



City of McMinnville



City of McMinnville, Oregon
Annual Comprehensive Financial Report
Year Ended June 30, 2021



CITY OF MCMINNVILLE, OREGON

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

YEAR ENDED JUNE 30, 2021

Prepared by:

Finance Department

Jennifer K. Cuellar-Smith
Finance Director

City of McMinnville, Oregon
Comprehensive Annual Financial Report
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**City of
McMinnville**

INTRODUCTORY SECTION

INTRODUCTORY SECTION

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



**City of
McMinnville**



City of McMinnville

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

December 13, 2021

Mayor Scott Hill
City Councilors
Residents 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, 2021. The *Annual Comprehensive Financial Report (ACFR)* presents the financial position of the City of McMinnville (City) as of June 30, 2021 and the results of City operations and proprietary fund cash flows for the year then ended. The City's financial statements and schedules were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The City's statements and schedules were audited by Merina and Company, LLP in accordance with auditing standards generally accepted in the United States of America. Merina and Company, LLP concluded the basic financial statements are free of material misstatement and issued an unmodified opinion which is presented in the second section of this report. Financial accuracy, completeness, and fairness of presentations in the *ACFR* are the responsibility of City of McMinnville's management. City management has established a comprehensive framework of internal controls to provide a reasonable basis for asserting that the financial statements are fairly presented. Since the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. City management asserts the *ACFR* is complete and reliable in all material respects.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A is located immediately following the report of the independent auditors.

Profile of the Government:

City of McMinnville: The city is located in the agriculturally rich Willamette Valley 40 miles southwest of Portland, the largest metropolitan area in Oregon. McMinnville is the county seat of Yamhill County, the seventeenth largest city in Oregon, and the economic hub of the region.

The City is a municipal government, incorporated as a town in 1876 and as a city in 1882, operating under the council-manager form of government. The elected officials are a Mayor and six City Council members. The City provides a full range of services, including police and fire protection; ambulance services; municipal court; wastewater treatment, system construction and maintenance; street construction and maintenance; engineering and planning services; building permitting and inspection services; parks, recreational and cultural activities; and a municipal airport.

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).

Transmittal Letter
Year Ended June 30, 2021

The Department is governed by the Water and Light Commission, which is appointed by the Mayor and confirmed by City Council members. The Department provides water and electrical services to McMinnville residents. Additional information on the Department is located in the notes to the financial statements, Note I.B.3.

McMinnville Urban Renewal Agency: The City's financial statements also include the McMinnville Urban Renewal Agency (URA) as a blended component unit. Additional information on the URA is located in the notes to the financial statements, Note I.B.2.

Local Economy:

McMinnville's local economy is operating within the environment of the rest of the state this year. The economic outlook today given the extraordinary circumstances of the last two years is summed up in the Oregon Economic and Revenue Forecast of December 2021:

The economic recovery from the pandemic continues to be robust. Booming wage gains are now offsetting the fading federal aid. Household incomes and consumer spending remain strong, supporting an overall bright outlook. The economy is set to reach full employment a year from now, or three times faster than in the aftermath of the Great Recession.

The fundamental economic challenge remains the supply side of the economy trying to keep pace with demand. Labor runs through everything, from production to logistics to sales. Firms are looking to hire as quickly as possible, while labor supply has been slower to recover. Labor shortages are likely to ease some in the coming months as more workers search for a job in earnest. Even so, the labor market will remain tight for structural reasons like more retirements and less immigration.

McMinnville, as the regional seat of government and the largest of Yamhill County's municipalities, has a diverse economic base that blends all of the County's commercial sectors. The top five employers in McMinnville are in economic sectors related to education, government, healthcare and manufacturing, providing a stable base for the City's economy. McMinnville is home to approximately 100 manufacturers, producing a wide variety of goods. Products include recycled 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.

Employment: Yamhill County unemployment rates (not seasonally adjusted) have mirrored the historic drop in the spring of 2020 and partial recovery into the first months of 2021. The second half of the fiscal year saw restrictions and closures across the state, nation, and globe on businesses to slow the spread of COVID-19, leading to mass unemployment and a considerable drop in consumer spending. For the City of McMinnville, according to the Oregon Employment Department, the unemployment rate reached 14.7 percent in April 2020 and remained very high and the end of the fiscal year with unemployment at 11.1 percent. For comparison, the unemployment rate in April 2020 for both Yamhill County and the State of Oregon was 13.2, and both had unemployment of 10.2 percent at the end of the fiscal year.

Yamhill County's private sector employment decreased by 11.7 percent over the past year, per the Oregon Employment Department. The County as a whole is projected to see a broad and steady growth over the next 10 years in comparison with the December 2019 employment numbers. The fastest growing private sector industry in the area is expected to be private educational and health services; with trade, transportation, and utilities projected to grow almost two-thirds as fast. Other notable projected increases supporting the "broad and steady growth" include the construction and leisure and hospitality industries.

**Transmittal Letter
Year Ended June 30, 2021**

Tourism and wine sector: McMinnville is located in the heart of Oregon wine country, where an ideal combination of soil types and a mild climate enable area winemakers to produce world-class wines. There are approximately 250 wineries within a 25-mile radius of McMinnville with 20 tasting rooms and nine wineries operating within the City. The strength of the wine industry in McMinnville and surrounding area has been a significant factor in growth of the local economy. Yamhill County, with one-third of Oregon’s acreage in vineyards, plays a leading role in Oregon’s \$7 billion dollar-a-year industry statewide.¹

Wineries and tasting rooms open to the public are a natural draw for tourists throughout the year. Many wineries also have festivals, music performances, and picnics during the summer. In July, McMinnville’s Linfield University hosts the International Pinot Noir Celebration. After cancelling the 2020 event due to the COVID-19 pandemic, the International Pinot Noir Celebration (IPNC) went virtual in 2021 with plans to be back in person July 29-31, 2022. In its 36th year, this event normally 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 City imposes a transient lodging tax to provide funding for tourism promotion and marketing of McMinnville as a premiere destination for wine and culinary tourism. These dollars have been profoundly impacted by the pandemic in the FY2019-20 and FY2020-21 periods though are rebounding faster than anticipated.

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 was purchased by Bill Stoller, the owner of Stoller Family Estate and Chehalem Winery in 2020. The museum will continue to be leased to the Evergreen Aviation and Space Museum, and the independent nonprofit organization that operates it. The museum continues to draw tourists to McMinnville.

Population Growth: Over the last ten years, McMinnville’s population has grown by 5.6 percent, with the most recent census estimates indicating a small decline in 2021. Both new employers and residents are attracted to McMinnville because of its livability and proximity to the Portland metropolitan area, Salem (the state capital), the Cascade mountain range, and the Oregon coast. Other factors contributing to the livability are the vitality of McMinnville’s Historic Downtown District, Linfield University, and excellence of medical and City services. For comparison, during the same ten-year period, Yamhill County’s population grew 7.8 percent, while the State of Oregon’s population grew nearly 10 percent.

Population Estimates

Year	McMinnville		Yamhill County		State of Oregon	
	Population	Percent Change	Population	Percent Change	Population	Percent Change
2012	32,435	0.51%	100,550	0.70%	3,883,740	0.70%
2017	33,665	0.78%	104,990	1.31%	4,141,100	1.59%
2018	33,810	0.43%	107,415	2.31%	4,195,300	1.31%
2019	33,930	0.35%	108,060	0.60%	4,236,400	0.98%
2020	34,319	1.15%	107,873	-0.17%	4,243,791	0.17%
2021	34,251	-0.20%	108,261	0.36%	4,266,560	0.54%

¹ Oregon Wine Board

**Transmittal Letter
Year Ended June 30, 2021**

Source: Portland State University Population Research Center yearly estimates.

McMinnville's population is projected to reach approximately 38,437 by 2025, an increase of 12 percent from its 2020 population estimate of 34,251. Yamhill County populations are also projected to increase by 10 percent, compared to the 2020 population estimate.

Residential, Commercial, and Industrial Development: Fiscal year 2020-21 represented a slight increase in permits issued, a total of 1,180 relative 1,122 in the previous year. The year also saw the adoption of the McMinnville Growth Management and Urbanization Plan (MGMUP) adding 662.40 gross buildable acres to the McMinnville Urban Growth Boundary

Property Values: Taxable values and real market values are factors that are useful in measuring the economic health of a community. As illustrated in the table below, the taxable value for McMinnville increased by 19 percent in the last five years and 40 percent over the last ten years. Increases were primarily related to new construction and major commercial building improvements.

From 2012 to 2021, real market value for McMinnville increased by 65 percent and Yamhill County's real market value grew by 71 percent in the last ten years. The City's real market value has shown a steady increase over the last five years. Taxable value as a percentage of estimated real market value was 65 percent in 2021.

Property Values --- Maximum Assessed Value and Real Market Value
(\$s in thousands)

<u>Fiscal Year End</u>	<u>McMinnville</u>				<u>Yamhill County</u>	
	<u>Taxable Value</u>	<u>Percent Change</u>	<u>Real Market Value</u>	<u>Percent Change</u>	<u>Real Market Value</u>	<u>Percent Change</u>
2012	2,140,278	1.59%	2,806,089	-12.13%	9,189,327	-11.67%
2017	2,509,071	2.40%	3,418,883	9.58%	11,429,250	10.92%
2018	2,591,403	3.28%	3,722,888	8.89%	12,744,339	11.51%
2019	2,742,458	5.83%	3,930,001	5.56%	13,656,881	7.16%
2020	2,882,809	5.12%	4,191,800	6.66%	14,869,587	8.88%
2021	2,989,998	3.72%	4,617,332	10.15%	15,706,694	5.63%

Source: Yamhill County Assessor's Office

**Transmittal Letter
Year Ended June 30, 2021**

Property Tax Rates: Since fiscal year 2001, the City has levied its entire permanent property tax rate of \$5.02 per \$1,000 of assessed value for operations, as provided for in the 1996 Oregon tax limitation measure. Oregon law allows the City to levy property taxes for payment on debt that has been approved by the voters. The City’s debt service levy includes Park Improvement bonds (ending in FY20-21), Public Safety-Civic Building bonds (ending in FY2026-27), and two rounds of Transportation bonds issued as authorized by voters in 2014. The property taxes received to support McMinnville’s Urban Renewal (UR) plan do not result in an additional property tax extended to payers but are shares of tax receipts that would have otherwise gone to taxing districts that the UR district overlaps with such as the City of McMinnville, Yamhill County, McMinnville School District.

Property Tax Rates
(per thousand of assessed valuation)

<u>Fiscal Year Ended</u>	<u>City of McMinnville Only</u>				<u>McMinnville Tax Code #40</u>
	<u>Permanent Operating Levy</u>	<u>Debt Service Levy</u>	<u>Urban Renewal</u>	<u>Total Property Tax Levy</u>	<u>Consolidated Property Tax Rate</u>
2012	5.02	0.68		5.70	16.59
2017	5.02	1.08	0.07	6.17	17.00
2018	5.02	1.34	0.08	6.44	17.12
2019	5.02	1.45	0.10	6.57	17.18
2020	5.02	1.29	0.12	6.43	17.00
2021	5.02	1.27	0.14	6.43	17.09

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 residents while maintaining a healthy General Fund cash reserve.

For fiscal year 2020-21, the City’s General Fund ending fund balance is approximately 23 percent of total General Fund operating expenditures. This meets the minimum General Fund reserve targeted in the fund balance policy adopted by the City Council in October 2020. This policy recommends that two months of operating expenditures (personnel and materials and services costs) should be maintained as an unrestricted cash reserve. Additional information on the City’s fund balance policy is included in the notes to the financial statements, Note I.F.13.

Major Initiatives:

The current year saw the establishment of the Diversity, Equity and Inclusion Advisory Committee for the City. The committee started meeting March 2021 and has drafted and presented its work plan to the City Council. To date, the Committee has met with six department heads to learn about the City’s governmental structure and the public services provided. In alignment with the City’s strategic plan, MacTown 2032, this committee advises City staff on culturally responsive service delivery,

Transmittal Letter
Year Ended June 30, 2021

programming, and communication strategies. The committee also includes a youth liaison and a City Council liaison.

The McMinnville Programming Advisory Committee (MacPAC), worked throughout the entirety of the 2020-21 fiscal year to examine the future of recreation facilities, library, programs and enrichments services. It is considering options for the Community Center, Library, Aquatic Center and Senior Center. As they have undertaken this community project, it brings a diversity, equity and inclusion lens in its work, always asking “who is positively and negatively affected by this issue or decision, particularly in regards to often marginalized or traumatized groups?” Recommendations to the City Council for facilities investments and program portfolios will be presented in December 2021.

The FY2020-21 period has seen advancement on and completion of a number of projects including:

- Lafayette Avenue (9th-Hwy 99) pavement rehabilitation project
- NE HS Sanitary Sewer Rehab in progress, FY22 construction completion
- Development of a Mercury Water Quality Pollution Control Plan to meet the Oregon Department of Environmental Quality (DEQ) Mercury Total Maximum Daily Load requirements in process
- Parks and Recreation started a Summer Fun program in different geographic areas of the city to provide walkable, fun and free events to our community, serving almost 4,000 people at the events
- The Police Department began the process of field-testing body worn cameras in anticipation of receiving grant funds to purchase them, a major commitment of staff time and effort to find a suitable solution to adding body worn cameras to our technology systems
- The Crime Response Unit was created and rolled out during 2021, achieving great success working community livability issues that impact our city and residents
- The Police Department hosted a countywide Crisis Intervention Training for our local law enforcement partners; the partnership and training continues to expand our officer ability to help those in mental health crisis
- Issued \$125,000 in business assistance grants
- Issued approximately \$200,000 in manufactured housing assistance grants
- The Fire Department’s Emergency Medical Service calls were up 17% and its medical transports increased 10% relative the previous year for a total of over 12,000 service delivery interactions with the public
- Fire and fire/rescue calls increased 4% over last fiscal year totaling approximately 3,400 responses

City operations were significantly impacted by the COVID-19 state of emergency throughout the 2020-21 year. Some public buildings remain closed to the public, working with members of the public on an appointment basis. Many staff continue working remotely in their homes. For those critical services like Fire-EMS services, police, public works and wastewater that cannot be carried out remotely, each department made facility modifications to allow for safe interactions with the public.

- The Municipal Court operated remotely throughout the year, with total cases before the court numbering over 2,000
- The Public Library, due to changes in service delivery related to COVID-19, increased its focus on electronic services. E-book and downloadable audio book circulation increased by 30%. The library wireless signal was boosted, and users accessing Wi-Fi increased 150%
- Over 25 recruitments were managed in a flexible way with both remote and in person hiring activities with another almost 20 part-time and temporary hires for Parks and Recreation and Municipal Court

Certificate of Achievement:

The Government Finance Officers Association of the United States and Canada (GFOA) most recently awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of McMinnville for its *Comprehensive Annual Financial Report (ACFR)* for the fiscal year ended June 30,

**Transmittal Letter
Year Ended June 30, 2021**

2019. The City has received this recognition for 31 consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized *ACFR* and must satisfy both generally accepted accounting principles and applicable legal requirements. This award is the highest form of recognition for excellence in state and local government financial reporting.

A Certificate of Achievement is valid for a period of one year only. We believe that last year's 2020 and our current 2021 *ACFR* continues to meet these standards and will be determined by the GFOA to be eligible for another certificate.

Acknowledgements:

The preparation of the *Comprehensive Annual Financial Report (ACFR)* is the final step in the completion of a successful year for the City's Finance Department. We would like to thank the City's accounting staff for their day-to-day dedication to professional accounting standards and to producing accurate accounting records, which are the basis for the financial statements included in the City's *ACFR*.

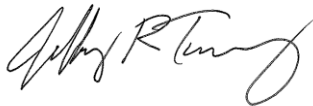
Furthermore, we would like to acknowledge the efforts of all City department personnel who conscientiously adhere to internal controls throughout the year, helping to ensure accuracy and compliance with accounting policies. Department personnel also provide important statistical information, making the *ACFR* a meaningful presentation of the City's financial statements.

The City contracted with Merina and Co to prepare the *ACFR* report and we recognize the time, effort and care this additional line of service has required.

