund balances	(6,738)	(6,738)	206,855	213,593
Fund balances - beginning	1,183,880	1,183,880	1,267,786	83,906
Fund balances - ending	<u>\$ 1,177,142</u>	<u>\$ 1,177,142</u>	<u>\$ 1,474,641</u>	<u>\$ 297,499</u>

**City of McMinnville, Oregon**

**Park Development Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 267,075	\$ 267,075	\$ 107,670	\$ (159,405)
Charges for services	233,100	233,100	690,880	457,780
Miscellaneous	228,630	228,630	32,488	(196,142)
Total revenues	<u>728,805</u>	<u>728,805</u>	<u>831,038</u>	<u>102,233</u>
<b>Expenditures</b>				
Culture and recreation:				
Materials and services	97,008	97,008	83,775	13,233
Capital outlay	1,545,380	1,545,380	512,264	1,033,116
Contingencies	257,453	257,453	-	257,453
Total expenditures	<u>1,899,841</u>	<u>1,899,841</u>	<u>596,039</u>	<u>1,303,802</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,171,036)</u>	<u>(1,171,036)</u>	<u>234,999</u>	<u>1,406,035</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	230,000	230,000	-	(230,000)
Transfers to other funds	(54,723)	(54,723)	(54,723)	-
Total other financing sources (uses)	<u>175,277</u>	<u>175,277</u>	<u>(54,723)</u>	<u>(230,000)</u>
Net change in fund balances	(995,759)	(995,759)	180,276	1,176,035
Fund balances, budgetary basis - beginning	1,011,759	1,011,759	1,035,544	23,785
Fund balances, budgetary basis - ending	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 1,215,820</u>	<u>\$ 1,199,820</u>
Reconciliation:				
Expenditures, budgetary basis			\$ 596,039	
Transfers to other funds - services provided			54,723	
Expenditures, modified accrual basis			<u>\$ 650,762</u>	
Other financing sources (uses), budgetary basis			\$ (54,723)	
Transfers to other funds - services provided			54,723	
Other financing sources (uses), modified accrual basis			<u>\$ -</u>	

**City of McMinnville, Oregon**

**Urban Renewal Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$ -	\$ -	\$ 150	\$ 150
Miscellaneous	-	-	7,922	7,922
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>8,072</b>	<b>8,072</b>
<b>Expenditures</b>				
Programs and Improvements:				
Materials and Services	185,200	185,200	166,444	18,756
Capital Outlay	75,000	75,000	2,675	72,325
Contingencies	238,320	238,320	-	238,320
<b>Total expenditures</b>	<b>498,520</b>	<b>498,520</b>	<b>169,119</b>	<b>329,401</b>
Excess (deficiency) of revenues over (under) expenditures	(498,520)	(498,520)	(161,047)	337,473
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	304,231	304,231	182,630	(121,601)
Transfers to other funds	(44,031)	(44,031)	(44,031)	-
<b>Total other financing sources (uses)</b>	<b>260,200</b>	<b>260,200</b>	<b>138,599</b>	<b>(121,601)</b>
Net change in fund balances	(238,320)	(238,320)	(22,448)	215,872
Fund balance - beginning	238,320	238,320	278,824	40,504
<b>Fund balances - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 256,376</b>	<b>\$ 256,376</b>
<b>Reconciliation:</b>				
Expenditures, budgetary basis			\$ 169,119	
Transfers to other funds - services provided			44,031	
Expenditures, modified accrual basis			<u>\$ 213,150</u>	
Other financing sources (uses), budgetary basis			\$ 138,599	
Transfers to other funds - services provided			44,031	
Other financing sources (uses), modified accrual basis			<u>\$ 182,630</u>	

**City of McMinnville, Oregon**

**Transportation Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 201,248	\$ 201,248	\$ 201,248	\$ -
Charges for services	200,000	200,000	664,848	464,848
Miscellaneous	57,200	57,200	190,936	133,736
<b>Total revenues</b>	<u>458,448</u>	<u>458,448</u>	<u>1,057,032</u>	<u>598,584</u>
<b>Expenditures</b>				
Highways and streets:				
Materials and services	651,800	651,800	467,931	183,869
Capital outlay	6,870,000	6,870,000	5,455,486	1,414,514
Debt Service	201,248	201,248	201,248	-
Contingencies	500,000	500,000	-	500,000
<b>Total expenditures</b>	<u>8,223,048</u>	<u>8,223,048</u>	<u>6,124,665</u>	<u>2,098,383</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,764,600)</u>	<u>(7,764,600)</u>	<u>(5,067,633)</u>	<u>2,696,967</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	570,000	570,000	570,000	-
Transfers to other funds	(173,824)	(173,824)	(173,824)	-
<b>Total other financing sources (uses)</b>	<u>396,176</u>	<u>396,176</u>	<u>396,176</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(7,368,424)</u>	<u>(7,368,424)</u>	<u>(4,671,457)</u>	<u>2,696,967</u>
Fund balances, budgetary basis - beginning	10,595,330	10,595,330	10,370,473	(224,857)
<b>Fund balances, budgetary basis - ending</b>	<u>\$ 3,226,906</u>	<u>\$ 3,226,906</u>	<u>\$ 5,699,016</u>	<u>\$ 2,472,110</u>
<b>Reconciliation:</b>				
Expenditures, budgetary basis			\$ 6,124,665	
Transfers to other funds - services provided			173,824	
Expenditures, modified accrual basis			<u>\$ 6,298,489</u>	
Other financing sources (uses), budgetary basis			\$ 396,176	
Transfers to other funds - services provided			173,824	
Other financing sources (uses), modified accrual basis			<u>\$ 570,000</u>	



## **PROPRIETARY FUNDS**

- Combining Statement of Net Position – Internal Service Funds
- Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds
- Combining Statement of Cash Flows – Internal Service Funds
- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:
  - Wastewater Services Fund
  - Wastewater Capital Fund
  - Wastewater Services Fund Reconciliation of Budgetary Basis to Full Accrual Basis
  - Ambulance Fund
  - Building Fund
  - Information Systems & Services Fund
  - Insurance Services Fund



**City of McMinnville**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2019**

	<b>Information Systems &amp; Services</b>	<b>Insurance Services</b>	<b>Total Internal Service Funds</b>
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 234,067	\$ 1,907,996	\$ 2,142,063
Total current assets	<u>234,067</u>	<u>1,907,996</u>	<u>2,142,063</u>
Non-current assets:			
Capital assets:			
Depreciable capital assets	2,323,590	-	2,323,590
Accumulated depreciation	(1,909,509)	-	(1,909,509)
OPEB asset	<u>2,438</u>	<u>-</u>	<u>2,438</u>
Total Non-current assets	<u>416,519</u>	<u>-</u>	<u>416,519</u>
Total assets	<u>650,586</u>	<u>1,907,996</u>	<u>2,558,582</u>
<b>Deferred outflows of resources</b>			
Deferred outflow of resources - pension	197,679	-	197,679
Deferred outflow of resources - OPEB	<u>2,304</u>	<u>-</u>	<u>2,304</u>
Total deferred outflows of resources	<u>199,983</u>	<u>-</u>	<u>199,983</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	19,601	98,896	118,497
Accrued payroll and other payroll liabilities	10,007	-	10,007
Claims payable	-	91,848	91,848
Unearned revenue	-	15,091	15,091
Compensated absences	40,284	-	40,284
Pension related debt - due in one year	<u>4,627</u>	<u>-</u>	<u>4,627</u>
Total current liabilities	<u>69,892</u>	<u>205,835</u>	<u>280,354</u>
Non-current liabilities:			
Other post employment benefits	19,226	-	19,226
Pension related debt	46,786	-	46,786
Net pension liability	<u>382,089</u>	<u>-</u>	<u>382,089</u>
Total non-current liabilities	<u>448,101</u>	<u>-</u>	<u>448,101</u>
Total liabilities	<u>517,993</u>	<u>205,835</u>	<u>728,455</u>
<b>Deferred inflow of resources</b>			
Deferred inflow of resources - pension	129,566	-	129,566
Deferred inflow of resources - OPEB	<u>20,190</u>	<u>-</u>	<u>20,190</u>
Total deferred inflows of resources	<u>149,756</u>	<u>-</u>	<u>149,756</u>
<b>Net position</b>			
Invested in capital assets	414,081	-	414,081
Unrestricted	(235,888)	1,702,161	1,466,273
Total Net Position	<u>\$ 178,193</u>	<u>\$ 1,702,161</u>	<u>\$ 1,880,354</u>



**City of McMinnville**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2019**

	<b>Information Systems &amp; Services</b>	<b>Insurance Services</b>	<b>Total Internal Service Funds</b>
<b>Operating revenues</b>			
Charges for services	\$ 1,069,816	\$ 945,451	\$ 2,015,267
Miscellaneous	222	112,955	113,177
Total Operating revenues	<u>1,070,038</u>	<u>1,058,406</u>	<u>2,128,444</u>
<b>Operating expenses</b>			
Personnel services	579,148	-	579,148
Materials and services	606,008	1,221,740	1,827,748
Depreciation	43,217	-	43,217
Total operating expenses	<u>1,228,373</u>	<u>1,221,740</u>	<u>2,450,113</u>
Operating income (loss)	<u>(158,335)</u>	<u>(163,334)</u>	<u>(321,669)</u>
<b>Nonoperating Revenues</b>			
Investment earnings	4,205	36,457	40,662
Total nonoperating revenues	<u>4,205</u>	<u>36,457</u>	<u>40,662</u>
Change in Net Position:	(154,130)	(126,877)	(281,007)
Net position - beginning	332,323	1,829,038	2,161,361
Net position - ending	<u>\$ 178,193</u>	<u>\$ 1,702,161</u>	<u>\$ 1,880,354</u>

**City of McMinnville, Oregon**  
**Combining Statement of Cash Flows**  
**Internal Services Funds**  
**For the Year Ended June 30, 2019**

	<b>Information Systems &amp; Services</b>	<b>Insurance Services</b>	<b>Total</b>
<b>Cash Flows From Operating Activities</b>			
Receipts from interfund services provided	\$ 1,070,038	\$ 945,451	\$ 2,015,489
Other operating receipts	-	112,955	112,955
Payments to suppliers	(608,611)	(1,129,529)	(1,738,140)
Payments to employees	(454,293)	-	(454,293)
Net cash from operating activities	7,134	(71,123)	(63,989)
<b>Cash Flows From Non-Capital Financing Activities</b>			
Change in proportionate share of pension related obligation	(4,302)	-	(4,302)
<b>Cash Flows From Investing Activities</b>			
Interest received	4,205	36,457	40,662
<b>Increase in Cash and Investments</b>	7,037	(34,666)	(27,629)
<b>Cash and Investments - Beginning</b>	227,030	1,942,662	2,169,692
<b>Cash and Investments - Ending</b>	\$ 234,067	\$ 1,907,996	\$ 2,142,063
<b>Reconciliation of Operating Income to Net Cash From Operating Activities</b>			
Operating income	\$ (158,335)	\$ (163,334)	\$ (321,669)
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation	43,217	-	43,217
Change in current assets and liabilities:			
Accounts payable	(2,603)	77,120	74,517
Compensated absences	9,176	-	9,176
Pension benefits	116,880	-	116,880
Other post employment benefits	(2,300)	-	(2,300)
Accrued payroll and other payroll liabilities	1,099	-	1,099
Other liabilities	-	15,091	15,091
Net cash from operating activities	\$ 7,134	\$ (71,123)	\$ (63,989)

**City of McMinnville, Oregon**  
**Wastewater Services Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 9,907,761	\$ 9,907,761	\$ 10,290,558	\$ 382,797
Miscellaneous	11,900	11,900	60,885	48,985
Total revenues	<u>9,919,661</u>	<u>9,919,661</u>	<u>10,351,443</u>	<u>431,782</u>
<b>Expenditures</b>				
Wastewater:				
Wastewater services administration	659,790	659,790	632,589	27,201
Plant	1,861,209	1,861,209	1,709,669	151,540
Environmental services	526,925	526,925	398,725	128,200
Conveyance systems	794,221	794,221	646,514	147,707
Contingencies	300,000	300,000	-	300,000
Total expenditures	<u>4,142,145</u>	<u>4,142,145</u>	<u>3,387,497</u>	<u>754,648</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,777,516</u>	<u>5,777,516</u>	<u>6,963,946</u>	<u>1,186,430</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	13,342	13,342	13,342	-
Transfers to other funds	(6,780,115)	(6,780,115)	(6,780,115)	-
Total other financing sources (uses)	<u>(6,766,773)</u>	<u>(6,766,773)</u>	<u>(6,766,773)</u>	<u>-</u>
Net change in fund balances	(989,257)	(989,257)	197,173	1,186,430
Fund balances, budgetary basis - beginning	2,327,850	2,327,850	2,725,631	397,781
Fund balances, budgetary basis - ending	<u>\$ 1,338,593</u>	<u>\$ 1,338,593</u>	<u>\$ 2,922,804</u>	<u>\$ 1,584,211</u>