Special appreciation is also extended to the City of McMinnville Mayor, City Councilors, and Budget Committee for their support and for their continuing effort to conduct the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Jeffrey R. Towery
City Manager



Jennifer K. Cuellar-Smith
Finance Director



**Placeholder for the Governmental Finance Officers Association
Certificate of Achievement for Excellence
in Financial Reporting**

City of McMinnville, Oregon's
Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2020



**City of
McMinnville**

City of McMinnville, Oregon

**Elected Officials
And
Principal Appointed Officers of the City
June 30, 2021**

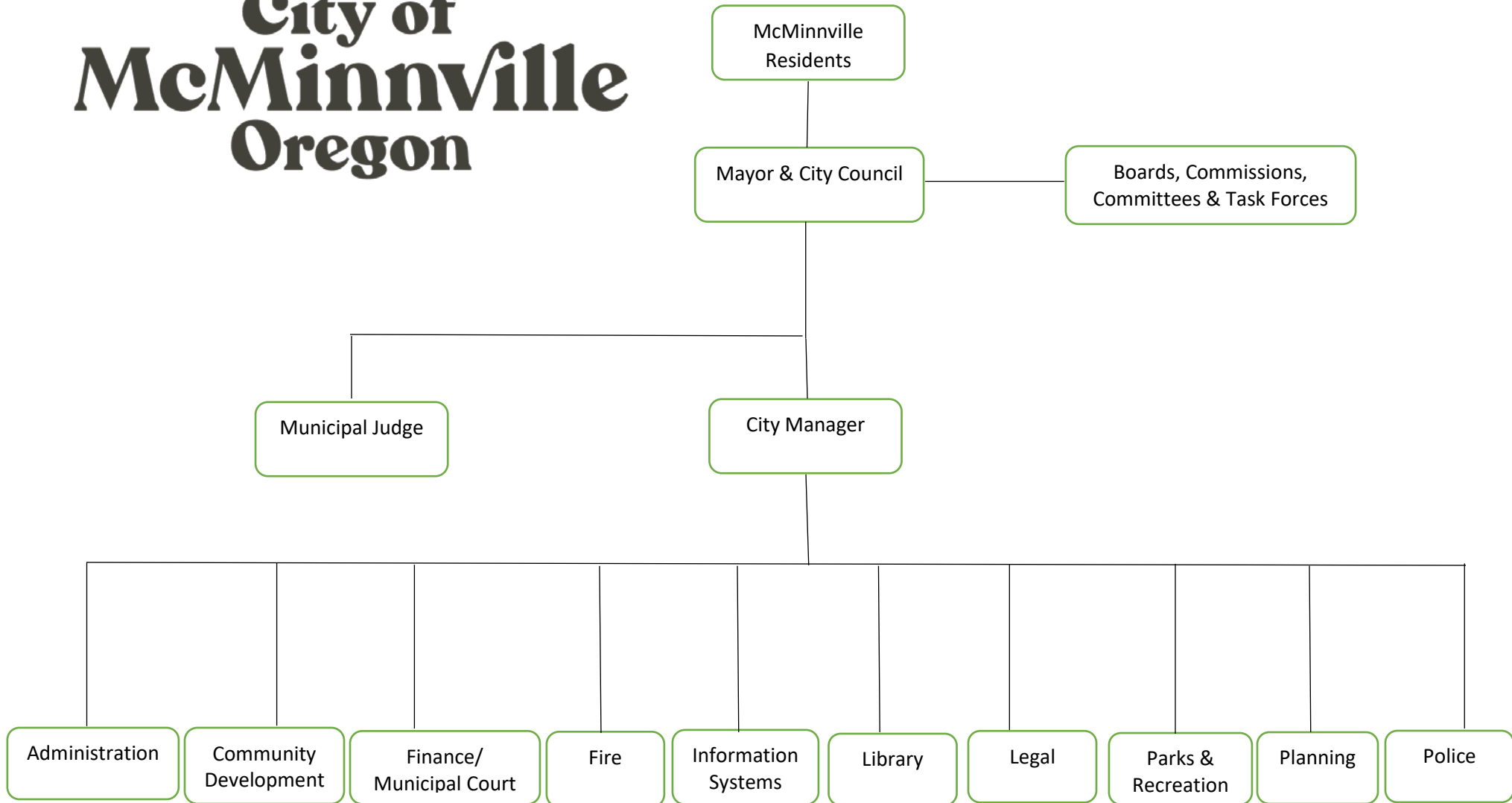
	<u>CITY COUNCIL</u>	<u>TERM EXPIRES</u>
Scott Hill 1525 Gilson Court McMinnville, Oregon 97128	Mayor	December 31, 2024
Sal Peralta 925 SE Davis Street McMinnville, OR 97128	Ward I	December 31, 2022
Chris Chenoweth 977 W Dove Court McMinnville, Oregon 97128	Ward I	December 31, 2024
Kellie Menke 595 NW Mt Mazama Street McMinnville, Oregon 97128	Ward II	December 31, 2024
Zack Geary 128 NW 8th Street McMinnville, Oregon 97128	Ward II	December 31, 2022
Adam Garvin 2940 NE Lafayette Avenue McMinnville, Oregon 97128	Ward III	December 31, 2024
Remy Drabkin 905 NE 10 th Avenue McMinnville, Oregon 97128	Ward III Council President	December 31, 2022

CITY ADMINISTRATION

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

EST.  1856

City of McMinnville Oregon



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of McMinnville, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of McMinnville, Oregon, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City of McMinnville, Oregon's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of McMinnville, Oregon, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison statements for the General Fund, Airport Maintenance Fund, and Grants and Special Assessment Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of McMinnville, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of McMinnville's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. We did not audit the financial statements of the McMinnville Water & Light Department, a discretely presented component unit of the City of McMinnville. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the McMinnville Water & Light Department, is based solely on the report of other auditors. Reasonable assurance

is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of McMinnville's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of McMinnville's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions – pensions, schedule of the proportionate share of OPEB – RHIA, schedule of contributions to OPEB – RHIA, schedule of changes in total OPEB liability and related ratios – implicit rate subsidy, and schedule of contributions to OPEB – implicit rate subsidy, as listed in the table of contents under required supplementary information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions – pensions, schedule of the proportionate share of OPEB – RHIA, schedule of contributions to OPEB – RHIA, schedule of changes in total OPEB liability and related ratios – implicit rate subsidy, and schedule of contributions to OPEB – implicit rate subsidy, as listed in the table of contents under required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial

statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of McMinnville, Oregon’s basic financial statements. The accompanying other supplementary information, as listed in the table of contents including are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.


Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021 on our consideration of the 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 issued separately and is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of McMinnville, Oregon’s internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 13, 2021, on our consideration of the City of McMinnville, Oregon’s compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.


For Merina+Co
Tualatin, Oregon
December 13, 2021

City of McMinnville, Oregon Management's Discussion and Analysis

The "Management's Discussion and Analysis" (MD&A) section of the City of McMinnville's (City) *Annual Comprehensive Financial Report* presents a narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021. 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 *Annual Comprehensive 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 \$239.6 million at June 30, 2021, consisting of \$160.4 million in capital assets, \$46.7 million in unrestricted cash and investments, \$12.0 million in restricted cash and investments, and \$20.5 million in other assets and deferred outflows of resources. Total assets and deferred outflows of resources increased by \$4.5 million from the previous fiscal year.
- The City's liabilities and deferred inflows of resources totaled \$82.8 million at June 30, 2021 consisting of \$66.6 million in long-term liabilities and \$10.3 million in accounts payable and other liabilities, and \$5.9 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 \$156.8 million at the close of fiscal year 2021. Unrestricted net position totaled \$17.4 million. The City's net investment in capital assets totaled \$130.7 million and net position restricted for capital projects, building operations, and debt service totaled \$8.7 million.
- For its governmental activities, the City generated \$9.7 million in charges for services and received \$1.8 million in operating grants and \$1.8 million in capital grants and contributions. Direct expenses, including interest on long-term debt, were \$44.1 million for the year. Total revenues, including \$29.0 million of general revenues received, and total expenditures, including \$0.1 million in transfers out, resulted in a decrease in net position of \$1.9 million.
- For its business-type activities, the City generated \$11.0 million in charges for services, capital grants and contributions, and other revenue to fund direct expenses of \$8.0 million. In addition, \$0.1 million in transfers in resulted in an increase in net position of \$4.1 million.
- Fund balance in the City's governmental funds was \$15.7 million at June 30, 2021, a decrease of \$2.9 million from June 30, 2020. Approximately \$4.5 million is available for spending at the City's discretion (unassigned fund balance), down \$0.5 million from the prior year. Additional information regarding governmental funds ending fund balances is included in the Fund Financial Analysis section of Management's Discussion and Analysis.

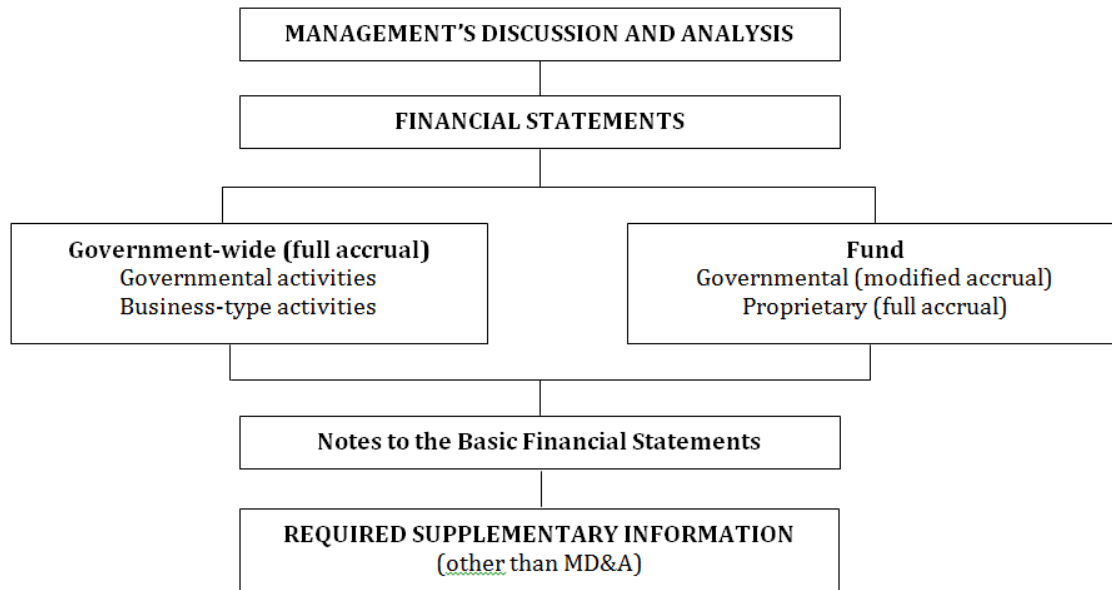
Overview of the Financial Statements

In addition to this discussion and analysis, the financial section of this annual report contains the *basic financial statements, required supplementary information, and other supplementary information*, including the *combining statements and schedules* of the non-major funds.

The basic financial statements also include *notes* that explain the information in the financial statements and provide additional details. The following chart illustrates how the various sections of this annual report are arranged relative to one another.

City of McMinnville - Management's Discussion and Analysis

Chart 1 - Required Elements of the Comprehensive Annual Financial Report



Government-wide financial statements: The government-wide financial statements are prepared using the full accrual method of accounting similar to private-sector accounting. Both the Statement of Net Position and the Statement of Activities distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

- These government-wide financial statements include three reporting units; i.e., governmental activities and business-type activities that are combined for the primary government total, including the McMinnville Urban Renewal District, and the discretely presented component unit, McMinnville Water & Light Department (Department).
- Governmental activities of the City are general government, public safety, community development, culture and recreation, airport, and highways and streets. Property taxes, charges for services, and operating and capital grants and contributions fund most of these activities.
- Business-type activity of the City is in the Wastewater Services funds. The City charges fees to customers to recover the majority of the costs of these services.
- **Statement of Net Position:** This statement includes all assets, liabilities, deferred outflows and deferred inflows of resources with the difference reported as net position. Evaluating increases or decreases in net position over time can serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- **Statement of Activities:** This statement presents information showing how the City's net position changed during the fiscal year. The statement reports governmental and business-type activities' function/program expenses and program revenues and indicates the amount that must be supplemented by general revenues. General revenues include property taxes, franchise fees, 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 thirteen governmental funds, five of which are considered major funds. The General Fund, Transportation Fund, Grants and Special Assessment Fund, Debt Service Fund and Urban Renewal 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, six special revenue and one capital projects funds, are classified as non-major funds and are aggregated for reporting in the fund financial statements. Non-major governmental funds data is provided in combining and individual fund statements and schedules.

- **Proprietary funds:** The City maintains two types of proprietary funds, enterprise funds and internal service funds.

Enterprise funds are used to account for Wastewater Services. Wastewater Services is a major fund. Enterprise funds use the full accrual method of accounting, as do the government-wide financial statements; therefore, no separate reconciliation is necessary.

Internal service funds are used to accumulate and allocate costs internally among the operating funds. The City's internal service funds are Information Systems & Services and Insurance Services. These funds are included with the proprietary funds in the fund financial statements and with the governmental activities in the government-wide financial statements since the funds served are primarily governmental activities.

Government-Wide Financial Analysis

As previously noted, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$156.8 million at the close of fiscal year 2021.

City of McMinnville - Management's Discussion and Analysis

Statement of Net Position:

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

	Primary Government									Component Unit Water and Light The "Department"		
	Governmental Activities			Business-Type Activities			Total City			2021	2020	Change
	2021	2020	Change	2021	2020	Change	2021	2020	Change			
Cash and investments	\$ 19.4	\$ 20.6	\$ (1.2)	\$ 39.3	\$ 34.9	\$ 4.4	\$ 58.7	\$ 55.5	\$ 3.2	\$ 56.4	\$ 55.4	\$ 1.0
Other assets	3.9	5.2	(1.3)	2.3	1.8	0.5	6.2	7.0	(0.8)	8.5	8.4	0.1
Capital assets	104.5	103.0	1.5	55.9	56.2	(0.3)	160.4	159.2	1.2	140.6	136.7	3.9
Total assets	127.8	128.8	(1.0)	97.5	92.9	4.6	225.3	221.7	3.6	205.5	200.5	5.0
Deferred outflows of resources	13.2	12.4	0.8	1.1	1.0	0.1	14.3	13.4	0.9	6.9	7.0	(0.1)
Other liabilities	9.5	8.4	1.1	0.8	0.7	0.1	10.3	9.1	1.2	5.6	7.0	(1.4)
Non-current liabilities	63.5	62.2	1.3	3.1	2.5	0.6	66.6	64.7	1.9	13.8	13.5	0.3
Total liabilities	73.0	70.6	2.4	3.9	3.2	0.7	76.9	73.8	3.1	19.4	20.5	(1.1)
Deferred inflows of resources	5.4	6.5	(1.1)	0.5	0.5	-	5.9	7.0	(1.1)	1.3	1.8	(0.5)
Net investment in capital assets	74.8	69.9	4.9	55.9	56.2	(0.3)	130.7	126.1	4.6	140.6	136.7	3.9
Restricted	8.7	11.4	(2.7)	-	-	-	8.7	11.4	(2.7)	0.1	0.1	-
Unrestricted	(21.0)	(17.2)	(3.8)	38.4	34.0	4.4	17.4	16.8	0.6	51.0	48.4	2.6
Total net position	\$ 62.5	\$ 64.1	\$ (1.6)	\$ 94.3	\$ 90.2	\$ 4.1	\$156.8	\$154.3	\$ 2.5	\$191.7	\$185.2	\$ 6.5

The largest portion of the City's net position, or \$130.7 million, is invested in capital assets. The City uses these capital assets to provide services to its citizens. Therefore, they do not represent resources available for future spending. Total restricted net position is \$8.7 million and represents amounts that are legally restricted for capital expansion, debt service, or other purposes. The total \$17.4 million unrestricted net position is the net of an \$21.0 million unrestricted net position deficit in governmental activities and \$38.4 million unrestricted net position in business-type activities.

For governmental activities, total net position decreased by \$1.6 million compared to fiscal year 2020. Net investment in capital assets increased by \$4.9 million. Restricted net position decreased by \$2.7 million and the unrestricted net position deficit became larger by \$3.8 million compared to the previous fiscal year. Capital assets increased by \$1.5 million compared to 2020 due to the completion of street infrastructure and fire and police capital equipment investments. Deferred outflow of resources, related to future pension obligations, increased by \$0.8 million. Long term liabilities increased by \$1.3 million, primarily due to increased net pension liabilities; no new debt issuances of note took place during FY21.

For business-type activities, total net position increased by \$4.1 million. The favorable change is primarily due to the increase in cash and investments in Wastewater Services, resulting from charges for services revenue exceeding operating expenses in 2021 by \$3.0 million and a net pension liability decline of \$0.7 million.

Department - Statement of Net Position: Total net position for the Department increased by \$6.5 million largely due to increased net investment in capital assets. Total combined non-current liabilities increased in 2021 by \$0.3 million.

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.

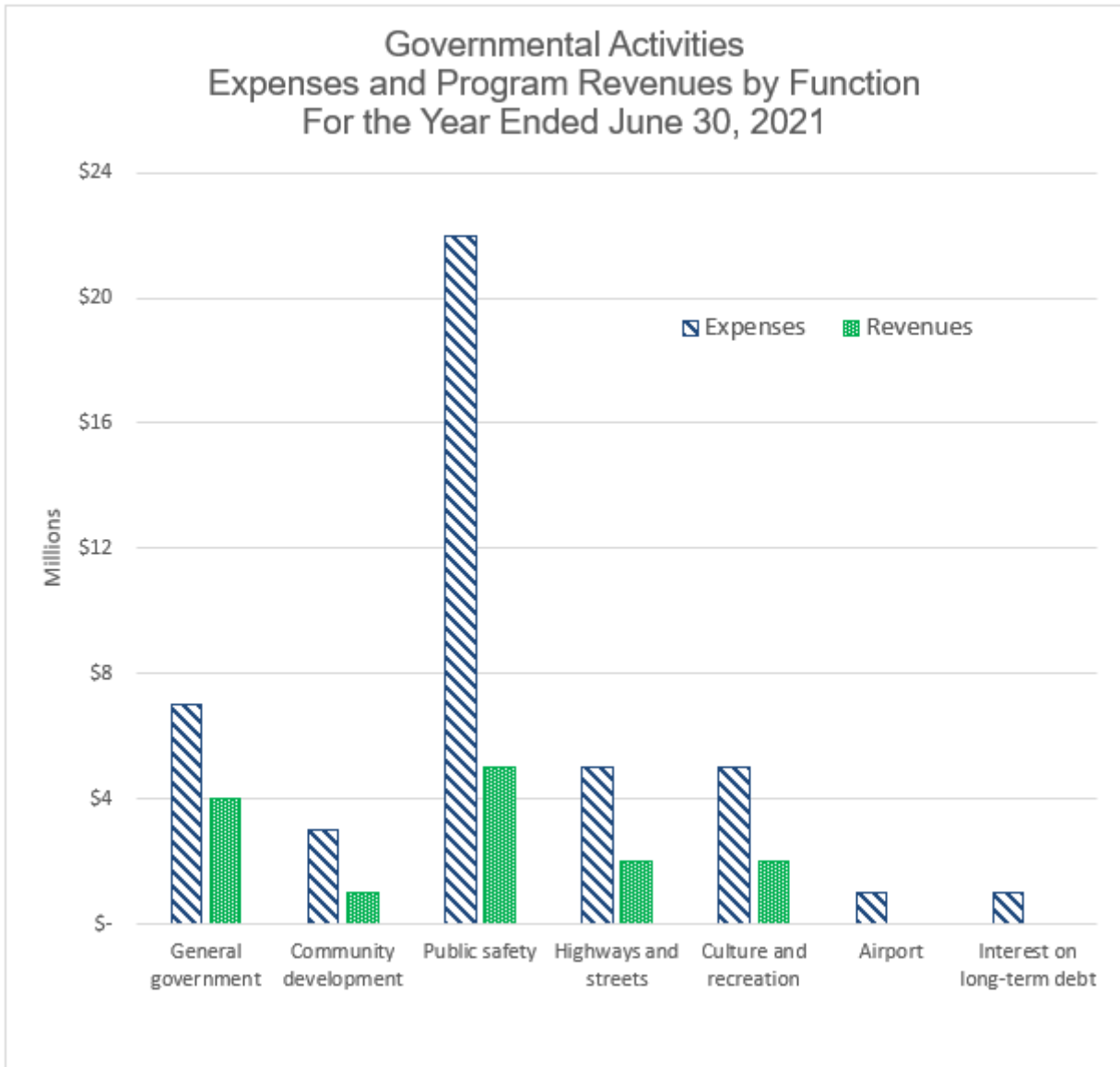
	Primary Government									Component Unit Water and Light The "Department"		
	Governmental Activities			Business-Type Activities			Total City			2021	2020	Change
	2021	2020	Change	2021	2020	Change	2021	2020	Change			
Revenues:												
Program revenues:												
Charges for service	\$ 9.7	\$ 9.1	\$ 0.6	\$ 11.0	\$ 10.5	\$ 0.5	\$ 20.7	\$ 19.6	\$ 1.1	\$ 50.5	\$ 50.2	\$ 0.3
Operating grants & contributions	1.8	1.6	0.2	-	-	-	1.8	1.6	0.2	-	-	-
Capital grants & contributions	1.8	2.4	(0.6)	0.7	1.5	(0.8)	2.5	3.9	(1.4)	4.2	1.9	2.3
General revenues:												
Property taxes	18.5	17.8	0.7	-	-	-	18.5	17.8	0.7	-	-	-
Franchise taxes	4.4	3.5	0.9	-	-	-	4.4	3.5	0.9	-	-	-
Other	6.1	5.2	0.9	0.3	0.6	(0.3)	6.4	5.8	0.6	2.4	6.4	(4.0)
Total revenues	42.3	39.6	2.7	12.0	12.6	(0.6)	54.3	52.2	2.1	57.1	58.5	(1.4)
Expenses:												
Governmental activities:												
General government	7.0	5.0	2.0	-	-	-	7.0	5.0	2.0	-	-	-
Community development	2.7	2.7	-	-	-	-	2.7	2.7	-	-	-	-
Public safety	21.6	19.3	2.3	-	-	-	21.6	19.3	2.3	-	-	-
Highways and streets	4.9	5.9	(1.0)	-	-	-	4.9	5.9	(1.0)	-	-	-
Culture and recreation	6.4	7.5	(1.1)	-	-	-	6.4	7.5	(1.1)	-	-	-
Airport	0.6	0.6	-	-	-	-	0.6	0.6	-	-	-	-
Interest on long-term debt	0.9	1.1	(0.2)	-	-	-	0.9	1.1	(0.2)	-	-	-
Business-type activities:												
Wastewater	-	-	-	8.0	7.2	0.8	8.0	7.2	0.8	-	-	-
Component unit	-	-	-	-	-	-	-	-	-	50.6	51.2	(0.6)
Total expenses	44.1	42.1	2.0	8.0	7.2	0.8	52.1	49.3	2.8	50.6	51.2	(0.6)
Changes in net position before transfers	(1.8)	(2.5)	0.7	4.0	5.4	(1.4)	2.2	2.9	(0.7)	6.5	7.3	(0.8)
Transfers	(0.1)	(2.4)	5.8	0.1	2.4	-	-	-	-	-	-	-
Change in net position	(1.9)	(4.9)	6.5	4.1	7.8	(1.4)	2.2	2.9	(0.7)	6.5	7.3	(0.8)
Beginning net position as previously reported	64.1	69.0	(4.9)	90.2	82.4	7.8	154.3	151.4	2.9	185.3	177.9	7.4
Total net position	\$62.2	\$64.1	\$ 1.6	\$94.3	\$90.2	\$ 6.4	\$156.5	\$154.3	\$ 5.8	\$191.9	\$185.3	\$ 6.6