Wastewater Services Fund and Wastewater Capital Fund Reconciliation of Budgetary Basis to Full Accrual Basis follows  
Wastewater Capital Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

**City of McMinnville, Oregon**  
**Wastewater Capital Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 325,000	\$ 325,000	\$ 1,031,922	\$ 706,922
Miscellaneous	243,150	243,150	539,705	296,555
Total revenues	<u>568,150</u>	<u>568,150</u>	<u>1,571,627</u>	<u>1,003,477</u>
<b>Expenditures</b>				
Wastewater:				
Materials and services	2,151,100	2,151,100	476,595	1,674,505
Capital outlay	6,485,000	6,485,000	3,054,081	3,430,919
Contingencies	500,000	400,000	-	400,000
Total expenditures	<u>9,136,100</u>	<u>9,036,100</u>	<u>3,530,676</u>	<u>5,505,424</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,567,950)</u>	<u>(8,467,950)</u>	<u>(1,959,049)</u>	<u>6,508,901</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	6,429,189	6,429,189	6,429,189	-
Transfers to other funds	(458,203)	(558,203)	(228,203)	330,000
Total other financing sources (uses)	<u>5,970,986</u>	<u>5,870,986</u>	<u>6,200,986</u>	<u>330,000</u>
Net change in fund balances	<u>(2,596,964)</u>	<u>(2,596,964)</u>	<u>4,241,937</u>	<u>6,838,901</u>
Fund balances, budgetary basis - beginning	24,054,343	24,054,343	24,280,804	226,461
Fund balances, budgetary basis - ending	<u>\$ 21,457,379</u>	<u>\$ 21,457,379</u>	<u>\$ 28,522,741</u>	<u>\$ 7,065,362</u>

Wastewater Services Fund and Wastewater Capital Fund Reconciliation of Budgetary Basis to Full Accrual Basis follows  
Wastewater Capital Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

**City of McMinnville, Oregon**  
**Wastewater Services Fund**  
**Reconciliation of Budgetary Basis to Full Accrual Basis**  
**For the Year Ended June 30, 2019**

Reconciliation:

Wastewater Services Fund balances, budgetary basis - ending	\$ 2,922,804
Wastewater Capital Fund balances, budgetary basis - ending	28,522,741
Capital assets	109,930,504
Accumulated depreciation	(54,416,942)
Compensated absences payable	(104,163)
Other post employment benefits - asset and liability	(86,858)
Net pension liability	(1,976,865)
Deferred outflows of resources	1,034,678
Deferred inflows of resources	(774,812)
Pension-related obligation	(266,082)
Net position, full accrual - ending	<u>\$ 84,785,005</u>

Wastewater Services charges for services, budgetary basis	\$ 10,290,558
Wastewater Capital charges for services, budgetary basis	1,031,922
Development charges and fees	(1,031,922)
Charges for services, full accrual basis	<u>\$ 10,290,558</u>

Wastewater Services expenditures, budgetary basis	\$ 3,387,497
Wastewater Capital expenditures, budgetary basis	3,530,676
Change in compensated absences	4,815
Change in other post employment benefits	(8,150)
Pension expense	604,715
Principal payment on pension-related obligations	(31,811)
Expenditures capitalized	(3,477,696)
Transfers to other funds - services provided	579,129
Depreciation	3,208,540
Operating expenses, full accrual basis	<u>\$ 7,797,715</u>

Wastewater Services other financing sources (uses), budgetary basis	\$ (6,766,773)
Wastewater Capital other financing sources (uses), budgetary basis	6,200,986
Transfers to other funds - services provided	579,129
Reimbursement for insurance loss	<u>\$ 13,342</u>

## City of McMinnville, Oregon

### Ambulance Fund

#### Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 614,190	\$ 703,085	\$ 86,936	\$ (616,149)
Licenses and Permits	143,000	143,000	-	(143,000)
Charges for services	3,835,000	3,835,000	3,429,511	(405,489)
Miscellaneous	36,450	36,450	34,422	(2,028)
<b>Total revenues</b>	<b>4,628,640</b>	<b>4,717,535</b>	<b>3,550,869</b>	<b>(1,166,666)</b>
<b>Expenditures</b>				
Ambulance:				
Personnel services	3,766,324	3,694,719	3,629,446	65,273
Materials and services	971,084	1,308,684	1,163,580	145,104
Capital outlay	313,750	282,500	239,156	43,344
Contingencies	300,000	154,150	-	154,150
<b>Total expenditures</b>	<b>5,351,158</b>	<b>5,440,053</b>	<b>5,032,182</b>	<b>407,871</b>
Excess (deficiency) of revenues over (under) expenditures	(722,518)	(722,518)	(1,481,313)	(758,795)
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	865,012	865,012	858,285	(6,727)
Transfers to other funds	(366,015)	(366,015)	(366,015)	-
<b>Total other financing sources (uses)</b>	<b>498,997</b>	<b>498,997</b>	<b>492,270</b>	<b>(6,727)</b>
<b>Net change in fund balances</b>	<b>(223,521)</b>	<b>(223,521)</b>	<b>(989,043)</b>	<b>(765,522)</b>
Fund balances, budgetary basis - beginning	1,248,817	1,248,817	1,163,526	(85,291)
Fund balances, budgetary basis - ending	<u>\$ 1,025,296</u>	<u>\$ 1,025,296</u>	<u>174,483</u>	<u>\$ (850,813)</u>
Add (deduct):				
Allowance for uncollectibles			(147,021)	
Capital assets			1,180,673	
Accumulated depreciation			(642,612)	
Deferred outflows			2,067,122	
Compensated absences payable			(136,082)	
Net pension liability			(3,949,459)	
Other post employment benefits			(173,528)	
Pension-related debt			(531,553)	
Deferred inflows			(1,547,949)	
<b>Net position, full accrual - ending</b>			<u>\$ (3,705,926)</u>	
Reconciliation:				
Charges for service, budgetary basis			\$ 3,429,511	
Change in allowance for uncollectibles			104,913	
Charges for services, full accrual basis			<u>\$ 3,534,424</u>	
Expenditures, budgetary basis			\$ 5,032,182	
Change in compensated absences			(8,347)	
Change in other post employment benefits			63,049	
Change in pension expense			1,208,123	
Change in pension-related debt			(44,480)	
Transfers to other funds - services provided			277,015	
Capital outlay capitalized			(247,677)	
Depreciation			95,174	
Operating expenses, full accrual basis			<u>\$ 6,375,039</u>	
Other financing sources (uses), budgetary basis			\$ 492,270	
Transfers from other funds - services provided			(58,285)	
Transfers to other funds - services provided			277,015	
<b>Total contributions and transfers, full accrual basis</b>			<u>\$ 711,000</u>	

**City of McMinnville, Oregon**

**Building Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Licenses and permits	\$ 547,000	\$ 547,000	\$ 718,569	\$ 171,569
Miscellaneous	26,000	26,000	31,234	5,234
Total revenues	<u>573,000</u>	<u>573,000</u>	<u>749,803</u>	<u>176,803</u>
<b>Expenditures</b>				
Building:				
Personnel services	577,546	577,546	518,068	59,478
Materials and services	101,758	171,958	141,909	30,049
Capital Outlay	27,000	21,800	21,594	206
Contingencies	75,000	10,000	-	10,000
Total expenditures	<u>781,304</u>	<u>781,304</u>	<u>681,571</u>	<u>99,733</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(208,304)</u>	<u>(208,304)</u>	<u>68,232</u>	<u>276,536</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	2,668	2,668	2,668	-
Transfers to other funds	(79,151)	(79,151)	(79,151)	-
Total other financing sources (uses)	<u>(76,483)</u>	<u>(76,483)</u>	<u>(76,483)</u>	<u>-</u>
Net change in fund balances	<u>(284,787)</u>	<u>(284,787)</u>	<u>(8,251)</u>	<u>276,536</u>
Fund balances, budgetary basis - beginning	1,123,293	1,123,293	1,280,799	157,506
Fund balances, budgetary basis - ending	<u>\$ 838,506</u>	<u>\$ 838,506</u>	<u>1,272,548</u>	<u>\$ 434,042</u>
<b>Add (deduct):</b>				
Capital assets			401,657	
Accumulated depreciation			(168,146)	
Deferred outflows of resources			75,986	
Compensated absences payable			(26,222)	
Pension-related debt			(19,532)	
OPEB liability			(6,379)	
Net pension liability			(145,151)	
Deferred inflows of resources			(56,901)	
Net position, full accrual - ending			<u>\$ 1,327,860</u>	
<b>Reconciliation:</b>				
Expenditures, budgetary basis			\$ 681,571	
Change in compensated absences			7,074	
Change in pension liability			44,410	
Change in pension-related debt			(1,634)	
Change in other post employment benefits			(19,692)	
Transfers to other funds - services provided			79,151	
Capital outlay capitalized			(19,770)	
Depreciation			15,591	
Operating expenses, full accrual basis			<u>\$ 786,701</u>	
Other financing sources (uses), budgetary basis			\$ (76,483)	
Transfers from other funds - services provided			(2,668)	
Transfers to other funds - services provided			79,151	
Total contributions and transfers, full accrual basis			<u>\$ -</u>	

**City of McMinnville, Oregon**  
**Information Systems & Services Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 671,015	\$ 671,015	\$ 606,008	\$ (65,007)
Miscellaneous	2,200	2,200	4,427	2,227
Total revenues	<u>673,215</u>	<u>673,215</u>	<u>610,435</u>	<u>(62,780)</u>
<b>Expenditures</b>				
Information technology services:				
Personnel services	463,808	463,808	459,694	4,114
Materials and services	565,415	590,315	562,869	27,446
Capital outlay	105,600	80,700	43,139	37,561
Contingencies	65,000	65,000	-	65,000
Total expenditures	<u>1,199,823</u>	<u>1,199,823</u>	<u>1,065,702</u>	<u>134,121</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(526,608)</u>	<u>(526,608)</u>	<u>(455,267)</u>	<u>71,341</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	463,808	463,808	463,808	-
Total other financing sources (uses)	<u>463,808</u>	<u>463,808</u>	<u>463,808</u>	<u>-</u>
Net change in fund balances	(62,800)	(62,800)	8,541	71,341
Fund balances, budgetary basis - beginning	178,347	178,347	195,918	17,571
Fund balances, budgetary basis - ending	<u>\$ 115,547</u>	<u>\$ 115,547</u>	<u>204,459</u>	<u>\$ 88,912</u>
<b>Add (deduct):</b>				
Capital assets			2,323,590	
Accumulated depreciation			(1,909,509)	
Pension liability			(382,089)	
Deferred outflows of resources			199,983	
Deferred inflows of resources			(149,756)	
Compensated absences payable			(40,284)	
Other post employment benefits			(16,788)	
Pension-related debt			(51,413)	
Net position, full accrual - ending			<u>\$ 178,193</u>	
<b>Reconciliation:</b>				
Charges for services, budgetary basis			\$ 606,008	
Transfers from other funds - services provided			463,808	
Charges for services, full accrual basis			<u>\$ 1,069,816</u>	
Expenditures, budgetary basis			\$ 1,065,702	
Change in compensated absences			9,176	
Change in other post employment benefits			(2,300)	
Pension expense			112,578	
Depreciation			43,217	
Operating expenses, full accrual basis			<u>\$ 1,228,373</u>	
Other financing sources, budgetary basis			463,808	
Transfers from other funds - services provided			(463,808)	
Total contributions and transfers, full accrual basis			<u>\$ -</u>	



**City of McMinnville, Oregon**  
**Insurance Services Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 1,179,079	\$ 1,179,079	\$ 945,451	\$ (233,628)
Miscellaneous	125,300	125,300	149,412	24,112
Total revenues	<u>1,304,379</u>	<u>1,304,379</u>	<u>1,094,863</u>	<u>(209,516)</u>
<b>Expenditures</b>				
Insurance services:				
Materials and services	1,034,400	1,034,400	1,001,761	32,639
Contingencies	150,000	150,000	-	150,000
Total expenditures	<u>1,184,400</u>	<u>1,184,400</u>	<u>1,001,761</u>	<u>182,639</u>
Excess (deficiency) of revenues over (under) expenditures	<u>119,979</u>	<u>119,979</u>	<u>93,102</u>	<u>(26,877)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers to other funds	(226,706)	(226,706)	(219,979)	6,727
Total other financing sources (uses)	<u>(226,706)</u>	<u>(226,706)</u>	<u>(219,979)</u>	<u>6,727</u>
Net change in fund balances	(106,727)	(106,727)	(126,877)	(20,150)
Fund balances, budgetary basis - beginning	1,857,929	1,857,929	1,920,886	62,957
Fund balances, budgetary basis - ending	<u>\$ 1,751,202</u>	<u>\$ 1,751,202</u>	<u>1,794,009</u>	<u>\$ 42,807</u>
Add (deduct):				
Insurance claims payable			(91,848)	
Net position, full accrual - ending			<u>\$ 1,702,161</u>	
Reconciliation:				
Expenditures, budgetary basis			\$ 1,001,761	
Transfers to other funds - services provided			219,979	
Operating expenses, full accrual basis			<u>\$ 1,221,740</u>	
Other financing sources (uses), budgetary basis			\$ (219,979)	
Transfers to other funds - services provided			219,979	
Total contributions and transfers, full accrual basis			<u>\$ -</u>	

## **OTHER FINANCIAL SCHEDULES**

- Schedule of Accountability for Independently Elected Officials



**City of McMinnville, Oregon**  
**Schedule of Accountability for Independently Elected Officials**  
**June 30, 2019**

The City has no independently elected officials who collect or receive money for or from the City.