City of McMinnville - Management's Discussion and Analysis

For governmental activities, program revenues increased by \$0.2 million due to an increase in operating grants and contributions. General revenues increased by \$ 2.5 million compared to the prior year due to increases in property tax, franchise fees and state share revenues.

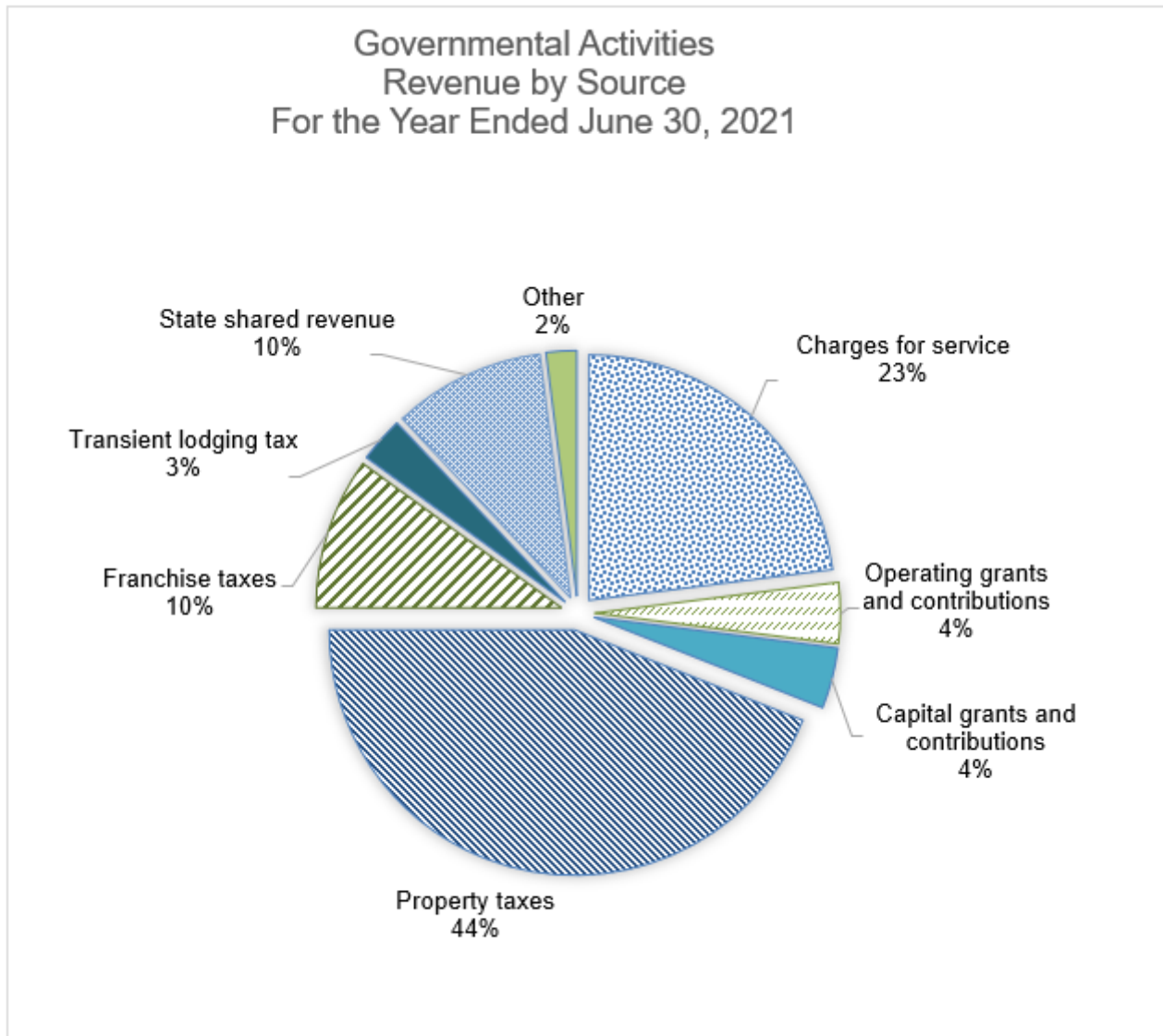
Total expenses for governmental activities increased by \$2.0 million compared to the prior year. Generally, expenses for governmental activities increase due to higher salaries and fringe benefits costs; the annual changes for pension expense related to GASB 68 can move significantly. Pension expense (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.

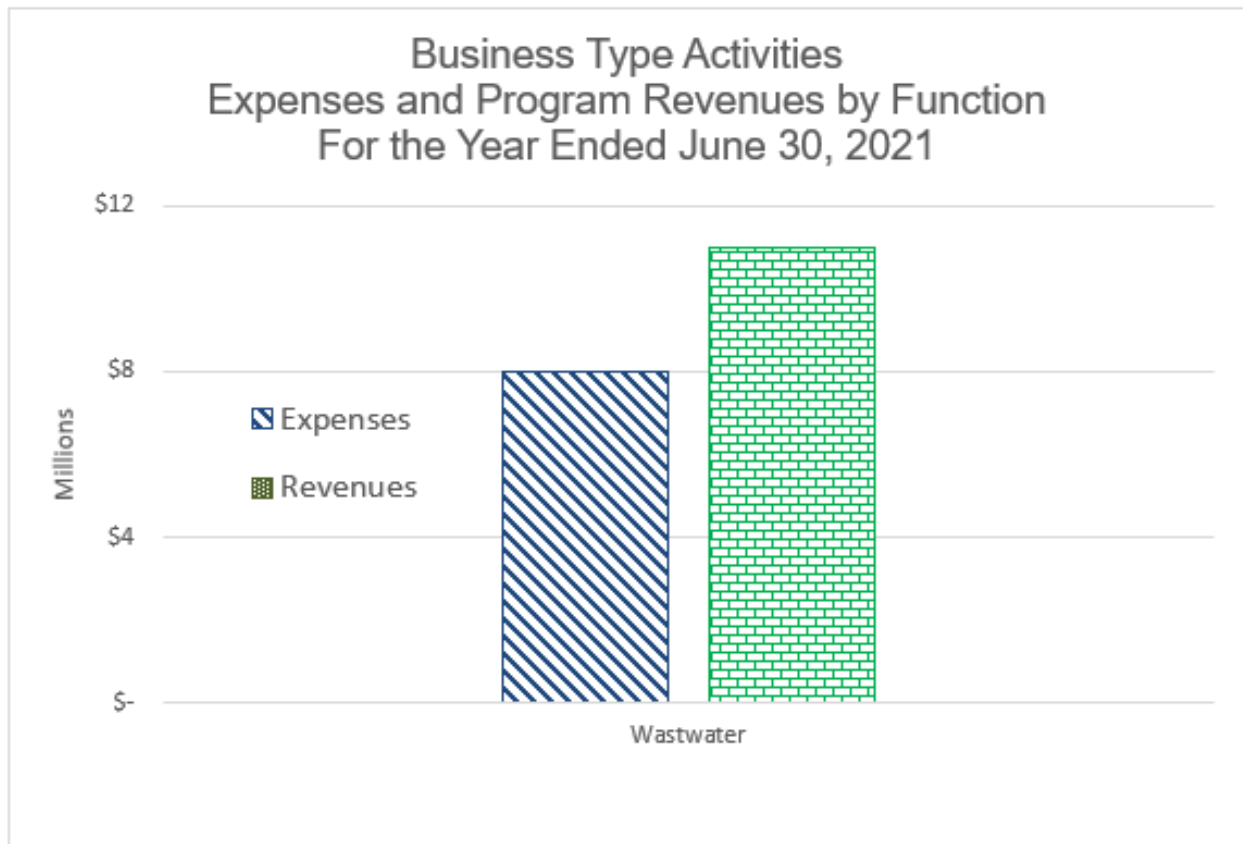


City of McMinnville - Management's Discussion and Analysis

For business-type activities, total revenue, primarily consisting of charges for services, decreased by \$0.6 million. Wastewater's capital grants declined by \$0.8 million this year over last.

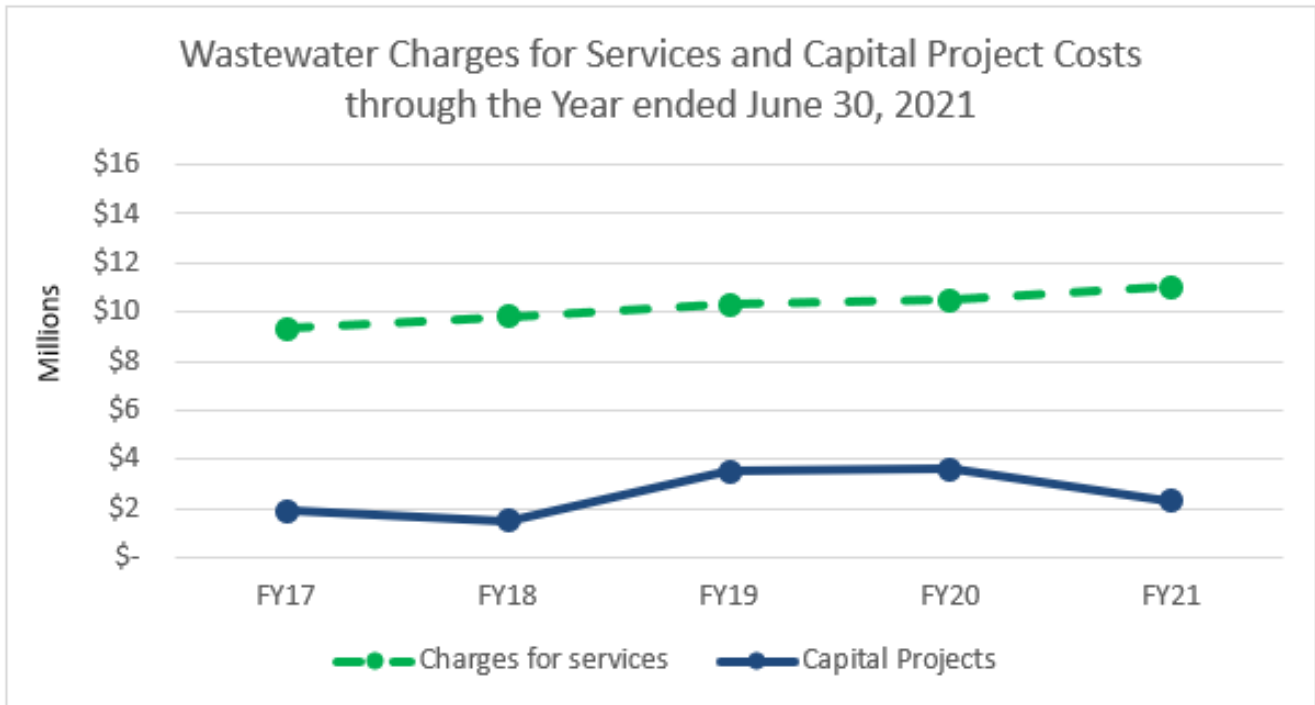
Expenses for business-type activities increased by \$0.8 million compared to the prior year. Generally, expenses increased due to higher costs of salaries and fringe benefits and GASB 68 pension expense for the year.

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.



City of McMinnville - Management's Discussion and Analysis

The line graph below focuses on Wastewater charges for services and capital project costs for the last five years. The graph illustrates that charges for services are relatively consistent. Though this five year period shows consistent capital project costs as well, capital project costs can vary due to the number and size of projects in a given year.



Department - Statement of Activities: Combined operating revenue for electric and water increased by 1% over the prior year. Electric rates did not change during the year, however water rates increased by 3.0% on January 1, 2021. Electric and water consumption both saw increases during the year (110K Mwh and 50M cubic feet for electric and water respectively). The result was a combined \$355K increase in revenue. Total combined operating expenses decreased during the year largely due to changes in pension and OPEB expense and the impacts of regulatory deferrals through the application of GASB 62. Tax expense also decreased because of a prior year one-time adjustment to the payment in-lieu of tax amount paid to the City of McMinnville. Economic and/or weather conditions, along with conservation continue to be factors for both water and electric consumption. Total other net revenue decreased by 28% over the prior year largely due to a reduction in Timber Revenue. Contributions in aid of construction were up 119% due largely to the development costs of a water line intertie to the City of Lafayette.

City of McMinnville - Management's Discussion and Analysis

Fund Financial Analysis

The General Fund is the City's main operating fund and is used to account for administration and finance (general government); engineering and planning (community development); police, municipal court, and fire/ambulance (public safety); and parks and recreation and library (culture and recreation activities).

Total General Fund revenues increased by \$0.6 million, or 2.2 percent, compared to the prior year. Property tax and licenses and permits combined to increase by \$1.4 million. All other revenue categories declined by \$0.8 million total. On the modified accrual basis, charges for services revenue also includes internal charges for services that are recorded as transfers on the budgetary basis.

Total General Fund expenditures increased by \$0.3 million compared to the prior year. The combined increase of less than 1.0 percent reflects the impact of a full year of COVID-19 on city operations. General government, cultural and recreation spending contracted while public safety and community development outlays increased by a more typical 4.3 percent relative fiscal year 2020. All governmental fund expenditures increased by \$1.9 million, or 4.6 percent, year over year.

In the General Fund, total expenses exceeded revenues by \$0.5 million in 2021. After taking into account other financing sources (uses) the net change in fund balance for the year was also a decrease of \$0.5 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 Fund - Ending Fund Balances
June 30, 2021 and 2020
(in thousands)

	Ending Fund Balances															
	Major Funds												Non-major Funds		Total	
	General		Airport Maintenance		Grants and Special Assessment Fund		Transportation		Debt Service		Urban Renewal Debt Service					
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
Nonspendable	\$ 20	\$ 11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72	\$ 20	\$ 83
Restricted	-	-	553	563	134	-	2,931	5,803	1,296	1,356	-	-	3,676	3,453	8,590	11,175
Committed	-	-	-	-	-	-	-	-	-	-	-	-	111	40	111	40
Assigned	786	712	-	-	-	140	-	-	-	-	-	-	1,662	1,506	2,448	2,358
Unassigned	6,006	6,602	-	-	-	-	-	-	-	-	(1,473)	(1,641)	-	-	4,533	4,961
Ending Fund Balance	\$ 6,812	\$ 7,325	\$ 553	\$ 563	\$ 134	\$ 140	\$ 2,931	\$ 5,803	\$ 1,296	\$ 1,356	\$ (1,473)	\$ (1,641)	\$ 5,449	\$ 5,071	\$ 15,702	\$ 18,617

General Fund nonspendable fund balance includes \$20,000 in prepaid expenses. The assigned fund balance includes \$0.78 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 increased by \$0.6 million compared with the prior year.

The Airport Maintenance Fund restricted balance was \$550,000 at the end of 2021. 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 Transportation Fund fund balance declined by \$2.9 million year due to planned outlays on bond-funded support for the expansion and improvement of City streets.

The Debt Service Fund restricted balance decreased by \$0.1 million compared with the prior year. The restricted balance includes the amount of taxes carried forward from the previous fiscal year to pay general obligation debt service payments that are due in August before property taxes are collected in November.

City of McMinnville - Management's Discussion and Analysis

Non-major governmental fund ending fund balances include amounts restricted for urban renewal debt service, street maintenance, and transient lodging taxes.

For proprietary funds, total ending net position for proprietary funds, including internal services funds, increased by \$3.7 million compared to 2020; Wastewater's unrestricted net position increased by \$4.4 million while internal service fund net position declined by \$0.5 million. 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 \$0.3 million decrease in net investment in capital assets in business type funds resulted from a declining investment in replacing capital investments relative depreciation.

Internal service funds include Information Systems & Services (IS) and Insurance Services Funds. Net position for both funds declined by \$0.5 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 2021, the City paid \$727,000 less in combined premiums and paid claims relative fiscal year 2020. The City purchases property, liability, and workers compensation insurance from City County Insurance Services, a public entity risk pool.

Proprietary Fund - Ending Fund Balances June 30, 2021 and 2020 (in thousands)

	Ending Net Position					
	Wastewater		Internal Service		Total	
	2021	2020	2021	2020	2021	2020
Unrestricted	\$ 38,359	\$ 33,957	\$ 391	\$ 870	\$ 38,750	\$ 34,827
Restricted	19	19	4	5	\$ 23	\$ 24
Net investment in capital assets	55,881	56,190	402	375	\$ 56,283	\$ 56,565
Ending Fund Balance	\$ 94,259	\$ 90,166	\$ 797	\$ 1,250	\$ 95,056	\$ 91,416

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 address a higher trend line for Telecommunications franchise revenues than anticipated in FY2020-21 which are passed on to pay for public education access. The second was to address a similar higher than anticipated trend line for Transient Lodging Tax than anticipated would come in given the COVID-19 pandemic. These funds are primarily utilized for tourism expenditures. The next two were due to unanticipated grant funds made available to address the impacts of the COVID-19 pandemic. The Coronavirus Relief Fund offset increased costs in the City organization due to the state of emergency and the second grant was for economic support to businesses and non-profits in the community.

Total General Fund revenues ran \$1.1 million behind the final budget primarily due to lower than anticipated charges for Parks and Recreation services as COVID-19 recovery in terms of the ability to provide recreational opportunities to the community did not materialize as hoped. The licenses and permits category came in \$1.1 million over budget due principally to a one-time franchise fee correction from McMinnville Water and Light. Total General Fund expenditures were \$5.6 million less than budget. This favorable variance in expenditures was due to budget savings in all General Fund departments, some a result of building closures, the consequent reduced staffing needs and other disruptions throughout the year due to the pandemic. As with the revenue, Parks and Recreation saw a related budget variance with expenses because programming could not be delivered much of the year.

City of McMinnville - Management's Discussion and Analysis

Capital Assets

The City's capital assets are used to provide services to the public and include land, buildings, machinery and equipment, and vehicles. Infrastructure includes streets, traffic lights, sanitary sewer lines, and storm drains.

Capital Assets
June 30, 2021 and 2020
(in millions)

	Governmental Activities		Business-Type Activities		Total City	
	2021	2020	2021	2020	2021	2020
Land	\$ 28.6	\$ 28.6	\$ 0.8	\$ 0.8	\$ 29.4	\$ 29.4
Easements	2.0	1.9	0.2	0.2	2.2	2.1
Public art	0.3	0.2	-	-	0.3	0.2
Land improvements	20.6	20.4	0.1	0.1	20.7	20.5
Buildings	33.3	33.4	54.6	54.6	87.9	88.0
Machinery and equipment	7.2	6.8	2.4	2.4	9.6	9.2
Vehicles	6.9	6.7	1.1	1.1	8.0	7.8
Infrastructure	99.4	92.8	51.6	47.9	151.0	140.7
Construction in progress	0.3	1.7	5.5	6.7	5.8	8.4
Total capital assets	198.6	192.5	116.3	113.8	314.9	306.3
Accumulated depreciation	(94.1)	(89.5)	(60.4)	(57.6)	(154.5)	(147.1)
Net capital assets	\$ 104.5	\$ 103.0	\$ 55.9	\$ 56.2	\$ 160.4	\$ 159.2

Capital Assets: The City's total net capital assets increased \$1.2 million.

- Governmental activities total capital assets increased by \$1.5 million, with new capitalized projects and capital additions slightly outpacing depreciation for the year.
- For business-type activities, total capital assets decreased \$0.3 million, because annual depreciation was slightly higher than Wastewater infrastructure projects in construction in progress category.

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

City of McMinnville - Management's Discussion and Analysis

Debt Administration

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

Outstanding Debt
June 30, 2021 and 2020
(in millions)

	Governmental Activities		Business-Type Activities		Total City	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 24.4	\$ 27.4	\$ -	\$ -	\$ 24.4	\$ 27.4
Full faith and credit	5.0	5.7	-	-	5.0	5.7
Pension related debt	2.3	2.6	0.2	0.2	2.5	2.8
Capital leases	0.3	0.4	-	-	0.3	0.4
Total outstanding debt	\$ 32.0	\$ 36.1	\$ 0.2	\$ 0.2	\$ 32.2	\$ 36.3

Outstanding Debt: At June 30, 2021, the City had \$32.2 million in outstanding debt compared to \$36.3 million in the prior year, excluding liabilities related to other post-employment benefits (OPEB), for a net decrease of \$4.1 million. The decrease in general obligation bonds of \$3.0 million was due to planned debt service payments. Full faith and credit debt also decreased due to planned debt service payments. 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 \$4.0 million is due within one year.

For business-type activities, the total debt outstanding of \$0.2 million at June 30, 2021 is pension related debt. Business type pension debt came down by \$9,000 relative the prior year due to planned principal payments in the fiscal year.

The \$24.4 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 \$2.3 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. H.

Bond Ratings: The City maintained its Aa3 rating from Moody's Investor's Services, Inc. in its Annual Comment publication issued in August of 2020. 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 2021, taxable assessed property values increased by 3.7 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 10.2 percent in 2021 compared to the prior year. Real market values have been steadily increasing the last five years. For fiscal year 2021, assessed property values are 64.6 percent of real market value compared to 66.0 percent in 2020.
- The total value of commercial, industrial and residential building permits decreased to \$64.1 million in 2021 compared to \$81.4 million in 2020; while there was an increase of \$18.4 million in commercial and industrial permits, residential permits were down by \$35.7 million.
- Yamhill County unemployment rates (not seasonally adjusted) have mirrored the historic drop in the spring of 2020 and partial recovery into the first months of 2021. Unemployment rates (not seasonally adjusted) for Yamhill County were 9.9 percent in June 2020 compared to 4.8 percent in June 2021.
- For the fiscal year ended 2021, the assessed value of McMinnville's Urban Renewal district was \$118.7 million, an increase of 37.5 percent compared to the frozen base of \$86.3 million. The goal of the district is to promote development of the historic downtown and neighboring properties.
- The cost of employee fringe benefits, including health insurance premiums, continues to rise.
- The City's PERS employer contribution rates for the FY2019-20 and FY20-21 biennia increased by over 10 percent compared to the prior biennia. The PERS employer rates for the next biennia reflect an average increase of just over 5 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.

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

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.



City of McMinnville

BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

The basic financial statements include interrelated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
 - Governmental Funds
 - Proprietary Funds

In addition, the notes to the basic financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.



**City of
McMinnville**

CITY OF MCMINNVILLE, OREGON
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 7,431,429	\$ 39,297,613	\$ 46,729,042	\$56,450,299
Accounts receivable, net	3,881,115	693,789	4,574,904	3,684,149
Due from component unit	144,687	913,718	1,058,405	-
Prepays	345,766	2,696	348,462	-
Inventories	-	-	-	1,211,258
Other current assets	-	-	-	2,167,341
Renewable energy certificates	-	-	-	134,116
Regulatory asset-conservation charges	-	-	-	1,204,900
Internal balances	(711,277)	711,277	-	-
Restricted cash and investments	11,978,253	-	11,978,253	-
Total current assets	<u>23,069,973</u>	<u>41,619,093</u>	<u>64,689,066</u>	<u>64,852,063</u>
Noncurrent assets:				
Capital assets:				
Non-depreciable	31,167,739	6,497,547	37,665,286	10,039,671
Depreciable, net	73,320,340	49,383,633	122,703,973	130,575,590
Net OPEB asset	217,180	18,568	235,748	60,414
Total noncurrent assets	<u>104,705,259</u>	<u>55,899,748</u>	<u>160,605,007</u>	<u>140,675,675</u>
Total assets	<u>127,775,232</u>	<u>97,518,841</u>	<u>225,294,073</u>	<u>205,527,738</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding	211,743	-	211,743	-
Deferred outflows related to pensions	12,728,785	1,068,024	13,796,809	6,631,981
Deferred outflows related to OPEB	247,789	21,184	268,973	224,255
Total deferred outflows of resources	<u>13,188,317</u>	<u>1,089,208</u>	<u>14,277,525</u>	<u>6,856,236</u>
Total assets and deferred outflows of resources	<u>\$ 140,963,549</u>	<u>\$ 98,608,049</u>	<u>\$ 239,571,598</u>	<u>\$ 212,383,974</u>
LIABILITIES:				
Current liabilities:				
Accounts payable and accrued expenses	\$ 1,052,354	\$ 699,093	\$ 1,751,447	\$2,867,480
Due to primary government	-	-	-	1,058,405
Accrued payroll and other payroll liabilities	1,472,873	43,800	1,516,673	328,779
Retainage payable	1,093	29,753	30,846	-
Deposits	250,118	-	250,118	351,598
Other liabilities	148,341	-	148,341	310,905
Unearned revenue	2,198,885	5,913	2,204,798	-
Interest payable	461,449	-	461,449	-
PERS related liabilities	292,800	23,741	316,541	-
Compensated absences	201,569	18,431	220,000	693,551
Current debt payable	3,460,107	-	3,460,107	-
Total current liabilities	<u>9,539,589</u>	<u>820,731</u>	<u>10,360,320</u>	<u>5,610,718</u>
Noncurrent liabilities:				
Compensated absences	877,647	80,253	957,900	-
Net pension liability	33,155,505	2,718,496	35,874,001	10,967,662
Other post employment benefits	1,273,922	108,912	1,382,834	1,420,684
PERS related liability	2,007,037	162,732	2,169,769	1,406,668
Notes and bonds payable	26,232,452	-	26,232,452	-
Total noncurrent liabilities	<u>63,546,563</u>	<u>3,070,393</u>	<u>66,616,956</u>	<u>13,795,014</u>
Total liabilities	<u>73,086,152</u>	<u>3,891,124</u>	<u>76,977,276</u>	<u>19,405,732</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pensions	4,465,563	378,963	4,844,526	681,480
Deferred inflows related to OPEB	921,521	78,784	1,000,305	576,381
Total deferred inflows of resources	<u>5,387,084</u>	<u>457,747</u>	<u>5,844,831</u>	<u>1,257,861</u>
NET POSITION:				
Net investment in capital assets	74,795,521	55,881,180	130,676,701	140,615,261
Restricted for:				
Aiport	552,839	-	552,839	-
Capital projects	4,827,295	-	4,827,295	-
Debt service	1,296,097	-	1,296,097	-
Highways and streets	1,779,174	-	1,779,174	-
Tourism promotion	239	-	239	-
OPEB benefits	217,180	18,568	235,748	60,414
Unrestricted	<u>(20,978,032)</u>	<u>38,359,430</u>	<u>17,381,398</u>	<u>51,044,706</u>
Total net position	<u>62,490,313</u>	<u>94,259,178</u>	<u>156,749,491</u>	<u>191,720,381</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 140,963,549</u>	<u>\$ 98,608,049</u>	<u>\$ 239,571,598</u>	<u>\$ 212,383,974</u>

The accompanying notes are an integral part of these financial statements

CITY OF MCMINNVILLE, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 6,994,737	\$ 2,940,808	\$ 1,173,615	\$ 1,180
Public safety	21,598,458	4,287,979	289,267	-
Highways and streets	4,853,034	470,556	28,265	1,774,260
Culture and recreation	6,269,894	517,447	212,357	44,606
Community development	2,693,877	1,121,556	86,101	-
Airport	590,187	353,071	41,435	7,909
Interest on long-term debt	913,854	-	-	-
Total governmental activities	43,914,041	9,691,417	1,831,040	1,827,955
Business-type activities:				
Wastewater	7,973,136	10,988,621	1,074	740,389
Total business-type activities	7,973,136	10,988,621	1,074	740,389
Total government	\$ 51,887,177	\$ 20,680,038	\$ 1,832,114	\$ 2,568,344
Component Unit				
Water and Light	\$ 50,610,016	\$ 50,536,707	\$ -	\$ 4,244,830

General revenues:
Taxes:
Property taxes
Franchise taxes
Transient lodging tax
State shared revenue
Unrestricted interest and investment earnings
Timber sales, net of related expenses
Miscellaneous revenues
Transfers in (out)

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Change in Net Position			
Governmental Activities	Business Type Activities	Total	Component Unit Water and Light
\$ (2,879,134)	\$ -	\$ (2,879,134)	\$ -
(17,021,212)	-	(17,021,212)	-
(2,579,953)	-	(2,579,953)	-
(5,495,484)	-	(5,495,484)	-
(1,486,220)	-	(1,486,220)	-
(187,772)	-	(187,772)	-
(913,854)	-	(913,854)	-
(30,563,629)	-	(30,563,629)	-
-	3,756,948	3,756,948	-
-	3,756,948	3,756,948	-
(30,563,629)	3,756,948	(26,806,681)	-
			4,171,521
18,482,619	-	18,482,619	-
4,407,646	-	4,407,646	-
1,125,340	-	1,125,340	-
4,142,335	-	4,142,335	-
34,923	252,670	287,593	436,494
-	-	-	590,046
820,316	26,293	846,609	1,329,753
(57,237)	57,237	-	-
28,955,942	336,200	29,292,142	2,356,293
(1,607,687)	4,093,148	2,485,461	6,527,814
64,098,001	90,166,030	154,264,031	185,192,567
\$ 62,490,314	\$ 94,259,178	\$ 156,749,492	\$ 191,720,381

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS
Major Governmental Funds

General Fund

The General Fund accounts for the financial operations of the City not accounted for in any other fund. Principal sources of revenues are property taxes, licenses and permits, intergovernmental and charges for services. Expenditures are for police, municipal court, fire and ambulance services, parks and recreation, park maintenance, library, engineering, planning, administration, and finance.

Airport Maintenance Fund

This fund accounts for fees for airport services, including building, hangar, and land lease rental payments. Revenue is committed for airport operations.

Grants and Special Assessment Fund

This fund accounts for both federal and state grants in addition to downtown economic improvement district (DEID) assessments, which are collected by the City and turned over to the McMinnville Downtown Association.

Transportation Fund

This fund accounts for federal highway funds, which the City exchanges with the State of Oregon.

Debt Service Fund

This fund accounts for the City's property tax debt service levy used to pay principal and interest on general obligation bonds.

Urban Renewal Debt Services Fund

This fund accounts for urban renewal tax increment revenue and payment of principal and interest on urban renewal debt.

CITY OF MC MINNVILLE, OREGON
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 June 30, 2021

	General Fund	Airport Maintenance Fund	Grants and Special Assessment Fund	Transportation Fund	Debt Service Fund	Urban Renewal Debt Services Fund	Total Non-Major Governmental Funds	Total Governmental
ASSETS:								
Cash and cash equivalents	\$ 6,552,005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,552,005
Accounts receivable, net	2,289,319	53,372	44,331	-	194,537	18,488	1,241,073	3,841,120
Prepays	20,328	-	-	-	-	-	-	20,328
Advances to other funds	135,891	-	-	-	-	-	-	135,891
Due from component unit	144,687	-	-	-	-	-	-	144,687
Interfund loan receivables	1,762,180	-	-	-	-	-	-	1,762,180
Restricted cash and investments	-	559,585	1,635,008	2,930,746	1,233,519	282,613	5,336,782	11,978,253
Total assets	\$ 10,904,410	\$ 612,957	\$ 1,679,339	\$ 2,930,746	\$ 1,428,056	\$ 301,101	\$ 6,577,855	\$ 24,434,464
LIABILITIES:								
Accounts payable and accrued expenses	\$ 463,104	\$ 27,587	\$ 1,213	\$ -	\$ -	\$ -	\$ 456,883	\$ 948,787
Accrued payroll and other payroll liabilities	1,437,194	-	-	-	-	-	26,676	1,463,870
Retainage payable	-	1,093	-	-	-	-	-	1,093
Deposits	250,118	-	-	-	-	-	-	250,118
Advances to other funds	-	-	-	-	-	-	135,891	135,891
Interfund loans payable	711,277	-	-	-	-	1,762,180	-	2,473,457
Unearned revenue	158,432	31,438	1,500,000	-	-	-	509,015	2,198,885
Total liabilities	3,020,125	60,118	1,501,213	-	-	1,762,180	1,128,465	7,472,101
DEFERRED INFLOWS OF RESOURCES:								
Unavailable revenue - property taxes	530,920	-	-	-	131,959	12,070	-	674,949
Unavailable revenue - other	396,018	-	44,331	-	-	-	835	441,184
Unavailable revenue - payment in lieu of taxes	144,687	-	-	-	-	-	-	144,687
Total deferred inflows of resources	1,071,625	-	44,331	-	131,959	12,070	835	1,260,820
FUND BALANCES:								
Nonspendable	20,328	-	-	-	-	-	-	20,328
Restricted	-	552,839	133,795	2,930,746	1,296,097	-	3,675,962	8,589,439
Committed	-	-	-	-	-	-	110,935	110,935
Assigned	786,091	-	-	-	-	-	1,661,658	2,447,749
Unassigned	6,006,241	-	-	-	-	(1,473,149)	-	4,533,092
Total fund balances	6,812,660	552,839	133,795	2,930,746	1,296,097	(1,473,149)	5,448,555	15,701,543
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,904,410	\$ 612,957	\$ 1,679,339	\$ 2,930,746	\$ 1,428,056	\$ 301,101	\$ 6,577,855	\$ 24,434,464

The accompanying notes are an integral part of these financial statements

CITY OF MCMINNVILLE, OREGON
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2021

Total fund balances - governmental funds \$ 15,701,543

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:

Non-depreciable	31,167,739	
Depreciable, net	<u>72,917,807</u>	104,085,546

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	674,949	
Other receivables earned but not available	441,184	
Payment in lieu of taxes earned but not available	<u>144,687</u>	1,260,820

Pension-related changes (24,431,600)

OPEB related-changes (1,696,891)

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

Compensated absences payable	(1,034,083)	
Notes and bonds payable	(29,692,559)	
PERS related liabilities	(2,250,111)	
Deferred amount on bond refunding	211,743	
Interest payable	<u>(461,449)</u>	(33,226,459)

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.