## 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)

	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Primary Government:</b>			
Governmental activities:			
Invested in capital assets (a) (d)	\$ 64,577,951	\$ 62,431,482	\$ 59,774,579
Restricted (e)	3,223,454	3,745,053	4,034,072
Unrestricted (b)	<u>8,881,472</u>	<u>9,436,731</u>	<u>9,748,354</u>
Total governmental activities net position (c)	<u>\$ 76,682,877</u>	<u>\$ 75,613,266</u>	<u>\$ 73,557,005</u>
Business-type activities:			
Invested in capital assets (a)	\$ 38,573,448	\$ 41,736,064	\$ 44,032,172
Restricted	284,065	183,776	148,044
Unrestricted	<u>19,444,666</u>	<u>18,683,904</u>	<u>18,976,324</u>
Total business-type activities net position (c)	<u>\$ 58,302,179</u>	<u>\$ 60,603,744</u>	<u>\$ 63,156,540</u>
Primary government:			
Invested in capital assets	\$ 103,151,399	\$ 104,167,546	\$ 103,806,751
Restricted	3,507,519	3,928,829	4,182,116
Unrestricted (g) (h)	<u>28,326,138</u>	<u>28,120,635</u>	<u>28,724,678</u>
Total primary government net position (c)	<u>\$ 134,985,056</u>	<u>\$ 136,217,010</u>	<u>\$ 136,713,545</u>
<b>Component unit:</b>			
Water and Light:			
Invested in capital assets (f)	\$ 103,852,317	\$ 103,521,631	\$ 106,683,105
Unrestricted (g) (h)	<u>28,853,295</u>	<u>32,006,301</u>	<u>33,671,841</u>
Total component unit	<u>\$ 132,705,612</u>	<u>\$ 135,527,932</u>	<u>\$ 140,354,946</u>

(a) In fiscal year 2009-10, the City implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This required a restatement of beginning net position of \$1,372,088 for governmental activities and \$231,078 for business-type activities making a total adjustment to primary government of \$1,603,166 for retroactive easements.

(b) In fiscal year 2010-11, the City recorded prior period adjustment of \$316,997 in governmental activities to account for assets set aside in an investment account for the Length of Service Awards program (LOSAP). Beginning net position is restated from \$76,365,880 to \$76,682,877.

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

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

**Fiscal Year Ended June 30,**

<u>2013</u>	<u>2014 Restated</u>	<u>2015 Restated</u>	<u>2016</u>	<u>2017</u>	<u>2018 Restated</u>	<u>2019</u>
\$ 60,826,806	\$ 59,579,789	\$ 59,688,968	\$ 60,243,871	\$ 66,165,718	\$ 72,977,099	\$ 75,161,026
4,139,865	5,932,257	23,156,125	22,841,795	16,277,620	15,270,498	10,997,806
10,719,116	9,663,248	(11,568,107)	(20,675,519)	(20,166,704)	(18,800,083)	(17,136,984)
<u>\$ 75,685,787</u>	<u>\$ 75,175,294</u>	<u>\$ 71,276,986</u>	<u>\$ 62,410,147</u>	<u>\$ 62,276,634</u>	<u>\$ 69,447,514</u>	<u>\$ 69,021,848</u>
\$ 45,568,283	\$ 48,275,891	\$ 55,205,674	\$ 58,125,477	\$ 56,791,990	\$ 55,036,414	\$ 56,285,132
178,933	299,781	482,442	437,036	707,615	1,132,758	1,094,349
20,057,090	20,417,335	15,948,799	14,733,277	18,380,560	23,260,392	25,027,458
<u>\$ 65,804,306</u>	<u>\$ 68,993,007</u>	<u>\$ 71,636,915</u>	<u>\$ 73,295,790</u>	<u>\$ 75,880,165</u>	<u>\$ 79,429,564</u>	<u>\$ 82,406,939</u>
\$ 106,395,089	\$ 107,855,680	\$ 114,894,642	\$ 118,369,348	\$ 122,957,708	\$ 128,013,513	\$ 131,446,158
4,318,798	6,232,038	23,638,567	23,278,831	16,985,235	16,403,256	12,092,155
30,776,206	30,080,583	4,380,692	(5,942,242)	(1,786,144)	4,460,309	7,890,474
<u>\$ 141,490,093</u>	<u>\$ 144,168,301</u>	<u>\$ 142,913,901</u>	<u>\$ 135,705,937</u>	<u>\$ 138,156,799</u>	<u>\$ 148,877,078</u>	<u>\$ 151,428,787</u>
\$ 115,135,213	\$ 118,079,561	\$ 121,446,462	\$ 123,113,177	\$ 123,366,419	\$ 124,776,038	\$ 128,423,468
31,952,469	35,154,147	36,515,824	36,415,854	40,284,763	45,312,269	49,459,337
<u>\$ 147,087,682</u>	<u>\$ 153,233,708</u>	<u>\$ 157,962,286</u>	<u>\$ 159,529,031</u>	<u>\$ 163,651,182</u>	<u>\$ 170,088,307</u>	<u>\$ 177,882,805</u>

(e) 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.

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

(g) 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.

(g) 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).

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

<b>Functions/Programs</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Expenses</b>			
Primary government:			
Governmental activities:			
General government	\$ 2,060,894	\$ 2,158,145	\$ 1,918,406
Community development	1,299,144	1,328,719	1,289,638
Public safety:			
Police	7,366,299	7,137,485	7,800,297
Fire	2,544,874	2,686,012	2,466,866
Highways and streets	3,478,409	3,453,560	3,347,084
Culture and recreation:			
Parks and recreation	4,014,812	4,095,241	4,174,915
Library	1,567,266	1,469,682	1,507,964
Airport	517,465	784,816	552,179
Interest on long-term debt	826,167	786,277	613,154
Total governmental activities expenses	<u>23,675,330</u>	<u>23,899,937</u>	<u>23,670,503</u>
Business-type activities:			
Wastewater	5,811,243	5,753,542	5,853,298
Ambulance	2,449,268	2,532,569	3,068,413
Building	446,236	415,676	406,630
Total business-type activities expenses	<u>8,706,747</u>	<u>8,701,787</u>	<u>9,328,341</u>
Total primary government expenses	<u>\$ 32,382,077</u>	<u>\$ 32,601,724</u>	<u>\$ 32,998,844</u>
Component unit:			
Water and Light	<u>\$ 36,062,095</u>	<u>\$ 37,802,141</u>	<u>\$ 40,626,635</u>

- (a) From fiscal years 2008-09 through 2014-15, transportation system development charges were lower due to a significant drop in construction activity with increases in fiscal years 2010-11, 2014-15, and 2015-16. Prior to 2016-17, systems development charges were included in charges for services. They are now included in capital grants and contributions.
- (b) From fiscal years 2007-08 through 2014-15, developer donations decreased due to a significant drop in construction activity. In 2016-17 and 2017-18 FAA and Oregon Department of Transportation Grant monies of \$3,593,000 and \$641,395 respectively were received for a Runway Rehabilitation Project at the McMinnville Municipal Airport.
- (c) Beginning in fiscal year 2008-09 and continuing through fiscal year 2015-16, interest revenue decreased due to significantly lower interest rates. For governmental activities, interest revenue increased due to higher interest rates and interest earned on bond proceeds. For business-type activities, interest revenue increased due to higher interest rates.

**Fiscal Year Ended June 30,**

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 1,869,910	\$ 2,031,927	\$ 2,065,497	\$ 7,389,396	\$ 3,233,556	\$ 3,103,821	\$ 3,952,533
1,283,292	1,215,961	949,452	1,341,282	1,536,152	1,631,905	2,473,857
7,710,365	8,370,060	7,084,384	11,604,781	9,664,865	9,126,532	11,783,861
2,534,766	2,537,593	2,048,332	2,766,437	3,155,530	3,135,785	4,341,851
3,839,179	2,443,173	2,964,608	4,804,574	3,539,224	3,224,152	3,996,504
4,074,988	4,113,605	3,810,278	5,103,934	4,246,590	4,018,893	5,291,479
1,416,283	1,343,265	1,092,515	1,448,885	1,581,460	1,466,633	1,980,816
553,974	560,272	692,357	1,147,840	598,401	697,787	364,338
525,129	484,383	519,917	614,253	1,229,866	1,028,859	1,274,644
<u>23,807,886</u>	<u>23,100,239</u>	<u>21,227,340</u>	<u>36,221,382</u>	<u>28,785,644</u>	<u>27,434,367</u>	<u>35,459,883</u>
5,818,847	5,808,434	5,523,163	7,811,354	7,039,396	6,846,447	7,797,715
3,395,105	3,508,377	2,868,982	5,125,215	4,934,709	4,377,101	6,375,039
277,561	283,842	225,229	453,557	361,604	428,003	786,701
<u>9,491,513</u>	<u>9,600,653</u>	<u>8,617,374</u>	<u>13,390,126</u>	<u>12,335,709</u>	<u>11,651,551</u>	<u>14,959,455</u>
<u>\$ 33,299,399</u>	<u>\$ 32,700,892</u>	<u>\$ 29,844,714</u>	<u>\$ 49,611,508</u>	<u>\$ 41,121,353</u>	<u>\$ 39,085,918</u>	<u>\$ 50,419,338</u>
<u>\$ 41,583,845</u>	<u>\$ 43,187,324</u>	<u>\$ 42,099,300</u>	<u>\$ 44,911,690</u>	<u>\$ 46,506,252</u>	<u>\$ 46,597,185</u>	<u>\$ 48,180,704</u>

(Continued)

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

<u>Functions/Programs</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Program revenues</b>			
Primary government:			
Governmental activities:			
Charges for services:			
General government	\$ 496,923	\$ 485,866	\$ 482,333
Community development	488,288	515,582	524,366
Public safety:			
Police	956,903	817,709	824,755
Fire	295,593	323,276	313,154
Highways and streets (a)	169,585	324,786	194,534
Culture and recreation:			
Parks and recreation	1,073,688	1,217,185	1,223,292
Library	58,820	55,200	56,719
Airport	220,329	233,651	237,082
Operating grants and contributions	2,554,203	2,174,634	2,263,584
Capital grants and contributions (b)	1,087,252	1,935,658	674,099
Total governmental activities program revenues	<u>7,401,584</u>	<u>8,083,547</u>	<u>6,793,918</u>
Business-type activities:			
Charges for services:			
Wastewater	8,244,213	8,292,062	8,453,886
Ambulance	2,320,010	2,275,122	2,739,983
Building	334,380	295,934	297,204
Operating grants and contributions	33,979	-	-
Capital grants and contributions (b)	34,704	-	24,943
Total business-type activities program revenues	<u>10,967,286</u>	<u>10,863,118</u>	<u>11,516,016</u>
Total primary government program revenues	<u>\$ 18,368,870</u>	<u>\$ 18,946,665</u>	<u>\$ 18,309,934</u>
Component unit:			
Water and Light:			
Charges for services	\$ 35,302,190	\$ 36,534,385	\$ 41,122,520
Operating grants and contributions	510,961	187,233	400,388
Capital grants and contributions	254,723	334,413	242,183
Total component unit program revenues	<u>\$ 36,067,874</u>	<u>\$ 37,056,031</u>	<u>\$ 41,765,091</u>
<b>Net revenue (expense)</b>			
Primary government:			
Governmental activities	\$ (16,273,746)	\$ (15,816,390)	\$ (16,876,585)
Business-type activities	2,260,539	2,161,331	2,187,675
Total primary government net revenue (expense)	<u>\$ (14,013,207)</u>	<u>\$ (13,655,059)</u>	<u>\$ (14,688,910)</u>
Component unit:			
Water and Light	<u>\$ 5,779</u>	<u>\$ (746,110)</u>	<u>\$ 1,138,456</u>

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 477,936	\$ 569,633	\$ 719,791	\$ 1,074,482	\$ 1,102,898	\$ 853,756	\$ 1,553,039
571,421	611,380	743,044	770,042	128,813	198,648	199,146
905,505	730,264	673,672	751,326	688,349	451,940	652,721
340,253	347,407	378,028	419,445	562,245	593,475	728,544
190,481	160,383	344,459	253,342	14	5,737	243,182
1,248,255	1,317,763	1,574,113	1,525,952	1,116,841	1,449,251	840,295
69,482	45,433	55,294	44,693	38,658	39,914	73,010
239,436	244,969	247,965	260,293	256,854	313,680	341,479
2,234,195	2,281,464	2,460,484	2,654,786	2,364,801	3,097,992	3,614,762
761,169	679,849	1,949,416	2,542,985	2,686,710	6,938,770	4,185,240
<u>7,038,133</u>	<u>6,988,545</u>	<u>9,146,266</u>	<u>10,297,346</u>	<u>8,946,183</u>	<u>13,943,163</u>	<u>12,431,418</u>
8,554,156	9,076,321	9,911,181	9,166,543	9,323,139	9,775,061	10,316,187
2,846,540	2,646,881	2,911,613	3,373,134	3,494,130	3,247,282	3,709,176
290,537	390,852	561,441	393,079	612,659	832,010	728,107
564	-	76	-	-	-	-
106,632	37,206	377,475	650,082	617,329	411,498	1,854,802
<u>11,798,429</u>	<u>12,151,260</u>	<u>13,761,786</u>	<u>13,582,838</u>	<u>14,047,257</u>	<u>14,265,851</u>	<u>16,608,272</u>
<u>\$ 18,836,562</u>	<u>\$ 19,139,805</u>	<u>\$ 22,908,052</u>	<u>\$ 23,880,184</u>	<u>\$ 22,993,440</u>	<u>\$ 28,209,014</u>	<u>\$ 29,039,690</u>
\$ 43,030,261	\$ 44,662,133	\$ 44,944,442	\$ 45,275,019	\$ 46,246,552	\$ 46,994,299	\$ 47,502,181
-	-	-	-	-	-	-
474,900	909,683	1,560,929	974,832	1,076,976	1,660,556	2,300,239
<u>\$ 43,505,161</u>	<u>\$ 45,571,816</u>	<u>\$ 46,505,371</u>	<u>\$ 46,249,851</u>	<u>\$ 47,323,528</u>	<u>\$ 48,654,855</u>	<u>\$ 49,802,420</u>
\$(16,769,753)	\$(16,111,694)	\$(12,081,074)	\$(25,924,036)	\$(19,839,461)	\$(13,491,204)	\$(23,028,465)
2,306,916	2,550,607	5,144,412	192,712	1,711,548	2,614,300	1,648,817
<u>\$(14,462,837)</u>	<u>\$(13,561,087)</u>	<u>\$(6,936,662)</u>	<u>\$(25,731,324)</u>	<u>\$(18,127,913)</u>	<u>\$(10,876,904)</u>	<u>\$(21,379,648)</u>
<u>\$ 1,921,316</u>	<u>\$ 2,384,492</u>	<u>\$ 4,406,071</u>	<u>\$ 1,338,161</u>	<u>\$ 817,276</u>	<u>\$ 2,057,670</u>	<u>\$ 1,621,716</u>

(Continued)

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

<u>Functions/Programs</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>General revenues and other changes in net position</b>			
Primary government:			
Governmental activities:			
Taxes			
Property taxes	\$ 11,573,566	\$ 11,860,485	\$ 11,880,645
Franchise taxes	2,191,818	2,202,237	2,441,291
Transient lodging taxes	-	-	-
Unrestricted state shared revenues	685,444	692,662	683,388
Unrestricted investment earnings (c)	57,829	60,685	85,988
Gain (loss) on disposal of capital assets	-	4,858	3,475
Other, net	-	-	-
Transfers	<u>(451,403)</u>	<u>(74,148)</u>	<u>(274,463)</u>
Total governmental activities	<u>14,057,254</u>	<u>14,746,779</u>	<u>14,820,324</u>
Business-type activities:			
Unrestricted investment earnings (c)	87,887	66,086	90,657
Gain (loss) on disposal of capital assets	-	-	-
Other, net	-	-	-
Transfers	<u>451,403</u>	<u>74,148</u>	<u>274,463</u>
Total business-type activities	<u>539,290</u>	<u>140,234</u>	<u>365,120</u>
Total primary government	<u>\$ 14,596,544</u>	<u>\$ 14,887,013</u>	<u>\$ 15,185,444</u>
Component unit:			
Water and Light:			
Unrestricted investment earnings (c)	\$ 323,950	\$ 425,450	\$ 422,467
Gain (loss) on disposal of capital assets	-	-	-
Timber sales, net of related expenses	832,598	1,355,475	2,605,898
Other, net	643,463	1,787,505	660,193
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>
Total component unit	<u>\$ 1,800,011</u>	<u>\$ 3,568,430</u>	<u>\$ 3,688,558</u>
<b>Change in net position</b>			
Primary government:			
Governmental activities	\$ (2,216,492)	\$ (1,069,611)	\$ (2,056,261)
Business-type activities	<u>2,799,829</u>	<u>2,301,565</u>	<u>2,552,795</u>
Total primary government	<u>\$ 583,337</u>	<u>\$ 1,231,954</u>	<u>\$ 496,534</u>
Component unit:			
Water and Light	<u>\$ 1,805,790</u>	<u>\$ 2,822,320</u>	<u>\$ 4,827,014</u>

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 12,145,519	\$ 12,457,511	\$ 12,937,499	\$ 14,751,884	\$ 15,028,217	\$ 16,228,026	\$ 17,509,832
2,486,923	2,538,348	2,548,881	2,504,237	2,420,309	2,541,802	2,688,775
-	235,874	574,911	644,878	691,102	947,467	1,274,661
760,551	807,749	834,087	825,156	913,376	1,114,681	1,428,732
95,507	97,482	78,040	86,079	317,994	377,589	151,605
3,300	1,637	(56,454)	-	-	-	-
-	-	-	617,243	483,825	551,665	260,194
<u>(239,644)</u>	<u>(537,400)</u>	<u>(389,542)</u>	<u>(1,327,911)</u>	<u>(715,800)</u>	<u>(713,500)</u>	<u>(711,000)</u>
<u>15,252,156</u>	<u>15,601,201</u>	<u>16,527,422</u>	<u>18,101,566</u>	<u>19,139,023</u>	<u>21,047,730</u>	<u>22,602,799</u>
101,206	100,694	89,688	76,170	157,027	332,672	591,066
-	-	-	(50,308)	-	-	-
-	-	-	112,390	-	22,528	26,492
<u>239,644</u>	<u>537,400</u>	<u>389,542</u>	<u>1,327,911</u>	<u>715,800</u>	<u>713,500</u>	<u>711,000</u>
<u>340,850</u>	<u>638,094</u>	<u>479,230</u>	<u>1,466,163</u>	<u>872,827</u>	<u>1,068,700</u>	<u>1,328,558</u>
<u>\$ 15,593,006</u>	<u>\$ 16,239,295</u>	<u>\$ 17,006,652</u>	<u>\$ 19,567,729</u>	<u>\$ 20,011,850</u>	<u>\$ 22,116,430</u>	<u>\$ 23,931,357</u>
\$ 182,845	\$ 199,400	\$ 167,244	\$ 264,782	\$ 469,319	\$ 803,958	\$ 1,195,165
-	-	(199,620)	(913,815)	-	-	-
3,962,482	2,243,586	3,324,530	2,364,804	1,837,271	2,721,512	3,500,751
666,093	1,318,548	1,019,342	1,304,702	998,285	2,041,960	1,476,866
-	-	37,424	(60,735)	-	-	-
<u>\$ 4,811,420</u>	<u>\$ 3,761,534</u>	<u>\$ 4,348,920</u>	<u>\$ 2,959,738</u>	<u>\$ 3,304,875</u>	<u>\$ 5,567,430</u>	<u>\$ 6,172,782</u>
\$ (1,517,597)	\$ (510,493)	\$ 4,446,348	\$ (7,822,470)	\$ (700,438)	\$ 7,556,526	\$ (425,666)
2,647,766	3,188,701	5,623,642	1,658,875	2,584,375	3,683,000	2,977,375
<u>\$ 1,130,169</u>	<u>\$ 2,678,208</u>	<u>\$ 10,069,990</u>	<u>\$ (6,163,595)</u>	<u>\$ 1,883,937</u>	<u>\$ 11,239,526</u>	<u>\$ 2,551,709</u>
<u>\$ 6,732,736</u>	<u>\$ 6,146,026</u>	<u>\$ 8,754,991</u>	<u>\$ 4,297,899</u>	<u>\$ 4,122,151</u>	<u>\$ 7,625,100</u>	<u>\$ 7,794,498</u>





**City of McMinnville, Oregon**  
**Fund Balances, Governmental Funds**  
**Last Ten Years**

(modified accrual basis of accounting)

	<u>June 30,</u>			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>General Fund:</b>				
Reserved	n/a	n/a	n/a	n/a
Unreserved (a)	n/a	n/a	n/a	n/a
Nonspendable	\$ 111,314	\$ 126,335	\$ 43,590	\$ 21,603
Restricted	-	-	-	-
Assigned	300,000	801,368	968,301	1,162,639
Unassigned (c)	<u>5,987,227</u>	<u>6,403,635</u>	<u>6,465,935</u>	<u>7,117,669</u>
<b>Total General Fund</b>	<b><u>\$ 6,398,541</u></b>	<b><u>\$ 7,331,338</u></b>	<b><u>\$ 7,477,826</u></b>	<b><u>\$ 8,301,911</u></b>
<b>Airport Maintenance Fund:</b>				
Reserved	n/a	n/a	n/a	n/a
Unreserved (a)	n/a	n/a	n/a	n/a
Nonspendable	\$ -	\$ -	\$ 5,788	\$ -
Restricted	170,883	-	-	-
Committed (c)	<u>500,373</u>	<u>564,391</u>	<u>663,499</u>	<u>679,749</u>
<b>Total Airport Maintenance Fund</b>	<b><u>\$ 671,256</u></b>	<b><u>\$ 564,391</u></b>	<b><u>\$ 669,287</u></b>	<b><u>\$ 679,749</u></b>
<b>Transportation Fund: (b)</b>				
Reserved	n/a	n/a	n/a	n/a
Unreserved, reported in (a):				
Capital projects funds	n/a	n/a	n/a	n/a
Restricted (e)	\$ 1,400,796	\$ 1,393,538	\$ 1,351,185	\$ 1,750,620
Assigned	-	-	124,636	-
Unassigned	<u>-</u>	<u>(41,474)</u>	<u>-</u>	<u>-</u>
<b>Total Transportation Fund</b>	<b><u>\$ 1,400,796</u></b>	<b><u>\$ 1,352,064</u></b>	<b><u>\$ 1,475,821</u></b>	<b><u>\$ 1,750,620</u></b>
<b>All other governmental funds: (a) (b) (c)</b>				
Reserved	n/a	n/a	n/a	n/a
Unreserved, reported in:				
Special revenue funds	n/a	n/a	n/a	n/a
Capital projects funds	n/a	n/a	n/a	n/a
Nonspendable	\$ -	\$ 5	\$ 49	\$ 45
Restricted	3,737,104	3,121,369	3,289,500	3,343,808
Committed	35,000	-	-	-
Assigned	1,110,785	1,122,826	1,101,847	1,158,861
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total all other governmental funds</b>	<b><u>\$ 4,882,889</u></b>	<b><u>\$ 4,244,200</u></b>	<b><u>\$ 4,391,396</u></b>	<b><u>\$ 4,502,714</u></b>

(a) As of fiscal year 2010-11, the City implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. Fiscal year 2009-10 Fund balances are restated here for comparison.