797,354

Total net position - governmental activities \$ 62,490,313

CITY OF MCMINNVILLE, OREGON
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2021

	General Fund	Airport Maintenance Fund	Grants and Special Assessment Fund	Transportation Fund	Debt Service Fund	Urban Renewal Debt Services Fund	Total Non-Major Governmental Funds	Total Governmental
REVENUES:								
Property taxes	\$14,462,281	\$ -	\$ -	\$ -	\$ 3,653,723	\$ 399,845	\$ -	\$18,515,849
Special assessments	-	-	52,226	-	-	-	-	52,226
Licenses and permits	4,628,631	-	-	-	-	-	2,160,911	6,789,542
Intergovernmental	3,154,731	49,344	365,583	1,201,248	4,220	519	2,604,685	7,380,330
Charges for services	5,001,093	343,768	-	470,544	-	-	276,757	6,092,162
Fines and forfeitures	370,123	-	-	-	-	-	-	370,123
Miscellaneous	688,131	12,727	1,066	26,777	16,870	2,445	53,639	801,655
Total revenues	28,304,990	405,839	418,875	1,698,569	3,674,813	402,809	5,095,992	40,001,887
EXPENDITURES:								
Current:								
General government	2,359,679	-	424,786	-	-	-	1,690,141	4,474,606
Public safety	18,350,535	-	-	-	-	-	910,662	19,261,197
Highways and streets	-	-	-	283,070	-	-	1,984,780	2,267,850
Culture and recreation	5,064,891	-	-	-	-	-	60,171	5,125,062
Community development	2,215,892	-	-	-	-	-	205,479	2,421,371
Airport	-	257,608	-	-	-	-	-	257,608
Capital outlay								
Highways and streets	-	-	-	4,686,796	-	-	34,162	4,720,958
Culture and recreation	-	-	-	-	-	-	1,200	1,200
Airport	-	158,306	-	-	-	-	-	158,306
Special payments	277,532	-	-	-	-	-	-	277,532
Debt service:								
Principal	444,350	-	-	150,568	2,725,000	-	29,124	3,349,042
Interest	116,119	-	-	50,680	1,009,950	38,233	8,047	1,223,029
Total expenditures	28,828,998	415,914	424,786	5,171,114	3,734,950	38,233	4,923,766	43,537,761
Revenues over (under) expenditures	(524,008)	(10,075)	(5,911)	(3,472,545)	(60,137)	364,576	172,226	(3,535,874)
OTHER FINANCING SOURCES (USES):								
Proceeds from sale of capital assets	34,173	-	-	-	-	-	-	34,173
Transfers in	875,617	-	-	600,000	-	-	1,132,639	2,608,256
Transfers out	(897,853)	-	-	-	-	(196,928)	(927,241)	(2,022,022)
Total other financing sources (uses)	11,937	-	-	600,000	-	(196,928)	205,398	620,407
Net change in fund balance	(512,071)	(10,075)	(5,911)	(2,872,545)	(60,137)	167,648	377,624	(2,915,467)
FUND BALANCE, BEGINNING	7,324,731	562,914	139,706	5,803,291	1,356,234	(1,640,797)	5,070,931	18,617,010
FUND BALANCE, ENDING	\$ 6,812,660	\$ 552,839	\$ 133,795	\$ 2,930,746	\$ 1,296,097	\$ (1,473,149)	\$ 5,448,555	\$15,701,543

The accompanying notes are an integral part of these financial statements

CITY OF MCMINNVILLE, OREGON
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

Amounts reported in the statement of activities are different because:

Net change in fund balance \$ (2,915,467)

The statement of revenues, expenditures, and changes in fund balance report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Current year depreciation	(4,847,120)	
Loss on disposal of asset	(11,252)	
Capital asset additions	5,696,959	838,587

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

Capital contributions		573,012
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Some revenue provide current financial resources in the governmental funds and are not reported in the statement of activities.

(301,053)

Governmental funds report pension contributions as expenditures. However, in the statements of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

(3,166,972)

Governmental funds report OPEB contributions as expenditures. However, in the statements of activities, the cost of OPEB earned net of employee contributions is reports as OPEB expense.

82,748

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest expense	38,237	
Interest expense associated with deferred charge on refunding	(36,824)	1,413

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Changes in compensated absences	(28,996)	
Debt service principal payments	3,494,932	
PERS related liability payments	267,237	3,733,173

Internal service funds are used by management to charge the costs of the administrative services department to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

(453,128)

Change in net position of governmental activities \$ (1,607,687)

FUND FINANCIAL STATEMENTS

Proprietary Funds

Enterprise Funds

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs of providing the services to the general public on a continuing basis be financed primarily through user charges.

Wastewater Operations

Wastewater Services Fund

This fund accounts for charges for services to support wastewater operations and rate payer transfer to the Wastewater Capital Fund.

Wastewater Capital Fund

This fund is used to account for system development charges earmarked for design and construction of major wastewater system capital projects

For Generally Accepted Accounting Principles purposes, the Wastewater Services and Wastewater Capital funds are consolidated and included as a single enterprise fund.

Internal Service Funds

This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Informational Systems & Services Fund

This fund accounts for information technology services provided to operating departments by the IS Fund.

Insurance Services Fund

This fund charges operating departments for the cost of property, liability and workers' compensation premiums and claims.

CITY OF MCMINNVILLE, OREGON
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2021

	Business-Type Activities - Enterprise Funds		Governmental Activities
	Wastewater Operations	Total	Internal Service Funds
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 39,297,613	\$ 39,297,613	\$ 879,424
Accounts receivable, net	693,789	693,789	39,995
Due from component unit	913,718	913,718	-
Prepaid expenses	2,696	2,696	325,438
Interfund loan receivable	711,277	711,277	-
Total current assets	41,619,093	41,619,093	1,244,857
Noncurrent assets:			
Non-depreciable capital assets	6,497,547	6,497,547	-
Capital assets, net	49,383,633	49,383,633	402,533
Net OPEB asset	18,568	18,568	4,215
Total noncurrent assets	55,899,748	55,899,748	406,748
Total assets	97,518,841	97,518,841	1,651,605
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	1,068,024	1,068,024	242,442
Deferred outflows related to OPEB	21,184	21,184	4,809
Total deferred outflows of resources	1,089,208	1,089,208	247,251
Total assets and deferred outflows of resources	\$ 98,608,049	\$ 98,608,049	\$ 1,898,856
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 699,093	\$ 699,093	\$ 103,567
Accrued payroll and other payroll liabilities	43,800	43,800	9,003
Claims payable	-	-	148,341
Unearned revenue	5,913	5,913	-
Retainage Payable	29,753	29,753	-
Pension related liabilities - due in one year	23,741	23,741	6,331
Accrued compensated absences	18,431	18,431	8,430
Total current liabilities	820,731	820,731	275,672
Noncurrent liabilities:			
Accrued compensated absences	80,253	80,253	36,703
Net pension liability	2,718,496	2,718,496	617,100
Net OPEB liability	108,912	108,912	24,723
Pension related liabilities	162,732	162,732	43,395
Total noncurrent liabilities	3,070,393	3,070,393	721,921
Total liabilities	3,891,124	3,891,124	997,593
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	378,963	378,963	86,025
Deferred inflows related to OPEB	78,784	78,784	17,884
Total deferred inflows of resources	457,747	457,747	103,909
NET POSITION:			
Net investment in capital assets	55,881,180	55,881,180	402,533
Restricted for:			
OPEB benefits	18,568	18,568	4,215
Unrestricted	38,359,430	38,359,430	390,606
Total net position	94,259,178	94,259,178	797,354
Total liabilities, deferred inflows of resources, and net position	\$ 98,608,049	\$ 98,608,049	\$ 1,898,856

The accompanying notes are an integral part of these financial statements

CITY OF MCMINNVILLE, OREGON
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds		Governmental Activities
	Wastewater Operations	Total	Internal Service Funds
OPERATING REVENUES:			
Charges for services	\$ 10,925,886	\$ 10,925,886	\$ 2,249,524
Intergovernmental	1,074	1,074	152,672
Miscellaneous	62,735	62,735	111,962
Total operating revenues	10,989,695	10,989,695	2,514,158
OPERATING EXPENSES:			
Personnel service	2,550,129	2,550,129	542,139
Materials and service	2,645,098	2,645,098	1,765,401
Depreciation	2,777,909	2,777,909	24,469
Total operating expenses	7,973,136	7,973,136	2,332,009
Operating income (loss)	3,016,559	3,016,559	182,149
NON-OPERATING REVENUES (EXPENSES):			
System development revenues	519,909	519,909	-
Interest income	252,670	252,670	8,194
Other revenue	26,293	26,293	-
Total non-operating revenues (expenses)	798,872	798,872	8,194
Net income (loss) before transfers	3,815,431	3,815,431	190,343
TRANSFERS:			
Transfers from other funds	57,237	57,237	-
Transfers to other funds	-	-	(643,471)
Total transfers	57,237	57,237	(643,471)
Net income (loss) before contributions	3,872,668	3,872,668	(453,128)
CAPITAL CONTRIBUTIONS:			
Capital contributions	220,480	220,480	-
Change in net position	4,093,148	4,093,148	(453,128)
NET POSITION, BEGINNING	90,166,030	90,166,030	1,250,482
NET POSITION, ENDING	\$ 94,259,178	\$ 94,259,178	\$ 797,354

The accompanying notes are an integral part of these financial statements

CITY OF MCMINNVILLE, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2021

	Business-Type Activities - Enterprise Funds		Governmental Activities
	Wastewater Operations	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and users	\$ 10,999,989	\$ 10,999,989	\$ -
Cash received from interfund services provided	-	-	2,441,450
Cash received from other operating sources - insurance reimbursements	-	-	111,876
Cash paid to employees and others for salaries and benefits	(2,172,338)	(2,172,338)	(496,615)
Cash paid to suppliers and others	(2,516,873)	(2,516,873)	(1,368,475)
Cash received for rental revenue	26,293	26,293	-
Net cash provided by (used for) operating activities	<u>6,337,071</u>	<u>6,337,071</u>	<u>688,236</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Principal paid on pension-related obligations	(22,147)	(22,147)	(5,906)
Transfers to/(from) other funds	57,237	57,237	(643,471)
Interfund loan payments	(536,677)	(536,677)	-
Net cash provided by (used for) non-capital financing activities	<u>(501,587)</u>	<u>(501,587)</u>	<u>(649,377)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(2,248,674)	(2,248,674)	(51,161)
Proceeds from system development charges	519,909	519,909	-
Net cash provided by (used for) capital and related financing activities	<u>(1,728,765)</u>	<u>(1,728,765)</u>	<u>(51,161)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	252,670	252,670	8,194
Net cash provided by investing activities	<u>252,670</u>	<u>252,670</u>	<u>8,194</u>
Net increase (decrease) in cash and cash equivalents	4,359,389	4,359,389	(4,108)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>34,938,224</u>	<u>34,938,224</u>	<u>883,532</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 39,297,613</u>	<u>\$ 39,297,613</u>	<u>\$ 879,424</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating Income	\$ 3,016,559	\$ 3,016,559	\$ 182,149
Adjustments:			
Cash from rental activities, recognized as non-operating on the Statement of Revenue, Expenses, and Changes in Net Position	26,293	26,293	-
Depreciation and amortization	2,777,909	2,777,909	24,469
Decrease (increase) in:			
Accounts receivable and due from other funds	71,123	71,123	39,168
Due from component unit	(65,442)	(65,442)	-
Prepays	(216)	(216)	452,937
Increase (decrease) in:			
Accounts payable	121,573	121,573	50,428
Accrued payroll and other payroll liabilities	(1,672)	(1,672)	-
Retainage payable	6,868	6,868	(1,387)
Unearned revenue	4,613	4,613	-
Compensated absences	12,932	12,932	4,426
Net other post employment benefits	1,183	1,183	(3,031)
Net pension benefits	365,348	365,348	45,516
Net cash provided by (used for) operating activities	<u>\$ 6,337,071</u>	<u>\$ 6,337,071</u>	<u>\$ 688,236</u>
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Capital contributions to other governments	\$ 220,480	\$ 220,480	\$ -
Total non-cash capital financing activities	<u>\$ 220,480</u>	<u>\$ 220,480</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

City of McMinnville, Oregon
Notes to Basic Financial Statements
Year Ended June 30, 2021

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 30th fiscal year ends.

Various other governmental agencies and special service districts provide services within the City's boundaries. However, the City is not financially accountable for any of these entities and accordingly, their financial information is not included in these basic financial statements.

2. Blended Component Unit

In accordance with GASB Statement No. 61, the activities of the McMinnville Urban Renewal Agency (the Agency) are included in the City's financial statements as a blended component unit. The Agency is a legally separate entity, created in July 2013, which is governed by a board comprised of the City Council, as stipulated in the bylaws. The Council has the ability to impose its will on the Agency as determined on the basis of budget adoption, taxing authority, and funding. The purpose of the Agency is to undertake urban renewal projects and activities pursuant to the City's downtown and NE Gateway District redevelopment plans. The financial results of the Agency are reported herein as one debt service fund and one capital projects fund. The Agency also prepares a separate component unit financial report which may be obtained from the Agency's administrative offices at 230 NE Second Street, McMinnville, Oregon 97128.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

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, 2021

D. Measurement Focus and Basis of Accounting

Government-wide financial statements and proprietary fund financial statements are presented using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Capital assets are capitalized and depreciated, and City debt is reported as a liability with premiums and discounts amortized over the life of the debt.

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both *measurable and available*. *Measurable* means the amount of the transaction can be determined and revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of year end. Property taxes, franchise fees from the Department, assessment liens, and state shared revenues are susceptible to the year-end 60-day accrual. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the City.

An unavailable revenue deferred inflow arises on the balance sheets of the governmental funds when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. This unavailable revenue consists primarily of uncollected property taxes not deemed available to finance operations of the current period. In the government-wide statement of activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the deferred inflow created on the balance sheets of the governmental funds for unavailable revenue, is eliminated.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenses affecting the economic resource status of the government are recognized.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

E. Financial Statement Presentation

The financial transactions of the City are recorded in individual funds. A fund is an independent accounting entity with a self-balancing set of accounts comprised of assets, liabilities, deferred inflows/outflows of resources, fund balances, revenues, and expenditures. Fund accounting segregates resources according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

Accounting principles generally accepted in the United States of America (GAAP) set forth minimum criteria for the determination of major funds. The City elected to include the Airport Maintenance Fund as a major funds due to community interest.

The City reports the following major governmental funds:

- General Fund – is the City’s primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund. Principal sources of revenue are property taxes; licenses and permits, which includes franchise fees; intergovernmental revenues; and charges for services. Expenditures are for police, municipal court, fire and ambulance services, parks and recreation, park maintenance, library, engineering, planning, administration, and finance.
- Airport Maintenance Fund – is a special revenue fund which accounts for airport property rental income committed for operations and Federal Aviation Administration (FAA) grants restricted for airport improvement projects.
- Grants and Special Assessment Fund – accounts for both federal and state grants in addition to downtown economic improvement district (DEID) assessments, which are collected by the City and turned over to the McMinnville Downtown Association.
- Debt Service Fund – accounts for property taxes levied for payment of principal and interest on general obligation bonds.
- Urban Renewal Debt Service Fund – accounts for urban renewal tax increment revenue and payment of principal and interest on urban renewal debt.
- Transportation Fund – accounts for the acquisition and construction of major capital projects related to highways and roads.

Additionally, the City reports non-major funds within the governmental classification which include the following fund types:

- Special Revenue Funds – account for revenue sources that are restricted or committed to expenditures for specific purposes.
- Capital Projects Funds – account for the acquisition and construction of major capital projects other than those being financed by proprietary funds.

The City reports the following major enterprise funds:

- Wastewater Fund – combines budgetary basis Wastewater Services Fund and Wastewater Capital Fund for full accrual presentation.
 - Wastewater Services Fund – accounts for charges for services to support wastewater operations and rate payer transfer to the Wastewater Capital Fund.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

- Wastewater Capital Fund – accounts for sanitary sewer system development charges used for major sanitary sewer system construction projects and transfers from the Wastewater Services Fund supporting debt service and major capital projects.

The City also reports internal service funds within the proprietary fund type. The City's internal service funds include the Insurance Services Fund which accounts for the City's property, liability, and workers' compensation insurance and the Informational Systems and Services Fund which accounts for computer support, including personnel services, repairs and maintenance, and software and hardware purchases.

F. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance

1. Cash and Investments

Cash and investments, including restricted cash and investments, consist of cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition, and the State of Oregon Local Government Investment Pool (LGIP) deposits. Investments in the LGIP are stated at share value, which approximates fair value, and is the value at which the shares can be withdrawn.

The LGIP is administered by the Oregon State Treasury. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any public funds. The LGIP is commingled with the state's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

The City's investment policy, adopted by the City Council, essentially mirrors the requirements of the Oregon Revised Statutes. Currently, the City's investment portfolio consists of investments in the LGIP and a Public Money Market Savings account.

Investments are stated at fair value. Fair value is based on current market prices. Changes in the fair value of investments are recognized as revenue. GASB Statement 72, *Fair Value Measurement and Application* provides a fair value hierarchy that prioritized the inputs for valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

2. Receivables and Payables

Transactions between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year, as well as all other outstanding balances between funds or between the primary government and its component unit are referred to as "due to", "advance to" or "due from", "advance from" other funds or component unit. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Property taxes are assessed as of January 1 and become a lien as of July 1 on all taxable property. Property taxes are due on November 15. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due or two-thirds of the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

recognized as revenues. All other property taxes receivable are offset by deferred inflows of resources as they are deemed unavailable to finance operations of the current period.

In the government-wide financial statements an allowance for uncollectible accounts is recorded in the Department. No allowance for uncollectible accounts is recorded for sewer charges as uncollectible accounts are deemed immaterial. No allowance for uncollectible accounts is considered necessary in governmental activities as receivables either become property liens when past due or are considered immaterial.

Receivables of the proprietary fund types and the Department are recorded as revenue when earned. Accounts receivables in the Department also include estimated revenues, that are accrued for power and water deliveries not yet billed to customers from meter reading dates prior to month end (unbilled revenue) and are reversed in the following year when the billings occur. In the Department, the allowance for uncollectible accounts is determined by considering a number of factors, including the length of time trade accounts receivable are past due, the customer's previous loss history, the customer's current ability to pay its obligation, and the condition of the general economy and the industry as a whole.

3. 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 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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

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	5-10
Transportation and 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 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. Markets for the sale of RECs are very limited at the present time. Future sales will be transaction specific and subject to approval by the governing body of the Department.

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. Management uses historical averages to estimate the current portion of compensated absences for the City. The Department considers all compensated absences as current liabilities. For governmental activities, compensated absences are generally liquidated by the fund that incurred the liability. The significant fund incurring these liabilities is the General Fund. In the governmental fund financial statements, a liability for compensated absences is reported only if they have matured and thus become due.

8. 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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

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.

9. 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 of resources related to pension, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Other Postemployment Benefit Obligations

For purposes of measuring the OPEB asset and liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City and Department's two separate plans the Implicit Rate Subsidy and Oregon Public Employees Retirement Systems (OPERS) and additions to/deductions from Implicit Rate Subsidy and OPERS's fiduciary net position have been determined on the same basis as they are reported by Implicit Rate Subsidy and OPERS. For this purpose, Implicit Rate Subsidy and OPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

11. 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 four types of deferred inflows that qualify for reporting in this category. *Unavailable revenue* is reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that amount becomes available. The governmental funds report unavailable revenues from four sources: property taxes, payments in lieu of taxes and assessments where a timing requirement has not been met and grants that have been approved for payment that have not been received within 60 days. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred amounts related to pension and OPEB. These amounts are deferred and recognized as inflows of resources in the period when the City recognizes pension and OPEB income. Deferred inflows are included in the government-wide statement of net position and the proprietary funds statement of net position.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

12. 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.

13. Fund Balance

In the governmental fund financial statements, fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balance is reported as *nonspendable* when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepayments.

Fund balance is reported as *restricted* when the constraints placed on the use of the resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority are reported as *committed* fund balances. The City reports fund balances as committed when the City Council passes a resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the resolution at any time through passage of an additional resolution.

Amounts that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as *assigned* fund balance. Intent is expressed when the City Council approves certain amounts during the adoption of the annual budget.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund. This classification is also used to report deficit fund balance amounts in other governmental funds.

The City considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. For unrestricted fund balance amounts, the City considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

A formal fund balance policy was updated and adopted by the City Council in fiscal year 2020-21. 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. It also establishes fund balance targets for other City funds. For the General Fund, two months of budgeted operating expense is the target for unassigned ending fund balance, excluding the assigned ending fund balance for the volunteer firefighters' Length of Service Award Program (LOSAP). The City plans to make progress toward this two-month's operating reserve target over three to five years (in or prior to the FY2025-26 budget cycle).

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

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 30th.

The City begins its budgeting process by appointing Budget Committee members in January of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the proposed budget in May. Public notices of the approved budget and City Council public hearing are generally published in May and June with the budget public hearing held in June. The City Council adopts the budget, makes appropriations, and declares the operating and debt service property tax levies and tax rate no later than June 30th.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. For the General and Wastewater Services Funds, levels of budgetary control are established at the department level. For all other funds, appropriations are established at the program (personnel services, materials and services, capital outlay), debt service, operating contingencies, and other requirements level.

All changes and amendments to the budget require the approval of the City Council. Supplemental budgets less than 10 percent of a fund's original budget may be adopted by the City Council at a regular City Council meeting. A supplemental budget greater than 10 percent of a fund's original budget requires publication, a hearing before the public, and approval by the City Council. The City Council approved four amendments to the budget during the fiscal year ending June 30, 2021. 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 four appropriation transfers during the fiscal year ending June 30, 2021. 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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

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, 2021 was unmodified. The fair value of the City's position in the Pool at June 30, 2021 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 \$9,098,054 and the bank balance was \$8,848,084. The City's bank balances were covered by \$250,000 Federal Depository Insurance. Of the Department's bank balances, \$250,000 was covered by Federal Depository Insurance. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer.

At June 30, 2021, the City's cash and investment balances were as follows:

Cash held in city offices	\$ 3,250
Deposits with financial institutions	9,098,054
Oregon State Local Government Investment Pool – City's general account	49,395,867
Oregon State Local Government Investment Pool – Urban Renewal Loan Proceeds	<u>210,124</u>
Total City cash and investments	<u>\$ 58,707,295</u>

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

	<u>Governmental Activities</u>	<u>Business-type Activites</u>	<u>Total</u>
Cash and investments:			
Unrestricted	\$ 7,431,429	\$ 39,297,613	\$46,729,042
Restricted	11,978,253	-	11,978,253
Total cash and investments	<u>\$ 19,409,682</u>	<u>\$ 39,297,613</u>	<u>\$ 58,707,295</u>

At June 30, 2021, the Department's cash and investment balances were as follows:

Cash on hand	\$ 18,095
Cash on deposit with a bank	662,290
Oregon State Local Government Investment Pool	48,055,051
Oregon State Local Government Intermediate Fund	<u>7,714,863</u>
Total Department cash and investments	<u>\$ 56,450,299</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

The Oregon Local Government Intermediate Fund ("OLGIF") is a commingled investment pool for local governments offered by Oregon State Treasury due to Legislation HB2140 and pursuant to ORS Chapter 294. OLGIF provides qualified local government participants with a vehicle to invest assets over an intermediate time horizon (three to five years). OLGIF is actively managed to maintain a diversified portfolio of investment grade bond investments. Based on historical market performance, it is anticipated that the returns generated over extended periods will be greater in OLGIF than in shorter maturity vehicles such as the Oregon Short Term Fund.

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, 2021, 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.

B. Receivables

1. Government Funds and Governmental Activities

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

Receivables:	Airport		Special	Debt	UR Debt	Total	Internal	Governmental
	General	Maintenance	Assessment	Service	Service	Non-Major	Service Funds	Activities
Accounts	\$ 1,519,617	\$ 53,372	\$ -	\$ 1,921	\$ 211	\$ 1,241,073	\$ 39,995	\$ 2,856,189
Property taxes	594,568	-	-	148,326	13,698	-	-	756,592
Cash with county	173,305	-	-	44,290	4,579	-	-	222,174
Assessments	1,829	-	44,331	-	-	-	-	46,160
Due from Component Unit	144,687	-	-	-	-	-	-	144,687
Total	\$ 2,434,006	\$ 53,372	\$ 44,331	\$ 194,537	\$ 18,488	\$ 1,241,073	\$ 39,995	\$ 4,025,802

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

	Total Governmental
Gross revenue	\$ 19,068,823
Less: discounts and adjustment	(586,204)
Net revenue	<u>\$ 18,482,619</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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

2. Business-Type Activities

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

	Wastewater
Accounts receivable	\$ 693,789
Less: allowance for uncollectable accounts	-
Net receivables	\$ 693,789

3. Non-Cancellable Leases

The City leases certain property with an approximate net capital cost of \$1,967,641 under long-term operating leases. For fiscal year ended June 30, 2021 total depreciation expense was \$34,388. As of June 30, 2021, accumulated depreciation was \$1,413,918.

The minimum future payments to be received under these non-cancellable leases are approximately as follows:

June 30,	Amount
2022	\$ 309,805
2023	254,913
2024	246,721
2025	251,442
2026	155,724
2027-31	292,361
Thereafter	456,675
Total	\$ 1,967,641

4. Department

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

Accounts and notes receivable	\$ 3,724,723
Less: allowance for uncollectibles	(40,574)
Net receivables	\$ 3,684,149

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

C. Capital Assets

In the government-wide financial statements, the City's governmental activities' capital asset activity for the year ended June 30, 2021 is illustrated in the following table. Activity includes additions, dispositions, annual depreciation expense and adjustments.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>CIP Transfers</u>	<u>Ending Balance</u>
Non-depreciable:					
Land	\$ 28,607,972	\$ -	\$ -	\$ -	\$ 28,607,972
Easements	1,970,950	-	-	-	1,970,950
Public art	263,303	-	-	-	263,303
Construction in progress	<u>1,675,110</u>	<u>3,694,886</u>	<u>(9,671)</u>	<u>(5,034,811)</u>	<u>325,514</u>
Total non-depreciable	<u>32,517,335</u>	<u>3,694,886</u>	<u>(9,671)</u>	<u>(5,034,811)</u>	<u>31,167,739</u>
Depreciable:					
Land improvements	20,397,722	-	-	233,859	20,631,581
Buildings	33,355,816	-	-	-	33,355,816
Machinery and equipment	6,819,642	497,235	(147,712)	-	7,169,165
Vehicles	6,656,925	257,883	(40,311)	-	6,874,497
Infrastructure	<u>92,757,188</u>	<u>1,871,128</u>	<u>-</u>	<u>4,800,952</u>	<u>99,429,268</u>
Total depreciable	<u>159,987,293</u>	<u>2,626,246</u>	<u>(188,023)</u>	<u>5,034,811</u>	<u>167,460,327</u>
Accumulated depreciation:					
Land improvements	(13,352,010)	(859,812)	-	-	(14,211,822)
Buildings	(21,568,421)	(714,358)	-	-	(22,282,779)
Machinery and equipment	(5,950,279)	(301,580)	147,030	-	(6,104,829)
Vehicles	(4,456,412)	(428,394)	39,412	-	(4,845,394)
Infrastructure	<u>(44,127,718)</u>	<u>(2,567,445)</u>	<u>-</u>	<u>-</u>	<u>(46,695,163)</u>
Total accumulated depreciation	<u>(89,454,840)</u>	<u>(4,871,589)</u>	<u>186,442</u>	<u>-</u>	<u>(94,139,987)</u>
Governmental activities capital assets, net	<u>\$ 103,049,788</u>	<u>\$ 1,449,543</u>	<u>\$ (11,252)</u>	<u>\$ -</u>	<u>\$ 104,488,079</u>

At June 30, 2021, the City's government-wide governmental activities construction in progress consisted of costs related to the airport, urban renewal and rental property improvements.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

Depreciation expense was charged to governmental activities functions as follows:

	Total
General government	\$ 127,782
Comm development	37,878
Public safety:	
Police	467,867
Fire	325,291
Emergency communications	33,504
Highways and streets	2,587,045
Parks & Rec/Maintenance	673,345
Library	38,919
Airport	353,346
I/S Fund	24,469
Building Fund (Govtl-Cmty Dev)	15,700
Total	\$4,685,147

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, 2021 is illustrated in the following table. Activity includes additions, dispositions, annual depreciation expense, adjustments.

	Beginning Balance	Increases	CIP Transfers	Ending Balance
Non-depreciable:				
Land	\$ 785,223	\$ -	\$ -	\$ 785,223
Easements	240,735	-	-	240,735
Construction in progress	6,703,913	2,137,795	(3,370,119)	5,471,589
Total non-depreciable	7,729,871	2,137,795	(3,370,119)	6,497,547
Depreciable:				
Land improvements	80,656	-	-	80,656
Buildings	54,623,569	22,194	-	54,645,763
Machinery and equipment	2,351,349	38,815	-	2,390,164
Vehicles	1,100,699	17,170	-	1,117,869
Infrastructure*	47,934,854	253,180	3,370,119	51,558,153
Total depreciable	106,091,127	331,359	3,370,119	109,792,605
Accumulated depreciation:				
Land improvements	(76,119)	(1,623)	-	(77,742)
Buildings	(39,455,574)	(1,567,694)	-	(41,023,268)
Machinery and equipment	(1,887,601)	(135,403)	-	(2,023,004)
Vehicles	(659,901)	(65,219)	-	(725,120)
Infrastructure	(15,551,868)	(1,007,970)	-	(16,559,838)
Total accumulated depreciation	(57,631,063)	(2,777,909)	-	(60,408,972)
Governmental activities capital assets, net	\$ 56,189,935	\$ (308,755)	\$ -	\$ 55,881,180

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

At June 30, 2021, the City's business-type activities construction in progress consisted of costs related to various wastewater projects.

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

Wastewater Operations \$ 2,777,909

The Department's capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Non-depreciable:				
Land and rights	\$ 8,066,115	\$ 7,569	\$ -	\$ 8,073,684
Construction in progress	4,536,148	7,253,762	(9,823,923)	1,965,987
Total non-depreciable	<u>12,602,263</u>	<u>7,261,331</u>	<u>(9,823,923)</u>	<u>10,039,671</u>
Depreciable:				
Structures and improvements	9,985,987	193,755	-	10,179,742
Water treatment plant	35,014,030	23,220	-	35,037,250
Supply and distribution systems	133,891,286	10,108,885	(1,057,420)	142,942,751
Furniture and equipment	3,255,718	84,138	-	3,339,856
Transportation equipment	3,792,769	637,392	-	4,430,161
Total depreciable	<u>185,939,790</u>	<u>11,047,390</u>	<u>(1,057,420)</u>	<u>195,929,760</u>
Accumulated depreciation:				
Electric plant	(28,378,429)	(2,092,867)	375,150	(30,096,146)
Water plant	(31,073,398)	(1,783,384)	289,935	(32,566,847)
Transportation equipment	(2,403,153)	(288,024)	-	(2,691,177)
Total accumulated depreciation	<u>(61,854,980)</u>	<u>(4,164,275)</u>	<u>665,085</u>	<u>(65,354,170)</u>
Governmental activities capital assets, net	<u>\$ 136,687,073</u>	<u>\$ 14,144,446</u>	<u>\$ (10,216,258)</u>	<u>\$ 140,615,261</u>

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.

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:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Major governmental fund - General Fund	Department	\$ 144,687
Major enterprise fund - Wastewater Fund	Department	913,718
		<u>\$ 1,058,405</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

Interfund transfers for the year ended June 30, 2021, consisted of the following:

	Transfers In:				Total
	General Fund	Transportation Fund	Nonmajor Governmental Funds	Wastewater Operations	
Transfer Out:					
General Fund	\$ -	\$ -	\$ 897,853	\$ -	\$ 897,853
Urban Renewal Debt Service Fund	-	-	196,928	-	196,928
Nonmajor Governmental Funds	327,241	600,000	-	-	927,241
Internal Service Funds	548,376	-	37,858	57,237	643,471
	\$ 875,617	\$ 600,000	\$ 1,132,639	\$ 57,237	\$ 2,665,493

Transfers are used to: 1) move allocation of transient lodging tax from the receipting funds to the general fund; 2) move portion of street fund gas tax to support specific capital projects or programs in transportation fund; 3) move urban renewal tax receipts from receipting fund for specific projects in the urban renewal plan; 4) transfer police and fire contributions for 911 services; and 5) transfer excess fund balance from insurance services to departments who originally paid into that fund for workers comp insurance.

E. Due to/from other funds

Due From:	Due To:		Total Internal Loans Payable
	Governmental Activities	Business Type Activities	
	General	Wastewater Capital	
Governmental Activities:			
General - Police	\$ -	\$ 346,691	\$ 346,691
General - Fire/EMS	-	364,586	364,586
Urban Renewal Debt Service Fund	1,762,180	-	1,762,180
	\$ 1,762,180	\$ 711,277	\$ 2,473,457
Total Internal Loans receivable			

The amount payable to the General Fund relates to a loan for street improvements in the urban renewal district, as follows:

Fiscal Year ending June 30	Principal	Interest
2022	\$ 152,120	\$ 35,177
2023	155,230	32,058
2024	158,420	28,875
2025	161,660	25,626
2026	164,980	22,312
2027-2031	877,070	59,408
2032-2036	92,700	946
	\$ 1,762,180	\$ 204,401
Total		

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

The amount payable to the Wastewater Capital Fund relates to the purchase of three patrol vehicles for the police department in the general fund is as follows:

<u>Fiscal Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 144,069	\$ 13,558
2023	146,839	10,789
2024	149,663	7,966
2025	152,542	5,087
2026	118,164	2,152
Total	<u>\$ 711,277</u>	<u>\$ 39,552</u>

F. Renewable Energy Certificates (REC) – Department

As of June 30, 2021, the Department has 268,231 RECs banked in its Western Renewable Energy Generation Information System (WREGIS) account, valued at \$.50 per REC, for a total value of \$134,116. 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, 2021.

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, 2021 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, 2021.

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, 2021

General Obligation bonds currently outstanding as of June 30, 2021, are as follows:

Governmental Activities:	<u>Bond Series</u>	<u>Interest Rate(s)</u>	<u>Date of Issue</u>	<u>Remaining Years of Maturity</u>	<u>Amount of Original Issue</u>	<u>Principal Outstanding</u>
Parks Improvement	2011	2.00 - 4.00	10/06/11	2022-2022	\$ 5,590,000	\$ 615,000
Public Safety and Civic Center Bldgs	2015	2.50 - 5.00	04/16/15	2022-2027	7,235,000	4,425,000
Transportation	2015	2.50 - 5.00	04/16/15	2022-2030	16,085,000	10,735,000
Transportation	2018	3.00 - 4.00	02/28/18	2022-2033	7,915,000	6,585,000
Total Governmental Activities Bonds:					<u>\$ 36,825,000</u>	<u>\$ 22,360,000</u>

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

<u>Fiscal Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 2,710,000	\$ 924,900
2023	2,185,000	817,150
2024	2,290,000	717,500
2025	2,390,000	607,900
2026	2,500,000	498,500
2027-2031	9,020,000	1,012,750
2032-2033	1,265,000	60,350
Total	<u>\$ 22,360,000</u>	<u>\$ 4,639,050</u>

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 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.

Loans and notes payable currently outstanding as of June 30, 2021, are as follows:

Governmental Activities:	<u>Interest Rate(s)</u>	<u>Date of Issue</u>	<u>Remaining Years</u>	<u>Amount of Original Note</u>	<u>Principal Outstanding</u>
OTIB Loan Dundee Bypass, ODOT	2.26	07/01/13	2022-2036	\$ 3,209,600	\$ 2,440,327
Fire Vehicle, Key Bank	3.10	05/20/14	2022-2024	1,370,000	811,332
Urban Renewal, Chase	2.04	10/31/16	2022-2032	2,192,300	1,762,180
Total Governmental Activities Notes:				<u>\$ 6,771,900</u>	<u>\$ 5,013,839</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

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

Fiscal Year ending June 30	Principal	Interest
2022	\$ 389,055	\$ 114,781
2023	398,305	105,522
2024	938,012	96,036
2025	317,888	70,647
2026	324,738	63,802
2027-2031	1,731,679	211,039
2032-2036	914,162	51,541
Total	<u>\$ 5,013,839</u>	<u>\$ 713,367</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.

Upon joining the LGRP in 2001, a transition liability or surplus was calculated to ensure that each employer entered the pool on a comparable basis.

The City and Department elected to pay the balance owed on the PERS transition liability in 2016. The City entered into a financing agreement to pay its share of the transition liability. The Department used available cash to pay its share.