(b) 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.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
	n/a	n/a	n/a	n/a	n/a	n/a
	n/a	n/a	n/a	n/a	n/a	n/a
\$	22,722	\$ 22,056	\$ 68,332	\$ 2,245,416	\$ 2,183,574	\$ 2,113,747
	1,351,766	94,897	-	-	-	-
	557,316	593,735	647,141	673,696	606,790	655,396
	<u>8,053,592</u>	<u>7,575,581</u>	<u>6,768,660</u>	<u>6,444,745</u>	<u>6,179,445</u>	<u>5,813,577</u>
\$	<u>9,985,396</u>	<u>8,286,269</u>	<u>7,484,133</u>	<u>9,363,857</u>	<u>8,969,809</u>	<u>8,582,720</u>
	n/a	n/a	n/a	n/a	n/a	n/a
	n/a	n/a	n/a	n/a	n/a	n/a
\$	-	\$ 247	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-
	726,852	824,777	868,723	635,411	(185,123)	(33,778)
\$	<u>726,852</u>	<u>825,024</u>	<u>868,723</u>	<u>635,411</u>	<u>(185,123)</u>	<u>(33,778)</u>
	n/a	n/a	n/a	n/a	n/a	n/a
	n/a	n/a	n/a	n/a	n/a	n/a
\$	1,900,683	\$ 20,298,178	\$ 17,445,877	\$ 11,576,985	\$ 10,370,473	\$ 5,699,016
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<u>1,900,683</u>	<u>20,298,178</u>	<u>17,445,877</u>	<u>11,576,985</u>	<u>10,370,473</u>	<u>5,699,016</u>
	n/a	n/a	n/a	n/a	n/a	n/a
	n/a	n/a	n/a	n/a	n/a	n/a
\$	4	\$ 7,920	\$ 4	\$ 45	\$ -	\$ 48,793
	3,771,285	4,106,209	5,395,914	4,700,635	4,888,829	5,249,997
	262,238	109,721	117,120	136,238	156,197	174,734
	814,162	831,013	156,556	151,909	150,482	146,972
	-	-	(188,784)	(836,157)	(1,883,542)	(1,848,271)
\$	<u>4,847,689</u>	<u>5,054,863</u>	<u>5,480,810</u>	<u>4,152,670</u>	<u>3,311,966</u>	<u>3,772,225</u>



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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Revenues:</b>				
Property taxes	\$ 11,280,695	\$ 11,841,678	\$ 11,944,449	\$ 12,041,594
Special assessments	49,479	54,810	51,121	53,608
Licenses and permits (e)	2,297,980	2,305,008	2,551,413	2,591,208
Intergovernmental (d) (h)	3,783,213	4,859,494	3,658,577	3,626,937
Charges for services	2,370,147	2,565,362	2,615,582	2,729,936
Fines and forfeitures	858,474	761,389	761,046	748,677
Miscellaneous (a)	299,817	439,118	243,314	334,355
<b>Total revenues</b>	<u>20,939,805</u>	<u>22,826,859</u>	<u>21,825,502</u>	<u>22,126,315</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government (e)	1,853,247	1,803,989	1,703,755	1,664,094
Community development	1,248,671	1,249,944	1,236,352	1,226,600
Public safety	9,291,156	9,262,859	9,658,834	9,670,602
Highways and streets	1,398,891	1,331,764	1,471,788	1,431,792
Culture and recreation	5,352,686	4,456,751	4,737,874	4,419,442
Airport (d)	161,128	1,597,357	136,289	242,727
<b>Capital outlay:</b>				
General government (b)	211,037	-	-	-
Public safety (c)	79,561	-	-	-
Highways and streets	232,857	510,243	503,781	479,459
Culture and recreation	2,280,916	991,098	-	1,621
<b>Debt service:</b>				
Principal	907,046	910,000	950,000	1,075,000
Interest	840,332	802,340	716,608	575,375
Bond refunding (i)	-	-	5,835,000	-
<b>Total expenditures</b>	<u>23,857,528</u>	<u>22,916,345</u>	<u>26,950,281</u>	<u>20,786,712</u>
<b>Other financing sources (uses):</b>				
Bond proceeds - par/premium (g) (i)	-	-	-	-
Refunding bonds issued - par/premium (e) (g)	-	-	5,926,316	-
Payment to refunded bond escrow agent (g)	-	-	-	-
Proceeds from full faith and credit obligation (f) (h)	-	-	-	-
Transfers from other funds (e)	987,133	1,075,400	1,469,044	1,111,637
Police vehicles - lease purchase	-	-	-	-
Transfers to other funds (e)	(1,395,760)	(1,164,400)	(1,748,244)	(1,613,737)
<b>Total other financing sources (uses)</b>	<u>(408,627)</u>	<u>(89,000)</u>	<u>5,647,116</u>	<u>(502,100)</u>
<b>Net change in fund balances</b>	<u>\$ (3,326,350)</u>	<u>\$ (178,486)</u>	<u>\$ 522,337</u>	<u>\$ 837,503</u>
<b>Non-capital expenditures:</b>				
Total expenditures	\$ 23,857,528	\$ 22,916,345	\$ 26,950,281	\$ 20,786,712
Less: capital asset expenditures	(3,969,444)	(2,896,576)	(929,903)	(781,819)
<b>Non-capital expenditures</b>	<u>\$ 19,888,084</u>	<u>\$ 20,019,769</u>	<u>\$ 26,020,378</u>	<u>\$ 20,004,893</u>
<b>Debt service as a percentage of non-capital expenditures</b>	8.8%	8.6%	6.4%	8.2%

**Fiscal Year Ended June 30,**

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 12,435,395	\$ 12,866,111	\$ 14,688,381	\$ 15,097,552	\$ 16,165,021	\$ 17,863,899
59,515	54,328	57,151	53,265	59,565	53,718
2,872,975	3,225,701	3,247,694	3,461,315	3,975,367	4,682,788
3,683,458	3,846,363	4,340,890	5,969,106	9,704,144	5,456,340
2,854,528	3,613,848	3,327,315	3,501,405	3,748,962	4,709,392
608,740	522,900	580,010	566,537	638,281	628,167
358,783	425,410	523,785	455,973	1,137,878	1,258,385
<u>22,873,394</u>	<u>24,554,661</u>	<u>26,765,226</u>	<u>29,105,153</u>	<u>35,429,218</u>	<u>34,652,689</u>
1,804,140	2,298,268	3,245,287	3,020,757	3,110,103	3,645,620
1,165,511	1,221,604	1,295,680	1,352,798	1,681,015	2,046,261
10,223,535	12,215,631	11,044,821	11,388,862	12,329,098	12,875,329
1,485,187	1,775,502	3,364,488	4,180,581	3,011,186	2,653,285
4,427,361	4,698,934	4,855,542	4,916,702	5,306,436	5,719,811
201,804	328,733	784,495	2,258,610	6,142,718	849,991
-	-	-	-	-	-
-	-	-	-	-	-
527,054	502,116	1,735,138	5,601,383	10,557,967	5,622,190
40,751	410,867	4,650	142,519	1,141	512,264
1,070,000	1,173,594	1,600,529	6,025,848	2,889,141	3,065,189
535,025	540,023	950,387	1,153,618	1,289,328	1,398,691
-	32,000	-	-	-	-
<u>21,480,368</u>	<u>25,197,272</u>	<u>28,881,017</u>	<u>40,041,678</u>	<u>46,318,133</u>	<u>38,388,631</u>
-	18,238,688	-	-	8,204,575	-
-	8,493,436	-	-	-	-
-	(8,414,899)	-	-	-	-
1,370,000	-	-	6,101,705	-	-
874,500	1,026,200	1,148,148	1,717,161	1,709,953	1,962,551
-	-	-	-	136,045	-
(1,411,900)	(1,697,100)	(2,217,148)	(2,432,961)	(2,423,454)	(2,673,551)
832,600	17,646,325	(1,069,000)	5,385,905	7,627,119	(711,000)
<u>\$ 2,225,626</u>	<u>\$ 17,003,714</u>	<u>\$ (3,184,791)</u>	<u>\$ (5,550,620)</u>	<u>\$ (3,261,796)</u>	<u>\$ (4,446,942)</u>
\$ 21,480,368	\$ 25,197,272	\$ 28,881,017	\$ 40,041,678	\$ 46,318,133	\$ 38,388,631
(790,400)	(2,609,978)	(3,554,796)	(9,534,993)	(17,372,112)	(10,427,948)
<u>\$ 20,689,968</u>	<u>\$ 22,587,294</u>	<u>\$ 25,326,221</u>	<u>\$ 30,506,685</u>	<u>\$ 28,946,021</u>	<u>\$ 27,960,683</u>

7.8%

7.6%

10.1%

23.5%

14.4%

16.0%  
(Continued)

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

- (a) From fiscal year 2008-09 through 2015-16, interest revenue decreased due to significantly lower interest rates.
- (b) During fiscal year 2007-08, construction began on the new Civic Hall and continued into fiscal year 2009-10.
- (c) In fiscal year 2007-08, construction began on the new Public Safety building and continued into fiscal year 2009-10.
- (d) During fiscal year 2008-09, 2010-11 and from fiscal years 2015-16 to 2017-18, the City improved runways and taxiways at McMinnville Municipal Airport financed by capital grants of; \$2,570,000, \$1,250,000 and \$7,321,000, respectively, from the Federal Aviation Administration and Oregon Department of Transportation.
- (e) During fiscal year 2011-12, the 2001 Park Improvement Bonds were refunded.
- (f) During fiscal year 2012-13, the City received the proceeds from a full faith and credit bank loan to purchase Fire vehicles.
- (g) During fiscal year 2014-15, the 2006 Public Safety Building Bonds were refunded and the City received proceeds from a Transportation Bond.
- (h) During fiscal year 2016-17, 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.
- (i) During fiscal year 2017-18, the City received proceeds from a Transportation Bond.





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

Functions/Programs	2010	2011	2012	2013
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 617,801	\$ 626,400	\$ 639,086	\$ 635,997
Community development	539,378	583,847	576,426	638,007
Public safety:				
Police	1,175,560	1,053,124	1,011,817	1,050,176
Fire	386,813	333,420	313,471	340,253
Highways and streets (a) (b) (c) (d) (e)	2,264,864	2,417,477	2,463,150	2,504,676
Culture and recreation:				
Parks and recreation (b)	1,946,469	1,385,067	1,349,716	1,420,302
Library	199,667	196,990	203,170	209,286
Airport (c)	<u>271,032</u>	<u>1,487,222</u>	<u>237,082</u>	<u>239,436</u>
Total governmental activities	<u>7,401,584</u>	<u>8,083,547</u>	<u>6,793,918</u>	<u>7,038,133</u>
Business-type activities:				
Wastewater (b)	8,303,950	8,292,062	8,478,806	8,660,788
Ambulance	2,328,956	2,275,122	2,740,006	2,847,104
Building	<u>334,380</u>	<u>295,934</u>	<u>297,204</u>	<u>290,537</u>
Total business-type activities	<u>10,967,286</u>	<u>10,863,118</u>	<u>11,516,016</u>	<u>11,798,429</u>
Total primary government	<u>\$ 18,368,870</u>	<u>\$ 18,946,665</u>	<u>\$ 18,309,934</u>	<u>\$ 18,836,562</u>
<b>Component unit:</b>				
Water and light	<u>\$ 36,067,874</u>	<u>\$ 37,056,031</u>	<u>\$ 41,765,091</u>	<u>\$ 43,505,161</u>