Pension obligation notes payable currently outstanding as of June 30, 2021, are as follows:

	Interest Rate(s)	Date of Issue	Remaining Years	Amount of Original Note	Principal Outstanding
PERS Transitional Liability, Chase	2.73	10/31/16	2022-2028	<u>\$ 3,525,860</u>	<u>\$ 2,486,310</u>
	Allocation				
Governmental Activities:					
Allocation Governmental Funds	90.50%			\$ 3,190,903	\$ 2,250,111
Allocation Internal Service Funds	2.00%			70,517	49,726
Business Type	7.50%			<u>264,440</u>	<u>186,473</u>
Total Pension Obligation Notes				<u>\$ 3,525,860</u>	<u>\$ 2,486,310</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

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

Fiscal Year ending June 30	Governmental Funds		Gov'tal Int Serv Funds		Business Type		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 286,469	\$ 59,506	\$ 6,331	\$ 1,315	\$ 23,741	\$ 4,931	\$ 316,540	\$ 65,753
2023	306,632	51,550	6,776	1,139	25,412	4,272	338,820	56,961
2024	327,800	43,036	7,244	951	27,166	3,567	362,210	47,554
2025	349,982	33,938	7,734	750	29,004	2,813	386,720	37,500
2026	373,258	24,226	8,249	535	30,933	2,008	412,440	26,769
2027-2028	605,970	16,715	13,392	369	50,219	1,385	669,580	18,470
Total	<u>\$ 2,250,111</u>	<u>\$ 228,972</u>	<u>\$ 49,726</u>	<u>\$ 5,060</u>	<u>\$ 186,473</u>	<u>\$ 18,976</u>	<u>\$ 2,486,310</u>	<u>\$ 253,007</u>

4. Capital Leases

Capital leases payable currently outstanding as of June 30, 2021, are as follows:

Governmental Activities:	Interest Rate(s)	Date of Issue	Remaining Years	Amount of Original Note	Principal Outstanding
2017 MPD pursuit vehicles (3), FordMC	6.45	03/10/18	2022-2022	\$ 135,500	\$ 28,851
Emergency Comms Equip, Govt Cap Corp	4.15	05/14/19	2022-2026	228,449	164,787
2019 MPD pursuit vehicles (3), Mun Asset Mgt	3.88	03/22/19	2022-2023	153,497	92,009
Total Governmental Capital Leases:				<u>\$ 517,446</u>	<u>\$ 285,647</u>

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

Fiscal Year ending June 30	Principal	Interest
2022	\$ 88,694	\$ 12,270
2023	62,247	8,005
2024	64,747	5,504
2025	34,268	2,903
2026	35,690	1,481
Total	<u>\$ 285,647</u>	<u>\$ 30,163</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 25,085,000	\$ -	\$ 2,725,000	\$ 22,360,000	\$ 2,710,000
Unamortized premium	2,330,655	-	297,582	2,033,073	272,358
Notes payable	5,401,554	-	387,715	5,013,839	389,055
PERS Transitional Liability, Chase	2,517,348	-	267,237	2,250,111	286,469
Capital Leases	370,282	-	84,635	285,647	88,694
Compensated absences	1,005,087	28,996	-	1,034,083	193,139
Governmental totals	<u>\$ 36,709,926</u>	<u>\$ 28,996</u>	<u>\$ 3,762,169</u>	<u>\$ 32,976,753</u>	<u>\$ 3,939,715</u>
<u>Internal service funds</u>					
PERS Transitional Liability, Chase	\$ 55,632	\$ -	\$ 5,906	\$ 49,726	\$ 6,331
Compensated absences	40,707	4,426	-	45,133	8,430
Internal service fund totals	<u>\$ 96,339</u>	<u>\$ 4,426</u>	<u>\$ 5,906</u>	<u>\$ 94,859</u>	<u>\$ 14,760</u>
<u>Business type activities</u>					
PERS Transitional Liability, Chase	\$ 208,620	\$ -	\$ 22,147	\$ 186,473	\$ 23,741
Compensated absences	85,752	12,932	-	98,684	18,431
Business type totals	<u>\$ 294,372</u>	<u>\$ 12,932</u>	<u>\$ 22,147</u>	<u>\$ 285,157</u>	<u>\$ 42,172</u>

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

I. Fund Balances

Fund balances by classification for the year ended June 30, 2021 were as follows:

Fund Balances	General Fund	Airport	Grants and Special Assessment	Transportation	Debt Service	Urban Renewal Debt Service	Other Government Funds	Total Government Funds
Nonspendable:								
In Form	\$ 20,328	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,328
Restricted for:								
Street Maintenance	-	-	-	-	-	-	1,779,174	1,779,174
Tourism Promotion	-	-	-	-	-	-	239	239
Airport Maintenance	-	552,839	-	-	-	-	-	552,839
Capital Projects	-	-	-	2,930,746	-	-	1,896,549	4,827,295
Debt Service	-	-	-	-	1,296,097	-	-	1,296,097
Committed to:								
Emergency Communications	-	-	-	-	-	-	110,935	110,935
Assigned to:								
LOSAP Benefit Plan	786,091	-	-	-	-	-	-	786,091
Special Assessments	-	-	133,795	-	-	-	-	133,795
Telecommunications	-	-	-	-	-	-	1,955	1,955
Building	-	-	-	-	-	-	1,659,703	1,659,703
Unassigned:	6,006,241	-	-	-	-	(1,473,149)	-	4,533,092
Total fund balances	<u>\$ 6,812,660</u>	<u>\$ 552,839</u>	<u>\$ 133,795</u>	<u>\$ 2,930,746</u>	<u>\$ 1,296,097</u>	<u>\$ (1,473,149)</u>	<u>\$ 5,448,555</u>	<u>\$ 15,701,543</u>

IV. Other Information

A. Risk Management

1. City

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. The City is covered for comprehensive liability, property, auto liability and physical damage, employer's liability, and workers'

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

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 four fiscal years.

2. Department

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

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

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 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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

1. Financial Statement Presentation

The City's two OPEB plans are presented in the aggregate on the Statement of Net Position. The amounts on the financial statements relate to the plans as follows:

	<u>Implicit Rate Subsidy</u>	<u>PERS RHIA Plan</u>	<u>Total OPEB on Financials</u>
Net OPEB Asset	\$ -	\$ 235,748	\$ 235,748
Deferred Outflows of Resources			
Change in Assumptions	32,283	-	32,283
Difference in Expected and Actual Experience	127,488	-	127,488
Difference in Earnings	-	26,217	26,217
Change in Proportionate Share	-	17,839	17,839
Contributions After MD	60,445	4,701	65,146
Net OPEB Liability	(1,382,834)	-	(1,382,834)
Deferred Inflows of Resources			
Difference in Expected and Actual Experience	(668,944)	(24,100)	(693,044)
Change in Assumptions	(293,999)	(12,531)	(306,530)
Change in Proportionate Share	-	(731)	(731)
OPEB Expense/(Income)*	6,854	(27,208)	(20,354)

*Included in program expenses on Statement of Activities

2. Post-Employment Healthcare Plan – City

Plan Description:

The City's single-employer defined benefit postemployment healthcare plan is administered by CityCounty Insurance Services (CIS). Benefit provisions are established through negotiations between the City and representatives of collective bargaining units or through resolutions passed by City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The City's postemployment healthcare plan administrator issues a publicly available financial report that includes financial statements and required supplementary information for CIS. This report may be obtained through their website at: <https://www.cisoregon.org/About/TrustDocs>.

Benefits Provided:

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2020, the following employees were covered by the benefit terms:

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

Active employees	144
Eligible retirees	6
Spouses of ineligible retirees	0
Total participants	150

OPEB Plan Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

The City's net OPEB liability of \$1,382,834 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2020.

For the fiscal year ended June 30, 2021, the City recognized OPEB expenses from this plan of \$6,854. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 127,488	\$ 668,944
Changes of assumptions	32,283	293,999
Total (prior to post-MD contributions)	159,771	962,943
Contributions subsequent to the MD	60,445	-
Total	\$ 220,216	\$ 962,943

Deferred outflows of resources related to OPEB of \$60,445 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2022	\$	(118,108)
2023		(118,108)
2024		(118,108)
2025		(118,108)
2026		(118,108)
Thereafter		(212,632)
Total	\$	(803,172)

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

Actuarial Assumptions and Other Inputs:

The net OPEB liability in the July 1, 2020 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Discount Rate	2.21 percent
Projected Salary Increases	3.50 percent overall payroll growth
Retiree Healthcare Participation	40% of eligible employees 60% of male members and 35% of female members will elect spouse coverage.
Mortality	Health retirees and beneficiaries: Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees. Healthcare cost trend rate: Medical and vision: 3.75 percent per year increasing to 5.75 percent. Dental: 4.00 percent per year

The discount rate was based on Bond Buyer 20-Year General Obligation Bond Index.

Changes in Net OPEB Liability:

Changes in assumptions is the result of the change in the discount rate from 3.50% to 2.21%.

	Net OPEB Liability
	<hr/>
Balance as of June 30, 2020	\$ 1,234,727
Changes for the year:	
Service cost	79,797
Interest on total OPEB liability	45,165
Effect of economic demographic gains or losses	142,487
Effect of assumptions changes or inputs	(70,713)
Benefit payments	(48,629)
	<hr/>
Balance as of June 30, 2021	<u>\$ 1,382,834</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

Sensitivity of the net OPEB liability to changes in the discount rate:

The following presents the City's OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate:

	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Net OPEB Liability	\$ 1,497,304	\$ 1,382,834	\$ 1,275,499

Healthcare Cost Trend:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 1,224,755	\$ 1,382,834	\$ 1,570,400

3. Oregon Public Employees' Retirement Systems (OPERS) Retirement Health Insurance Account (RHIA) - City

Plan Description:

The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. ORS 238.420 established this trust fund and authorizes the Oregon Legislature to establish and amend the benefit provisions. PERS issues a publicly available financial report that includes financial statements and required supplementary information which can be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, telephone (503) 598-7377, or online at <https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

Benefits Provided:

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions:

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2017 actuarial valuation and a percentage of payroll that first became effective July 1, 2019. The City contributed 0.06% of PERS-covered salaries for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits and 0.00% of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

liabilities being amortized over 20 years. The City's total for the year ended June 30, 2021 contributions was \$4,701.

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

At June 30, 2021, the City reported an asset of \$235,748 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the net OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2020, the City's proportionate share was 0.1157%, which is an increase from its proportion of 0.1324% as of June 30, 2019.

For the year ended June 30, 2021, the City recognized OPEB income from this plan of \$27,208. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 24,100
Changes of assumptions	-	12,531
Net difference between projected and actual earnings on investments	26,217	-
Changes in proportionate share	17,839	731
Total (prior to post-MD contributions)	<u>44,056</u>	<u>37,362</u>
Contributions subsequent to the MD	4,701	-
Total	<u>\$ 48,757</u>	<u>\$ 37,362</u>

Deferred outflows of resources related to OPEB of \$4,701 resulting from the City's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2022	\$ (14,380)
2023	3,112
2024	9,691
2025	8,271
Total	<u>\$ 6,694</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

Actuarial Methods & Assumptions:

The net OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study Report	2018, published July 2019
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Projected Salary Increases	3.50 percent
Retiree Healthcare Participation	Healthy retirees: 32% Disabled retirees: 20%
Mortality	Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active Members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

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.

Assumed Asset Allocation			
Asset Class/Strategy	Low Range	High Range	Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	7.5%	17.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Risk Parity	0.0%	2.5%	0.0%
Total			100.0%

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Foreign Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equities	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-Driven	0.38%	5.59%
Timber	1.12%	5.61%
Farmland	1.12%	6.12%
Infrastructure	2.24%	6.67%
Commodities	1.12%	3.79%
Total	100.00%	

Assumed Inflation - Mean 2.50%

Discount rate:

The discount rate used to measure the net OPEB liability was 7.20% for the RHIA Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the RHIA Plan was applied to all periods of projected benefit payments to determine the net OPEB liability.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

Sensitivity of the City's proportionate share of the net OPEB asset to changes in the discount rate:

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.20%, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

Discount Rate:

	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Net OPEB Liability	\$ (190,327)	\$ (235,748)	\$ (274,585)

OPEB plan fiduciary net position:

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

Changes in Plan Provisions During the Measurement Period:

There were no changes during the June 30, 2020 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date:

There were no changes subsequent to the June 30, 2020 measurement period that require disclosure.

4. Post-Employment Healthcare Plan – Department

The Department's plan is a single employer plan administered by the Department. The authority to establish and amend the benefit terms and financing is accomplished through contractual agreement with union employees and through board adopted personnel policies for non-union employees.

Employees covered by benefit terms:

At July 1, 2020, the following employees were covered by the benefit terms:

Active employees	60
Retired employees	<u>10</u>
Total	<u>70</u>

Changes in Net OPEB Liability:

	<u>Total OPEB Liability</u>
Balance as of June 30, 2020	\$ 1,470,031
Changes for the year:	
Service cost	44,132
Interest on total OPEB liability	53,716
Effect of economic demographic gains or losses	(3,225)
Effect of assumptions changes or inputs	(34,242)
Benefit payments	(138,581)
Net RHIA change	28,853
Balance as of June 30, 2021	<u>\$ 1,420,684</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

Sensitivity of the net OPEB liability to changes in the discount rate:

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

	1% Decrease	Current Discount Rate	1% Increase
2021 Total OPEB Liability	\$ 1,580,932	\$ 1,420,684	\$ 1,384,610

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

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

	1% Decrease	Healthcare Trend	1% Increase
2021 Total OPEB Liability	\$ 1,342,133	\$ 1,420,684	\$ 1,642,260

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

For the year ended June 30, 2021, the Department recognized an OPEB expense of \$9,724. At June 30, 2021, the Department reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 22,405	\$ 9,003
Changes of assumptions or other inputs	32,470	566,429
Net difference between projected and actual earnings on OPEB plan investments	6,718	-
Changes in proportionate share	16,968	949
Contributions subsequent to the measurement date	145,694	-
Total	\$ 224,255	\$ 576,381

Deferred outflows of resources related to OPEB of \$145,694 resulting from the Department's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

Year ended June 30:		
2022	\$	(90,185)
2023		(85,427)
2024		(89,697)
2025		(90,062)
2026		(87,415)
Thereafter		(55,034)
Total	\$	(497,820)

5. Oregon Public Employees' Retirement Systems (OPERS) Retirement Health Insurance Account (RHIA) – Department

The Department's RHIA plan is the same plan as the City's plan discussed above in Note C.3.

Contributions:

The Department contributed 0.06% of PERS-covered salaries for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits and 0.00% of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. The Department's total for the year ended June 30, 2021 contributions was \$4,701.

Sensitivity of the net OPEB liability to changes in the discount rate:

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

Discount Rate:

	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Total OPEB Liability	\$ (48,774)	\$ (60,414)	\$ (70,366)

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

For the year ended June 30, 2021, the Department recognized an OPEB expense of \$9,717. At June 30, 2021, the Department reported deferred outflows and inflows of resources related to OPEB from the following sources:

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,176
Changes of assumptions	-	3,211
Net difference between projected and actual earnings on investments	6,718	-
Changes in proportion	16,968	949
Total (prior to post-MD contributions)	23,686	10,336
Contributions subsequent to the MD	4,701	-
Total	<u>\$ 28,387</u>	<u>\$ 10,336</u>

Deferred outflows of resources related to OPEB of \$4,701 resulting from the Department's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2022	\$ 1,996
2023	6,751
2024	2,484
2025	2,119
Total	<u>\$ 13,350</u>

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/Financials/Actuarial-Financial-Information.aspx>.

ORS 238 Tier One/Tier Two Retirement Benefits:

Pension Benefits – The PERS retirement allowance benefit is payable monthly for life. It may be selected from thirteen retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to \$195,000 in 2020 and will be indexed with inflation in later years.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General services employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of eligible service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits – Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met: (1) member was employed by a OPERS employer at the time of death; (2) member died within 120 days after termination of OPERS-covered employment; (3) member died as a result of injury sustained while employed in a OPERS-covered job; or (4) member was on an official leave of absence from a OPERS-covered job at the time of death.

Disability Benefits – A member with ten or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes after Retirement – Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living (COLA) changes. The COLA is capped at 2.0 percent.

ORS 238A OPSRP Pension Program Benefits:

The Pension Program provides benefits to members hired on or after August 29, 2003. Benefits under this portion of OPSRP provide a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

For police and fire members, 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

For general service members, 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65 or age 58 with 30 years of retirement credit.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2020. The limit will be equal to \$195,000 in 2020 and will be indexed with inflation in later years.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

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

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

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):

Pension Benefits – An IAP member becomes vested on the date the employee account is established or on the date the rollover account is established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5, 10, 15, or 20 year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits – Upon the death of a non-retired member, the beneficiary receives, in a lump sum, the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum amount.

Recordkeeping – OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions:

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2018 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions. Employer contributions for the year ended June 30, 2021 were \$3,661,207, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2021 were 28.33 percent for Tier One/Tier Two General Service

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

Member, 28.33 percent for Tier One/Tier Two Police and Fire, 18.53 percent for OPSRP Pension Program General Service Members, 23.16 percent for OPSRP Pension Program Police and Fire Members.

Employee Contributions – Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements. As permitted, the City has opted to pick-up the contributions on behalf of employees; contributions were \$737,991 for the year ended June 30, 2021.

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, 2020 and 2021. 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, 2021, the City and Department reported liabilities of \$34,516,068 and \$10,967,662, respectively for their proportionate share of the plan pension liability excluding LOSAP. The net pension liability was measured as of June 30, 2020 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 0.1582% and the Department’s proportion was 0.0503%. The City’s and Department’s proportionate share at the prior measurement date was 0.1680% and 0.0470%, respectively.