- (a) Highways and streets contributions fluctuate significantly year-to-year depending on when subdivision plans are accepted and recorded and a public street is created.
- (b) System Development Charges and subdivision capital contributions fluctuate significantly depending on trends in the construction industry.
- (c) During fiscal year 2010-11 and from fiscal years 2015-16 to 2017-18, the City improved runways and taxiways at McMinnville Municipal Airport financed by capital grants from the Federal Aviation Administration and Oregon Department of Transportation.
- (d) During fiscal year 2010-11, the Oregon state gas tax rate increased.
- (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,**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	668,316	\$ 814,832	\$ 1,074,482	\$ 1,125,530	\$ 1,102,966	\$ 1,972,840
	666,128	805,423	770,042	128,813	198,648	199,146
	758,739	857,084	786,951	693,864	785,721	873,325
	351,282	381,205	434,106	581,430	604,240	730,522
	2,573,312	3,889,429	4,058,810	2,728,669	3,040,293	6,052,010
	1,522,760	1,767,924	1,710,213	1,460,744	1,717,003	1,353,565
	203,039	206,989	204,017	220,229	232,476	248,674
	244,969	423,380	824,717	2,006,904	6,261,816	1,001,336
	<u>6,988,545</u>	<u>9,146,266</u>	<u>9,863,338</u>	<u>8,946,183</u>	<u>13,943,163</u>	<u>12,431,418</u>
	9,113,527	10,288,656	9,816,625	9,940,468	10,186,559	12,170,989
	2,646,881	2,911,689	3,373,134	3,494,130	3,247,282	3,709,176
	390,852	561,441	393,079	612,659	832,010	728,107
	<u>12,151,260</u>	<u>13,761,786</u>	<u>13,582,838</u>	<u>14,047,257</u>	<u>14,265,851</u>	<u>16,608,272</u>
	<u>\$ 19,139,805</u>	<u>\$ 22,908,052</u>	<u>\$ 23,446,176</u>	<u>\$ 22,993,440</u>	<u>\$ 28,209,014</u>	<u>\$ 29,039,690</u>
	<u>\$ 45,571,816</u>	<u>\$ 46,505,371</u>	<u>\$ 45,275,019</u>	<u>\$ 47,323,528</u>	<u>\$ 48,654,855</u>	<u>\$ 49,802,420</u>

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

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Fiscal Year Ended June 30,	Real Property	Mobile Home Property	Personal Property	Utilities (a)
2010	1,860,921,808	37,898,120	85,379,738	50,416,314
2011	1,933,641,622	39,086,424	83,890,083	50,239,949
2012	1,976,637,138	32,062,303	80,942,534	50,636,473
2013	2,044,959,775	33,514,726	80,238,487	40,432,100
2014	2,079,603,829	34,025,542	78,234,266	41,303,400
2015	2,152,656,982	29,389,640	82,315,868	40,151,340
2016	2,297,104,909	33,465,952	80,930,768	38,880,800
2017	2,324,209,411	34,381,495	84,909,545	44,490,351
2018	2,425,373,589	35,322,954	81,535,244	41,793,532
2019	2,591,423,947	49,112,143	93,395,821	33,608,680

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 2009-10, Oregon Department of Revenue revalued Comcast Corporation's assessed value due to expansion of services provided. 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.

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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
2,034,615,980	5.84	3,267,741,423	62.3
2,106,858,078	5.74	3,193,379,293	66.0
2,140,278,448	5.70	2,806,089,205	76.3
2,199,145,088	5.65	2,767,634,640	79.5
2,233,167,037	5.72	2,748,715,501	81.2
2,304,513,830	5.74	2,861,726,286	80.5
2,450,382,429	6.23	3,119,905,725	78.5
2,487,990,802	6.18	3,418,882,530	72.8
2,591,403,059	6.44	3,722,887,719	69.6
2,767,540,591	6.51	3,930,001,020	70.4

**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
2010	5.02	0.82	-	5.84	2.57	-	2.57
2011	5.02	0.72	-	5.74	2.57	-	2.57
2012	5.02	0.68	-	5.70	2.57	-	2.57
2013	5.02	0.63	-	5.65	2.57	-	2.57
2014	5.02	0.70	-	5.72	2.57	-	2.57
2015	5.02	0.68	0.04	5.74	2.57	-	2.57
2016	5.02	1.16	0.05	6.23	2.58	-	2.58
2017	5.02	1.08	0.07	6.18	2.58	-	2.58
2018	5.02	1.34	0.08	6.44	2.58	-	2.58
2019	5.02	1.45	0.04	6.51	2.58	-	2.58

Source: Yamhill County Assessor's Office

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

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

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

Overlapping Rates						Total Direct and Overlapping Rates
McMinnville School District No. 40			Other Taxing Districts (b)			
Operating	Debt Service	Total	Operating & Local Option	Debt Service	Total	
4.15	2.79	6.94	1.18	0.18	1.36	16.71
4.15	2.77	6.92	1.09	0.17	1.26	16.49
4.15	2.83	6.98	1.08	0.25	1.34	16.59
4.15	2.83	6.98	1.08	0.27	1.36	16.55
4.15	2.72	6.87	1.08	0.23	1.32	16.48
4.15	2.79	6.94	1.08	0.27	1.35	16.61
4.15	2.72	6.87	1.08	0.28	1.36	17.04
4.15	2.74	6.89	1.08	0.28	1.36	17.00
4.15	2.60	6.75	1.08	0.27	1.35	17.12
4.15	2.59	6.74	1.08	0.27	1.35	17.18

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

Taxpayer	Type of Business	Fiscal Year Ended June 30, 2019		
		Assessed Value	Percentage	Rank
Cascade Steel Rolling Mills, Inc.	Steel production	\$ 63,015,704	2.30 %	1
Willamette Valley Medical Center, LLC	Health care	56,962,762	2.08	2
The Falls at McMinnville LLC	Developer/event center	22,821,998	0.83	3
HCP SH ELP1 Properties LLC (a)	Retirement community	19,946,151	0.73	4
Jackson Family Wines INC	Commercial wine producer	16,525,239	0.60	5
Lowes Home Improvement Warehouse, Inc.	Home improvement retail store	14,615,482	0.53	6
Cooperative Regions of Organic Producer	Organic consumer produce	13,714,166	0.50	7
March Hare LLC & McMincer, LLC (b)	Commercial real estate management	12,948,690	0.47	8
Michelbook Estates INC	Recreation organization	12,609,470	0.46	9
Lafayette Place Apartments LLC	Residential real estate management	11,283,371	0.41	10
Comcast Corporation	Cable television	-	-	
Air Liquide Industrial U S, LP	Liquid oxygen, nitrogen, argon	-	-	
Hillside Senior Living Community LLC (a)	Retirement community	-	-	
Verizon, Inc.	Telephone communication	-	-	
Homette (Skyline Corporation and Nomad)	Mobile home and RV manufacturing	-	-	
NBS-McMinnville Plaza	Commercial real estate management	-	-	
Northwest Natural Gas Co.	Natural gas distributor	-	-	
Total principal property tax payers		244,443,033	8.91	
All other property tax payers		<u>2,498,014,811</u>	<u>91.09</u>	
Total		<u>\$ 2,742,457,844</u>	<u>100.00 %</u>	

Source: Yamhill County Assessor's Office

(a) Hillside Senior Living Community LLC has been acquired by another company, although the property and facilities are the same

(b) Reef McMinnville Plaza LLC has been acquired by March Hare LLC & McMincer, LLC, although the property and facilities are the same

Fiscal Year Ended June 30, 2010

	<u>Assessed</u> <u>Value</u>	<u>Percentage</u>	<u>Rank</u>
\$	69,576,709	3.42 %	1
	56,885,576	2.80	2
	-	-	
	-	-	
	15,598,025	0.77	5
	-	-	
	-	-	
	-	-	
	11,657,000	0.57	7
	10,265,728	0.50	8
	17,412,083	0.86	4
	18,712,000	0.92	3
	7,428,073	0.37	10
	9,878,841	0.49	9
	13,598,600	0.67	6
	231,012,635	11.35	
	<u>1,803,603,345</u>	<u>88.65</u>	
\$	<u>2,034,615,980</u>	<u>100.00</u> %	



**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
2010	11,873,607	(252,447)	11,621,160	10,896,434	91.8
2011	12,105,863	(301,340)	11,804,523	11,193,766	92.5
2012	12,215,194	(319,177)	11,896,017	11,323,050	92.7
2013	12,457,781	(361,195)	12,096,586	11,507,271	92.4
2014	12,783,321	(338,882)	12,444,439	11,893,500	93.0
2015	13,220,677	(357,861)	12,862,816	12,320,010	93.2
2016	15,205,508	(499,925)	14,705,583	14,162,369	93.1
2017	15,439,224	(452,492)	14,986,732	14,670,232	95.0
2018	16,679,694	(437,197)	16,242,497	15,545,247	93.2
2019	18,016,281	(569,453)	17,446,828	17,113,839	95.0

Source: Yamhill County Assessor's Office

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

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Adjusted Levy
725,544	11,621,978	100.01
620,124	11,813,890	100.08
601,098	11,924,148	100.24
612,129	12,119,400	100.19
568,583	12,462,083	100.14
557,757	12,877,767	100.12
460,321	14,622,690	99.44
327,307	14,997,539	100.07
383,527	15,928,774	98.07
-	17,113,839	98.09

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

<u>Customer Type</u>	<u>Fiscal Year Ended June 30,</u>			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Water consumption (e):				
Residential	\$ 76,504,331	\$ 74,859,499	\$ 75,685,450	\$ 75,773,900
Commercial - no average (b)	50,828,300	53,747,000	50,717,903	56,242,500
Commercial - with average (c)	<u>9,585,906</u>	<u>9,363,800</u>	<u>8,999,000</u>	<u>7,882,400</u>
 Total	 <u>136,918,537</u>	 <u>137,970,299</u>	 <u>135,402,353</u>	 <u>139,898,800</u>
 Residential sewer rates: (a)				
Service charge per residential unit	\$ 17.05	\$ 17.05	\$ 17.05	\$ 17.05
Volume charge per 100 cubic feet of water used (d)	4.47	4.47	4.59	4.77
Commercial and industrial sewer rates:				
Service charge per account	17.05	17.05	17.05	17.05
Volume charge per 100 cubic feet of water used	5.46	5.46	5.62	5.89

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

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

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 75,498,100	\$ 75,212,200	\$ 75,670,000	\$ 75,912,502	\$ 75,958,939	\$ 74,939,700
53,151,400	51,733,900	53,543,500	44,729,900	43,761,700	45,964,700
5,879,700	5,727,300	5,824,500	6,221,000	5,861,500	5,721,100
<u>134,529,200</u>	<u>132,673,400</u>	<u>135,038,000</u>	<u>126,863,402</u>	<u>125,582,139</u>	<u>126,625,500</u>

\$ 17.25	\$ 17.73	\$ 18.60	\$ 19.25	\$ 20.00	\$ 20.73
4.94	5.08	5.22	5.36	5.49	5.62
17.25	17.73	18.60	19.25	20.00	20.73
6.13	6.30	6.48	6.65	6.81	6.96

**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		
2010	17.05	4.47	17.05	5.46	7,848,888	(0.89)
2011	17.05	4.47	17.05	5.46	7,940,854	1.17
2012	17.05	4.59	17.05	5.62	7,993,971	0.67
2013	17.05	4.77	17.05	5.89	8,233,885	3.00
2014	17.25	4.94	17.25	6.13	8,601,036	4.46
2015	17.73	5.08	17.73	6.30	9,166,951	6.58
2016	18.60	5.22	18.60	6.48	9,166,543	(0.00)
2017	19.25	5.36	19.25	6.65	9,287,932	1.32
2018	20.00	5.49	20.00	6.81	9,764,579	5.13
2019	20.73	5.62	20.73	6.96	10,270,936	5.19

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**  
**Number of Sewer Connections by Customer Type**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Residential	General Service & Commercial	Total
2010	11,319	1,199	12,518
2011	11,768	1,246	13,014
2012	11,664	1,170	12,834
2013	11,784	1,164	12,948
2014	12,042	1,097	13,139
2015	12,280	1,157	13,437
2016	12,121	1,083	13,204
2017	12,493	1,113	13,606
2018	12,770	1,151	13,921
2019	12,869	1,158	14,027

Source: McMinnville Water & Light Department

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

Fiscal Year Ended June 30,	General Obligation Bonds	Less Amount Available in Debt Service Fund (a)	Net General Obligation Bonded Debt	Percentage of Estimated Real Market Value (b)	Per Capita (c)	Other Full Faith & Credit Bank Loan
2010	18,780,067	910,000	17,870,067	0.55	554	-
2011	17,860,292	950,000	16,910,292	0.53	524	-
2012	16,966,610	1,075,000	15,891,610	0.57	490	-
2013	15,848,203	1,070,000	14,778,203	0.53	455	-
2014	14,734,796	1,105,000	13,629,796	0.50	417	1,370,000
2015	32,140,210	1,525,000	30,615,210	1.07	925	1,766,096
2016	30,333,129	1,850,000	28,483,129	0.91	853	3,221,241
2017	27,761,049	1,228,000	26,533,049	0.78	788	8,136,901
2018	33,216,319	1,268,000	31,948,319	0.86	945	7,714,829
2019	30,363,737	1,474,640	28,889,097	0.74	851	7,190,921

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

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

n/a - not available

<u>Governmental Activities Debt</u>		<u>Business-Type Activities</u>			<u>Total Primary Government (d)</u>	<u>Percentage of Personal Income (e)</u>	<u>Per Capita (c)</u>
<u>Notes Payable</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Full Faith &amp; Credit Bank Loan</u>	<u>Notes Payable</u>			
-	-	11,116,102	-	-	29,896,169	2.88	927
-	-	8,486,315	-	-	26,346,607	2.46	816
-	-	5,731,528	-	-	22,698,138	2.03	700
-	-	2,891,742	-	-	18,739,945	1.64	576
-	-	-	-	-	16,104,796	1.34	492
-	-	-	-	-	33,906,306	2.60	1,025
-	-	-	-	-	33,554,370	2.51	1,004
-	-	-	952,758	-	36,850,708	2.57	1,095
-	105,333	-	895,092	-	41,931,573	2.73	1,240
-	74,621	-	825,980	-	38,455,259	n/a	1,133



**City of McMinnville, Oregon**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2018**

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
<b>Direct:</b>			
General obligation bonded debt - City	\$ 33,007,474	100.00 %	\$ 33,007,474
Other governmental activities debt - City	7,265,542	100.00 %	<u>7,265,542</u>
Total direct debt			<u>40,273,016</u>
<b>Overlapping:</b>			
General obligation bonded debt:			
Chemeketa Community College	63,100,000	6.94	4,379,140
McMinnville School District No. 40	120,555,000	77.78	93,767,679
Other governmental activities debt:			
Chemeketa Community College	39,685,510	6.94	2,754,174
Willamette Education Service District	20,809,854	6.29	1,308,940
Yamhill County	7,608,556	27.75	2,111,374
McMinnville School District No. 40	23,767,490	77.78	<u>18,486,354</u>
Total overlapping debt			<u>122,807,661</u>
Total direct and overlapping debt			<u>\$ 163,080,677</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.



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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Total estimated real market value	\$ 3,267,741,423	\$ 3,193,379,293	\$ 2,806,089,205	\$ 2,767,634,640
Debt limitation:				
3% of estimated real market value	98,032,243	95,801,379	84,182,676	83,029,039
Debt applicable to limitation:				
Total general obligation bonded debt	18,620,000	17,710,000	16,515,000	15,440,000
Less amount available for payment of general obligation principal	<u>(910,000)</u>	<u>(950,000)</u>	<u>(1,075,000)</u>	<u>(1,070,000)</u>
Net debt applicable to limitation	<u>17,710,000</u>	<u>16,760,000</u>	<u>15,440,000</u>	<u>14,370,000</u>
Total remaining debt limit	<u>\$ 80,322,243</u>	<u>\$ 79,041,379</u>	<u>\$ 68,742,676</u>	<u>\$ 68,659,039</u>
Total net debt applicable to limitation as a percentage of debt limit	18.07%	17.49%	18.34%	17.31%

**Fiscal Year Ended June 30,**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 2,748,715,501	\$ 2,861,726,286	\$ 3,119,905,725	\$ 3,418,882,530	\$ 3,722,887,719	\$ 3,930,001,020
82,461,465	85,851,789	93,597,172	102,566,476	111,686,632	117,900,031
14,370,000	28,580,000	27,055,000	24,765,000	30,275,000	27,720,000
<u>(1,105,000)</u>	<u>(1,525,000)</u>	<u>(2,290,000)</u>	<u>(1,228,300)</u>	<u>(1,267,785)</u>	<u>(1,474,640)</u>
<u>13,265,000</u>	<u>27,055,000</u>	<u>24,765,000</u>	<u>23,536,700</u>	<u>29,007,215</u>	<u>26,245,360</u>
<u>\$ 69,196,465</u>	<u>\$ 58,796,789</u>	<u>\$ 68,832,172</u>	<u>\$ 79,029,776</u>	<u>\$ 82,679,417</u>	<u>\$ 91,654,671</u>
16.09%	31.51%	26.46%	22.95%	25.97%	22.26%



**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)
2010	32,240	1,036,935,120	32,163	6,411	10.0
2011	32,270	1,071,138,110	33,193	6,490	8.8
2012	32,435	1,117,515,490	34,454	6,464	8.5
2013	32,510	1,139,442,990	35,049	6,606	8.1
2014	32,705	1,198,703,660	36,652	6,620	6.6
2015	33,080	1,303,054,280	39,391	6,734	5.4
2016	33,405	1,335,331,470	39,974	6,794	5.1
2017	33,665	1,431,974,440	42,536	6,778	4.5
2018	33,810	1,537,611,180	45,478	6,764	3.1
2019	33,930	n/a	n/a	6,752	3.1

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 provided by Office of Economic Analysis. School enrollment is provided by McMinnville School District No. 40, adjusted from the preliminary estimate in the current year to official count in the following year. Unemployment numbers are provided by the Bureau of Labor Statistics.

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

n/a - not available

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

Employer	Type of Business	Fiscal Year Ended June 30, 2019		
		Number of Employees	Percentage	Rank
McMinnville School District #40	Education	750	4.59 %	1
Yamhill County	County government	640	3.92	2
Willamette Valley Medical Center, LLC	Health care	610	3.73	3
Cascade Steel Rolling Mills, Inc.	Steel production	410	2.51	4
Linfield College	Higher education - liberal arts	405	2.48	5
Meggitt Polymer	Sealing solutions manufacturing	384	2.35	6
City of McMinnville	City government	274	1.68	7
Betty Lou's Inc	Snack manufacturer	248	1.52	8
Oregon Mutual Insurance Company	Insurance products and services	195	1.19	9
Wal-Mart Stores, Inc.	Retail merchandise	185	1.13	10
Evergreen Enterprises, Inc.	Air freight, helicopters, agriculture	-	-	
Total principal employers		4,101	25.11	
All other employers (estimated)		12,234	74.89	
Total		16,335	100.00 %	

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

Fiscal Year Ended June 30, 2010

<u>Number of</u> <u>Employees</u>	<u>Percentage</u>	<u>Rank</u>
700	5.03 %	1
398	2.86	5
612	4.39	2
409	2.94	4
525	3.77	3
208	1.49	8
203	-	9
-	-	
209	1.50	7
180	-	10
<u>361</u>	<u>2.59</u>	6
3,805	24.57	
<u>10,120</u>	<u>72.68</u>	
<u>13,925</u>	<u>97.25</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
2010	134	42,913,099	144	9,466,331
2011	125	29,802,629	128	11,586,050
2012	113	29,242,652	101	11,698,859
2013	112	12,025,990	116	12,698,093
2014	141	12,233,453	173	21,608,492
2015	169	27,786,301	189	30,794,301
2016	124	8,342,488	197	29,861,929
2017	160	53,721,846	148	17,227,703
2018	144	67,534,920	168	25,020,298
2019	120	31,043,637	170	55,509,974

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, Oregon**  
**Full-Time Equivalent Employees by Function/Program**  
**Last Ten Fiscal Years**

Functions/Programs	Fiscal Year Ended June 30,					
	2010	2011	2012	2013	2014	2015
<b>Primary government:</b>						
Governmental activities:						
General government	15.32	14.84	14.49	13.38	13.31	13.71
Community development	11.35	11.35	10.35	9.60	9.39	9.83
Public safety:						
Police:						
Sworn	35.00	34.00	35.00	34.00	37.00	37.00
Non-sworn	14.92	13.45	13.57	14.77	11.18	13.39
Fire (a)	16.99	16.40	14.95	14.03	14.48	14.47
Highways and streets	8.84	8.83	8.90	8.90	8.66	8.68
Culture and recreation:						
Parks and recreation:						
Full-time	15.00	15.00	15.00	14.00	14.00	14.00
Part-time	29.61	29.26	29.18	28.67	27.94	29.94
Library	17.93	17.31	17.01	15.55	15.38	15.52
Total governmental activities	164.96	160.44	158.45	152.90	151.34	156.54
Business-type activities:						
Wastewater	19.22	19.46	20.46	22.40	20.46	21.46
Ambulance (a)	15.72	16.32	20.72	20.46	22.65	22.65
Building	3.75	3.65	3.65	2.00	1.90	2.00
Total business-type activities	38.69	39.43	44.83	44.86	45.01	46.11
<b>Total primary government</b>	<b>203.65</b>	<b>199.87</b>	<b>203.28</b>	<b>197.76</b>	<b>196.35</b>	<b>202.65</b>

Source: City of McMinnville Adopted Budgets

(a) In fiscal year 2011-12, the allocation of certain fire and ambulance positions was changed to more closely align personnel costs with actual hours worked in each function, resulting in a decrease in fire FTE and an increase in ambulance FTE.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
14.11	14.65	14.78	15.70
10.54	11.25	11.57	15.92
37.00	41.00	41.00	43.00
12.73	13.73	13.73	13.72
14.75	15.40	15.57	16.88
8.71	7.07	8.82	9.01
17.00	17.85	15.00	17.95
27.00	27.59	30.44	28.03
<u>15.45</u>	<u>15.31</u>	<u>15.42</u>	<u>15.84</u>
<u>157.29</u>	<u>163.85</u>	<u>166.33</u>	<u>176.05</u>
21.46	20.50	21.37	21.34
22.95	25.02	25.02	25.89
<u>3.25</u>	<u>3.75</u>	<u>3.75</u>	<u>5.00</u>
<u>47.66</u>	<u>49.27</u>	<u>50.14</u>	<u>52.23</u>
<u>204.95</u>	<u>213.12</u>	<u>216.47</u>	<u>228.28</u>

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

<b>Functions/Programs</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Primary government:</b>				
Police:				
Calls for service (a) (e)	29,133	27,848	32,153	29,419
Crimes: (a)				
Part I Crimes Against Persons	1,302	1,404	1,206	1,251
Part II Crimes Against Property	2,784	2,949	2,873	2,677
Part III Behavioral Crimes	1,070	1,032	1,107	1,133
Total crimes	<u>5,156</u>	<u>5,385</u>	<u>5,186</u>	<u>5,061</u>
Traffic crashes	297	265	276	235
Traffic citations/warnings	7,090	5,754	10,581	8,522
Fire:				
Self fire inspections conducted	-	-	-	-
On-site fire inspections conducted	320	375	450	512
Fire responses	815	800	923	650
Fire/rescue responses	3,212	3,303	2,823	2,912
Level of insurance service	Class 3	Class 3	Class 3	Class 3
Parks and recreation:				
Aquatic center attendance:				
General recreation programs	79,998	84,094	70,629	70,500
Fitness classes	19,801	19,852	19,487	18,586
Swim instruction	14,381	15,318	15,312	16,016
School district #40 programs	5,949	6,179	5,323	4,953
Rental attendance	13,747	13,857	24,245	24,730
Total attendance	<u>133,876</u>	<u>139,300</u>	<u>134,996</u>	<u>134,785</u>

**Fiscal Year Ended June 30,**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
29,823	31,047	29,059	33,342	36,284	na
1,132	1,234	998	1,130	1,321	na
2,418	2,442	2,014	2,075	2,387	na
1,287	1,364	1,317	1,290	1,237	na
<u>4,837</u>	<u>5,040</u>	<u>4,329</u>	<u>4,495</u>	<u>4,945</u>	<u>na</u>
334	284	373	268	355	na
8,003	8,838	6,038	10,852	11,384	na
-	-	-	-	-	-
562	484	375	300	577	612
786	856	866	817	967	1,008
2,932	2,996	3,024	3,018	2,989	2,699
Class 3	Class 3	Class 3	Class 3	Class 3	Class 3
73,729	84,301	85,715	77,399	62,723	61,682
18,229	19,989	25,790	23,377	23,876	26,050
16,862	16,523	15,333	13,604	13,523	13,230
6,454	6,177	7,263	7,350	6,108	6,070
18,789	14,794	12,608	13,804	14,058	14,550
<u>134,063</u>	<u>141,784</u>	<u>146,709</u>	<u>135,534</u>	<u>120,288</u>	<u>121,582</u>

(Continued)

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

<b>Functions/Programs</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Community center and recreation programs:				
Facility reservations	1,932	1,944	1,960	2,559
Children's programs (children per session):				
Kids on the block (after school) (b)	781	950	594	682
STARS (summer)	57	60	60	55
Community Center Programs (per year) (f)				
Youth Programs	n/a	n/a	n/a	n/a
Adult Programs	n/a	n/a	n/a	n/a
Community Center Drop-In Participants (g)	n/a	n/a	n/a	n/a
Recreational sports:				
Soccer:				
Participants	2,039	1,907	2,054	1,837
Teams	187	169	173	147
Matches	1,190	910	857	787
Baseball/softball:				
Participants	920	1,188	1,067	1,162
Teams	87	105	89	91
Games	590	588	577	600
Other sports:				
Participants	472	560	486	492
Games/matches	377	394	378	331
Senior center:				
Attendance (d)	17,800	16,838	27,782	29,001
Facility rentals	130	208	327	269
Senior meals served	22,000	19,500	19,250	24,574
Day trips taken	12	24	16	19
Day trip attendance	220	276	163	207
Overnight trips taken	8	9	16	11
Overnight trip attendance	120	70	50	69
Park maintenance:				
Picnic reservations (a)	116	145	160	155
Library:				
Items circulated	378,061	381,814	382,344	352,211
Items in collections / resources	112,461	117,016	192,766	136,629
Service hours per week	51	51	51	45

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
2,698	2,051	1,848	2,796	2,595	2,992
694	449	447	407	373	295
62	65	65	71	75	76
n/a	n/a	2,144	3,313	4,091	4,071
n/a	n/a	392	423	392	238
n/a	n/a	5,941	7,215	9,026	7,379
1,694	1,683	1,606	1,634	1,555	1,439
140	173	155	158	150	142
730	824	780	731	748	683
1,042	1,120	1,100	950	978	1,096
83	93	97	78	82	93
506	535	513	427	437	568
554	598	615	571	492	532
346	357	333	305	254	297
27,779	27,610	28,558	30,866	33,400	34,006
194	203	212	190	175	177
27,997	19,920	23,164	24,801	24,818	27,291
19	15	18	11	10	11
265	221	249	153	131	153
12	6	8	5	2	-
37	34	18	10	5	-
154	160	160	179	180	138
351,672	359,093	384,347	371,872	360,300	374,451
87,995	142,904	152,121	160,363	162,807	168,595
45	45	45	45	45	50

(Continued)



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

<u>Functions/Programs</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Community development:				
Building division:				
Building permits issued	207	192	119	201
Plumbing permits issued	269	298	132	243
Mechanical permits issued	266	197	103	173
Demolition permits issued	10	5	5	12
Fire life safety permits issued	21	33	12	29
Miscellaneous permits issued	41	40	28	26
Manufactured home permits issued	22	17	4	2
Total permits issued	<u>836</u>	<u>782</u>	<u>403</u>	<u>686</u>
Wastewater Services:				
Daily average treatment in gallons (c)	2,937,000	3,461,000	2,960,000	2,740,000
Service connections:				
Residential	11,319	11,768	11,664	11,784
General services/commercial	1,199	1,246	1,170	1,164
Ambulance:				
Emergency Medical Service (EMS) calls	5,480	5,603	5,713	5,795
EMS patients transported	4,001	4,100	4,204	4,388
<b>Component unit:</b>				
Water and light:				
Water system:				
Daily average consumption in gallons	4,200,000	4,400,000	4,324,000	5,020,000
Service connections:				
Residential	11,617	12,063	11,886	12,006
General services/commercial	1,424	1,521	1,479	1,485
Electric system:				
Type	public power	public power	public power	public power
Service connections:				
Residential	13,000	13,051	13,116	13,160
General services/small industrial	2,158	2,182	2,184	2,206
Large industrial	2	2	2	2

Source: City of McMinnville departments

(a) Calendar year

(b) A 21st Century grant obtained by the McMinnville School District enabled the KOB program to expand services in fiscal years 2009-10 and 2010-11.

(c) Dry weather flow, June through October. Fluctuations, as in fiscal year 2010-11, are due to storm water.

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

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
282	270	261	250	358	349
275	184	233	227	246	238
232	245	301	309	310	302
4	6	10	15	17	4
40	60	37	43	49	28
44	44	56	43	67	52
8	21	15	5	5	5
<u>885</u>	<u>830</u>	<u>913</u>	<u>892</u>	<u>1,052</u>	<u>978</u>
3,240,000	2,950,000	3,310,000	2,758,000	2,735,000	2,820,000
12,042	12,280	12,121	12,493	12,770	12,869
1,097	1,157	1,083	1,113	1,151	1,158
5,879	6,211	7,248	7,028	7,000	6,423
4,385	4,546	5,156	5,234	4,902	4,753
4,500,000	4,700,000	4,800,000	4,300,000	4,500,000	4,500,000
12,192	12,431	12,238	12,619	12,882	13,021
1,511	1,551	1,475	1,479	1,542	1,628
public power	public power	public power	public power	public power	public power
13,260	13,526	13,616	13,807	13,909	14,084
2,189	2,002	2,293	2,224	2,247	2,254
2	2	2	2	2	2

(e) Beginning in 2011, calls for service data includes officer-initiated activity, in previous years the call for service data was the actual requests for police officer service from the community.

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

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

n/a - not available

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

Functions/Programs	2010	2011	2012
<b>Primary government:</b>			
General government:			
Computers - desktops and laptops	251	264	264
Computers - physical servers	33	21	14
Police:			
Station	1	1	1
Off-site evidence facility	1	1	1
Training facility	1	1	1
Patrol units	15	15	16
Command vehicle	1	1	2
Motorcycles	2	2	2
Fire:			
Stations	1	1	1
Training facility	1	1	1
Vehicles	16	16	16
Highways and streets:			
Miles of streets	103	103	103
Miles of storm drain sewers	75	75	75
Number of street lights	n/a	2,677	2,684
Parks and recreation:			
Aquatic center	1	1	1
Community center	1	1	1
Senior citizen center	1	1	1
Parks:			
Neighborhood parks (a)	2	3	3
Community parks	5	5	5
Linear park	2	2	2
Mini parks and play lots	7	7	7
Nature parks	2	2	2
Special use park (b)	1	1	1
Greenway/greenspaces	15	15	15
Park system acreage (a)	353	353	353
Tennis courts (d)	4	4	4
Pickleball courts (d)	-	-	-
Baseball/softball fields	11	11	11
Soccer fields	11	11	11
Outdoor basketball courts	7	8	8
Skate parks	2	2	2
Library:			
Facility	1	1	1
Bookmobile	1	1	1

Fiscal Year Ended June 30,

2013	2014	2015	2016	2017	2018	2019
267	285	280	285	291	290	290
17	17	17	12	12	12	12
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
14	14	15	15	15	15	16
2	2	2	2	2	2	1
2	2	2	2	2	2	2
2	2	2	2	2	2	2
1	1	1	1	1	1	1
16	16	16	16	16	16	16
103	103	104	104	104	105	107
76	76	77	77	78	79	83
2,684	2,679	2,679	2,679	2,697	2,719	2,762
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
3	3	3	3	3	3	4
5	5	5	5	5	5	5
2	2	2	2	2	2	2
7	7	7	7	7	7	7
2	2	2	2	2	2	2
1	1	1	1	1	1	1
15	15	15	15	15	15	15
353	353	357	357	357	357	357
4	4	4	4	4	2	2
-	-	-	-	-	6	6
11	11	11	11	11	11	11
11	11	11	11	11	11	11
8	8	8	8	8	8	8
2	2	2	2	2	2	2
1	1	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	2010	2011	2012
<b>Primary government (continued):</b>			
Airport:			
Runways	2	2	2
Runway 04/22: 100 ft x 5420 ft with 1,000 ft asphalt stopway (e)			
Runway 17/35: 75 ft x 4394 ft			
Connecting taxiways	2	2	2
Automated weather station	1	1	1
Instrument landing system (ILS)	1	1	1
Precision approach path indicator (PAPI)	2	2	2
FAA automated flight service station	-	-	-
City owned hangars:			
Maintenance	2	2	2
Rental	27	27	27
Land leased hangars:			
Private	83	84	84
Corporate	2	2	2
Wastewater Services:			
Treatment plant	1	1	1
Maximum daily capacity of treatment plant in gallons	5,600,000	5,600,000	5,600,000
Miles of sanitary sewers	152	152	152
Ambulance:			
Vehicles	3	4	5
<b>Component unit:</b>			
Water and light:			
Water system:			
Maximum daily capacity of plant in gallons (c)	13,300,000	22,000,000	22,000,000
Watershed storage in billions of gallons	3.5	3.5	3.5
Miles of water mains	154	172	172
Fire hydrants	1,023	1,023	1,023
Electric system:			
Substations	8	7	7
Miles of distribution	318	314	320

Source: City of McMinnville departments

- (a) In fiscal year 2009-10, land for an addition to a linear park was purchased and land was repurposed for a dog park. In fiscal year 2014-15, NW Neighborhood (Jay Pearson) park land was purchased.
- (b) In fiscal year 2009-10, a dog park was constructed.
- (c) In fiscal year 2010-11, Water & Light completed Scott Water Treatment Plant expansion construction.
- (d) In fiscal year 2017-18, six pickleball courts replaced two tennis courts in lower city park.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
2	2	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
2	2	2	2	2	1	1
-	-	-	-	-		
2	2	2	2	2	2	2
27	27	27	27	27	27	27
84	84	84	84	84	84	84
2	2	2	2	2	2	2
1	1	1	1	1	1	1
5,600,000	5,600,000	5,600,000	5,600,000	6,100,000	6,100,000	6,100,000
152	153	155	155	156	157	-
5	5	6	6	7	7	6
22,000,000	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	3.5
172	175	176	177	177	178	179
1,024	1,044	1,055	1,061	1,068	1,068	1,106
7	7	7	7	7	7	7
323	325	326	329	332	331	333

(e) 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.

n/a - not available



## **COMPLIANCE SECTION**

- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on and Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Schedule of Findings and Responses
- 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 Regulations*





**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***

Honorable Mayor and City Council  
City of McMinnville, Oregon

We have audited, in accordance with 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, 2019, 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 January 31, 2020.

**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) to determine the 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 did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a material weakness as item 2019-1.

**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 determination of financial statement amounts. 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 Standard*.

## City of McMinnville, Oregon's Response to Findings

City of McMinnville, Oregon's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. City of McMinnville, Oregon's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina+Co  
Tualatin, Oregon  
January 31, 2020

**CITY OF MCMINNVILLE, OREGON**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**June 30, 2019**

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2019-1

Condition: Internal controls related to proper review of year-end worksheets were not being followed. Internal controls help prevent or detect and correct misstatements in a timely manner.

Criteria: Internal controls related to proper review of year-end worksheets should be implemented to ensure amounts agree to the accounting records and financial statements.

Effect: Year-end worksheets were not properly updated and reviewed causing financial reporting for the affected areas to require adjustments that were material. This resulted in a material weakness to be reported.

Cause: Due to turn-over in management, internal controls over review of year-end worksheets were not being followed.

Recommendation: We recommend that management review its internal controls processes to incorporate additional oversight and review of year-end worksheets to ensure amounts and formulas are correct. This will help ensure that the year-end worksheets agree to the accounting records and are properly maintained for accurate financial reporting.

Views of Responsible Officials and Planned Corrective Actions: Recommended changes are being made to internal controls. All manual entries will be reviewed and signed off on, to help ensure that entries are correct.

**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 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, 2019 and have issued our report thereon dated January 31, 2020. 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.

**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 grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- 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 of McMinnville 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. In connection with our testing, nothing came to our attention that caused us to believe City of McMinnville, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows.

At June 30, 2019, the following funds had a deficit budgetary basis fund balance:

<u>Fund</u>	<u>Amount</u>
Airport Maintenance Fund	\$ (33,778)

### **OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered City of McMinnville, Oregon's internal control over financial reporting (internal control) to determine the 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 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 did identify a certain deficiency in internal control described in the accompanying schedule of findings and responses that we consider to be a material weakness as item 2019-1.

### **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  
January 31, 2020