For the year ended June 30, 2021, the City and Department recognized pension expense of \$3,508,980 and \$3,654,433, respectively. The Department has elected to use regulatory accounting to recognize pension expense in conjunction with the required employer contribution rates. At June 30, 2021, the City and Department reported deferred outflows of resources and deferred inflows of resources related to pensions excluding LOSAP from the following sources:

City of McMinnville, Oregon
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Year Ended June 30, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,519,125	\$ -
Changes of assumptions	1,852,368	64,903
Net difference between projected and actual earnings on investments	4,058,641	-
Changes in proportion	1,313,950	4,340,067
Differences between employer contributions and proportionate share of contributions	1,155,143	406,630
Total (prior to post-MD contributions)	9,899,227	4,811,600
Contributions subsequent to the MD	3,661,207	-
Total	\$ 13,560,434	\$ 4,811,600

Deferred outflow and inflow pension data for the Department:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 482,710	\$ -
Changes of assumptions	588,600	20,623
Net difference between projected and actual earnings on investments	1,289,655	-
Changes in proportion	2,703,832	581,528
Differences between employer contributions and proportionate share of contributions	412,720	79,329
Total (prior to post-MD contributions)	5,477,517	681,480
Contributions subsequent to the MD	1,154,464	-
Total	\$ 6,631,981	\$ 681,480

City and Department's contributions subsequent to the measurement date of \$3,661,207 and \$1,154,464, respectively, are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

City:

Year ended June 30:	
2022	\$ 820,702
2023	1,087,790
2024	1,803,925
2025	1,342,907
2026	32,303
Total	\$ 5,087,627

City of McMinnville, Oregon
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Department:

Year ended June 30:	
2022	\$ 1,729,470
2023	1,757,487
2024	784,020
2025	474,172
2026	30,888
Total	\$ 4,776,037

Actuarial Assumptions:

The employer contribution rates effective July 1, 2019 through June 30, 2021 were set using the entry age normal actuarial cost method.

For the ORS 238 Tier One/Tier Two component of the OPERS defined benefit plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over twenty years.

For the ORS 238A OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year) and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over sixteen years.

Actuarial Methods and Assumptions:

The total pension liability in the December 31, 2018 actuarial valuation was determined using the actuarial methods and assumptions that are the same as listed above in Note IV.C.3 – Actuarial Methods and Assumptions.

Long-Term Expected Rate of Return:

Are the same as listed above in Note IV.C.3 – Long-Term Expected Rate of Return.

Depletion Date Projection:

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; that is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.

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Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

- 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.

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 presents the City and Department's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
City's proportionate share of the net pension liability (asset)	\$ 51,253,510	\$ 34,516,068	\$ 20,480,947
Department's proportionate share of the net pension liability (asset)	\$ 16,286,072	\$ 10,967,662	\$ 6,507,928

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, 2021, the City's payable to OPERS for defined benefit contributions was approximately \$356,000. 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, 2021.

Changes in Plan Provisions During the Measurement Period:

A legislative change that occurred during the measurement period affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

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 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, 2020, there were 20 active employees, 23 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 \$21,894, \$21,876, and \$24,467 for fiscal years 2021, 2020, and 2019, respectively.

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

For the year ended June 30, 2021, the LOSAP pension expense as defined by GASB 75 was \$90,750.

For the LOSAP plan, at June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 15,061	\$ 10,740
Change of assumptions	221,314	22,186
Total	\$ 236,375	\$ 32,926

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

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:	
2022	\$ 33,390
2023	33,899
2024	37,990
2025	37,990
2026	37,621
Thereafter	22,559
Total	\$ 203,449

Actuarial Assumptions:

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

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

Actuarial Methods and Assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Discount Rate	2.21 percent
Mortality	RP 2014 Blue Collar generational tables projected forward using Scale MP 2019 Disability rates and Disabled Mortality are assumed to follow those used in the 2018 Oregon PERS valuation for Police and Fire employees.

Liabilities will be satisfied through monthly payments made by the City. In the prior valuation, it was assumed that liabilities would be satisfied by the purchase of annuities.

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 2.21 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:

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Net LOSAP pension liability	\$ 1,632,647	\$ 1,357,933	\$ 1,144,965

Changes in total pension liability:

Beginning total pension liability:	\$ 1,322,467
Benefit payments	(21,894)
Service cost	28,375
Interest on total pension liability	28,985
Change in total pension liability	35,466
Ending total pension liability	\$ 1,357,933

E. Commitments and Contingencies

1. City

At June 30, 2021, the City was committed to twelve contracts. In the major governmental funds, a total of approximately \$1,149,000 was committed for street improvement projects, \$286,000 for capital leases and \$1,349,000 for Municipal Airport improvements to the apron and taxiway and \$559,000 in various personal services contracts. In the non-major fund for Emergency Communication \$147,000 was committed for communications equipment maintenance. In the Wastewater Fund, a business-type activity, approximately \$1,421,000 remained on contracts for sanitary sewer rehabilitation projects and a water reclamation facility biosolids project.

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, 2021, the City had three open plan years with a total potential remaining liability of \$984,124. 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, 2021, 2020, and 2019 were \$348,000, \$275,000 and \$398,000, respectively.

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, 2021 were approximately \$720,000.

F. Major Customer and Supplier – Department

Department sales of electricity were made to one major commercial customer during the year ended June 30, 2021 in amounts exceeding ten percent of total sales. This customer accounted for approximately \$14,569,000 of revenues during the year ended June 30, 2021. At June 30, 2021, accounts receivable from this same customer amounted to approximately \$521,000.

Department purchases were made from one major supplier of power, including supply, transmission and distribution during the year ended June 30, 2021 in amounts exceeding ten percent of the total of

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

such purchases. The supplier accounted for \$29,516,000 of purchases during the year ended June 30, 2021. At June 30, 2021, amounts due to this same supplier, and included in accounts payable, amounted to \$1,855,000.

G. Jointly Governed Organization – City

The City entered into a joint operational agreement effective January 1, 1988 with other local governments. Under the terms of this agreement, an intergovernmental agency known as Yamhill Communications Agency (YCOM) was established to provide public safety communication services to member jurisdictions.

YCOM is partially funded by member contributions, which are based on a cost-sharing formula determined by the YCOM Executive Board. The City paid \$860,000 in member contributions to YCOM in fiscal year 2021. YCOM also receives 911 Excise Taxes that are charged on telephone exchange access services and are collected by the State of Oregon. The City received approximately \$30,000 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 2021 credits for 2002-2006 look back adjustments were \$0.

I. McMinnville Rural Fire Protection District

McMinnville Rural Fire Protection District (MRFPD) contracts with the City for fire protection services. For fiscal year 2021, the City received \$398,000 from MRFPD for contract services, which is included in fire department charges for services in the government-wide statement of activities and in the

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2021

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, 2021 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	\$ 58,898
Historic property ORS 358.475 - 358.545	<u> 8,089</u>
Total	<u>\$ 66,987</u>

K. Deficit Fund Balance/Net Position

The following fund had a deficit fund balance/net position at June 30, 2021. This deficit will be financed through future revenues.

<u>Fund</u>	<u>Amount</u>
Urban Renewal Debt Service Fund	\$ (1,473,149)

L. Subsequent Events

Through the Local Fiscal Recovery Funds program, the American Rescue Plan Act (ARPA) provides a second major infusion of federal relief dollars directly to the City, allowing an opportunity to deliver needed stabilization and care to our community. The City was awarded \$7.71 million of ARPA funds, with the first distribution of \$3.86 million received in August 2021. The second distribution is expected in the Summer of 2022.



**City of
McMinnville**

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

- Budgetary Comparison Schedules
 - General Fund
 - Airport Maintenance Fund
 - Grants and Special Assessment Fund
- Schedule of the Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pensions
- Schedule of the Proportionate Share of OPEB - RHIA
- Schedule of Contributions to OPEB - RHIA
- Schedule of Changes in OPEB Liability and Related Ratios - Implicit Rate Subsidy
- Schedule of Contributions to OPEB - Implicit Rate Subsidy

CITY OF MCMINNVILLE, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 14,900,000	\$ 14,900,000	\$ 14,462,281	\$ (437,719)
Licenses and permits	3,483,750	3,483,750	4,628,631	1,144,881
Intergovernmental	2,592,422	2,881,304	3,154,731	273,427
Charges for services	5,337,963	5,337,963	3,711,035	(1,626,928)
Fines and forfeitures	550,400	550,400	370,123	(180,277)
Miscellaneous	971,854	971,854	649,898	(321,956)
Total revenues	<u>27,836,389</u>	<u>28,125,271</u>	<u>26,976,699</u>	<u>(1,148,572)</u>
EXPENDITURES:				
General government:				
Administration	1,507,822	1,507,822	1,323,691	184,131
Finance	690,802	690,802	627,950	62,852
Community development:				
Engineering	1,098,237	1,098,237	895,215	203,022
Planning	1,728,500	1,728,500	1,320,677	407,823
Public safety:				
Police	9,394,484	9,394,484	8,872,778	521,706
Municipal court	551,885	563,235	546,928	16,307
Fire	9,401,603	9,401,603	8,930,829	470,774
Culture and recreation:				
Parks and recreation	3,563,021	3,563,021	1,987,677	1,575,344
Park maintenance	1,405,652	1,405,652	1,330,573	75,079
Library	1,922,396	1,922,396	1,746,641	175,755
Nondepartmental:				
Debt service:				
Principal	444,350	444,350	444,350	-
Interest	112,191	112,191	112,191	-
Special payments	-	277,532	277,532	-
Contingency	1,900,000	1,900,000	-	1,900,000
Total expenditures	<u>33,720,943</u>	<u>34,009,825</u>	<u>28,417,032</u>	<u>5,592,793</u>
Revenues over (under) expenditures	<u>(5,884,554)</u>	<u>(5,884,554)</u>	<u>(1,440,333)</u>	<u>4,444,221</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	34,173	34,173
Interfund loan proceeds	807,093	807,093	757,354	(49,739)
Interfund loan payments	(50,562)	(50,562)	(37,312)	13,250
Transfers in	2,165,734	2,165,734	2,165,675	(59)
Transfers out	<u>(1,357,059)</u>	<u>(1,357,059)</u>	<u>(1,305,891)</u>	<u>51,168</u>
Total other financing sources (uses)	<u>1,565,206</u>	<u>1,565,206</u>	<u>1,613,999</u>	<u>48,793</u>
Net change in fund balance	<u>(4,319,348)</u>	<u>(4,319,348)</u>	<u>173,666</u>	<u>4,493,014</u>
FUND BALANCE, BEGINNING - BUDGETARY BASIS	<u>4,938,718</u>	<u>4,938,718</u>	<u>5,588,091</u>	<u>649,373</u>
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 619,370</u>	<u>\$ 619,370</u>	<u>5,761,757</u>	<u>\$ 5,142,387</u>
Outstanding interfund loan receivable			1,762,180	
Outstanding interfund loan payable			<u>(711,277)</u>	
FUND BALANCE, ENDING GAAP BASIS			<u>\$ 6,812,660</u>	

CITY OF MCMINNVILLE, OREGON
AIRPORT MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 13,500	\$ 13,500	\$ 49,344	\$ 35,844
Charges for services	322,100	322,100	343,768	21,668
Miscellaneous	13,400	13,400	12,727	(673)
Total revenues	349,000	349,000	405,839	56,839
EXPENDITURES:				
Airport:				
Materials and services	268,150	268,150	159,418	108,732 *
Capital outlay	155,000	155,000	158,306	(3,306) *
Contingency	300,000	300,000	-	300,000
Total expenditures	723,150	723,150	317,724	405,426
Revenues over (under) expenditures	(374,150)	(374,150)	88,115	462,265
OTHER FINANCING SOURCES (USES):				
Transfers in	155,000	155,000	-	(155,000)
Transfers out	(98,190)	(98,190)	(98,190)	-
Total other financing sources (uses)	56,810	56,810	(98,190)	(155,000)
Net change in fund balance	(317,340)	(317,340)	(10,075)	307,265
FUND BALANCE, BEGINNING - BUDGETARY BASIS	502,357	502,357	562,914	60,557
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 185,017	\$ 185,017	\$ 552,839	\$ 367,822

* Expenditures are appropriated together and airport operations

CITY OF MCMINNVILLE, OREGON
GRANTS AND SPECIAL ASSESSMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Special assessments	\$ 60,000	\$ 60,000	\$ 52,226	\$ (7,774)
Intergovernmental	450,000	650,000	365,583	(284,417)
Miscellaneous	3,450	3,450	1,066	(2,384)
Total revenues	<u>513,450</u>	<u>713,450</u>	<u>418,875</u>	<u>(294,575)</u>
EXPENDITURES:				
General government:				
Materials and services	510,000	710,000	417,809	292,191
Contingency	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Total expenditures	<u>545,000</u>	<u>745,000</u>	<u>417,809</u>	<u>327,191</u>
Revenues over (under) expenditures	<u>(31,550)</u>	<u>(31,550)</u>	<u>1,066</u>	<u>32,616</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(6,977)</u>	<u>(6,977)</u>	<u>(6,977)</u>	<u>-</u>
Total other financing sources (uses)	<u>(6,977)</u>	<u>(6,977)</u>	<u>(6,977)</u>	<u>-</u>
Net change in fund balance	(38,527)	(38,527)	(5,911)	32,616
FUND BALANCE, BEGINNING - BUDGETARY BASIS	<u>140,779</u>	<u>140,779</u>	<u>139,706</u>	<u>(1,073)</u>
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 102,252</u>	<u>\$ 102,252</u>	<u>\$ 133,795</u>	<u>\$ 31,543</u>

CITY OF MCMINNVILLE, OREGON
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Last Ten Fiscal Years¹

City	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Measurement Date June 30,					
2020	0.15816053%	\$ 34,516,068	\$ 14,648,781	235.62%	75.80%
2019	0.16803680%	29,066,342	14,345,060	202.62%	80.20%
2018	0.14991760%	22,710,542	13,566,496	167.40%	82.10%
2017	0.15823662%	21,330,356	12,704,671	167.89%	83.10%
2016	0.16659100%	25,009,124	12,346,146	202.57%	80.53%
2015	0.18762836%	10,772,610	11,689,472	92.16%	91.90%
2014	0.18541902%	(4,202,920)	11,141,496	-37.72%	103.60%
2013	0.18541902%	9,462,204	10,951,360	86.40%	91.97%

Department	(a) Department's proportion of the net pension liability (asset)	(b) Department's proportionate share of the net pension liability (asset)	(c) Department's covered payroll	(b/c) Department's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Measurement Date June 30,					
2020	0.05025634%	\$ 10,967,662	\$ 5,000,050	219.35%	75.80%
2019	0.04704994%	8,138,513	4,865,881	167.26%	80.20%
2018	0.05375311%	8,142,888	4,888,677	166.57%	82.10%
2017	0.05938144%	8,004,641	4,999,100	160.12%	83.10%
2016	0.06251600%	9,385,171	4,876,213	192.47%	80.53%
2015	0.07041000%	3,990,001	4,858,713	82.12%	91.90%
2014	0.06593000%	(1,494,371)	4,665,911	-32.03%	103.60%

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

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

NOTES TO SCHEDULE

Changes in Benefit Terms:

The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

Changes of Assumptions:

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

CITY OF MCMINNVILLE, OREGON
SCHEDULE OF CONTRIBUTIONS - PENSIONS

For the Last Ten Fiscal Years ¹

City	(a)	(b)	(a-b)	(c)	(b/c)
Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percent of covered payroll
2021	\$ 3,661,207	\$ 3,661,207	-	\$ 15,074,044	24.29%
2020	3,366,306	3,366,306	-	14,648,781	22.98%
2019	2,671,712	2,671,712	-	14,345,060	18.62%
2018	2,420,608	2,420,608	-	13,566,496	17.84%
2017	2,144,698	2,144,698	-	12,704,671	16.88%
2016	2,115,936	2,115,936	-	12,346,146	17.14%
2015	1,692,462	1,692,462	-	11,689,472	14.48%
2014	1,658,475	1,658,475	-	11,141,496	14.89%

Department	(a)	(b)	(a-b)	(c)	(b/c)
Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Department's covered payroll	Contributions as a percent of covered payroll
2021	\$ 1,154,464	\$ 1,154,464	-	\$ 5,330,572	21.66%
2020	1,086,161	1,086,161	-	5,000,050	21.72%
2019	820,096	820,096	-	4,865,881	16.85%
2018	751,095	751,095	-	4,888,677	15.36%
2017	804,840	804,840	-	4,999,100	16.10%
2016	691,701	691,701	-	4,876,213	14.19%
2015	601,765	601,765	-	4,858,713	12.39%

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

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

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

CITY OF MCMINNVILLE, OREGON
SCHEDULE OF THE PROPORTIONATE SHARE OF OPEB - RHIA
For the Last Ten Fiscal Years¹

City - OPERS Retirement Health Insurance Account

Measurement Date June 30,	(a) City's proportion of the net OPEB liability (asset)	(b) City's proportionate share of the net OPEB liability (asset)	(c) City's covered payroll	(b/c) City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2020	0.11569878%	\$ (235,748)	\$ 14,648,781	-1.61%	150.1%
2019	0.13236308%	(255,773)	14,345,060	-1.78%	144.4%
2018	0.12981751%	(144,912)	13,566,496	-1.07%	124.0%
2017	0.12462946%	(52,013)	12,704,671	-0.41%	108.9%
2016	0.13230662%	35,930	12,346,146	0.29%	108.9%

Department - OPERS Retirement Health Insurance Account

Measurement Date June 30,	(a) Department's proportion of the net OPEB liability (asset)	(b) Department's proportionate share of the net OPEB liability (asset)	(c) Covered payroll	(b/c) Department's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2020	0.02964946%	\$ (60,414)	\$ 5,000,050	-1.21%	150.1%
2019	0.04619607%	(89,267)	4,865,881	-1.83%	144.4%
2018	0.04653525%	(51,946)	4,888,677	-1.06%	124.0%
2017	0.04676968%	(19,519)	4,999,100	-0.39%	108.9%
2016	0.04965069%	13,483	4,876,213	0.28%	108.9%

NOTES TO SCHEDULE

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

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

Changes of Assumptions:

The PERS Board adopted assumption changes that were used to measure the June 30, 2018 total OPEB liability. The changes include lowering of the long-term expected rate of return to 7.20 percent. In addition, healthy retiree participation and healthy mortality assumptions were changes to reflect an updated trends and mortality improvement scale for all groups.

CITY OF MCMINNVILLE, OREGON
SCHEDULE OF CONTRIBUTIONS TO OPEB - RHIA
For the Last Ten Fiscal Years¹

City - OPERS Retirement Health Insurance Account

Year Ended June 30,	(a) Contractually determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2021	\$ 44,056	\$ 44,056	\$ -	\$ 15,074,044	0.29%
2020	8,262	8,262	-	14,648,781	0.06%
2019	65,602	65,602	-	14,345,060	0.46%
2018	62,455	62,455	-	13,566,496	0.46%
2017	61,907	61,907	-	12,704,671	0.49%

Department - OPERS Retirement Health Insurance Account

Year Ended June 30,	(a) Contractually determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) Covered payroll	(b/c) Contributions as a percent of covered payroll
2021	\$ 1,057	\$ 1,057	\$ -	\$ 5,330,572	0.02%
2020	2,117	2,117	-	5,000,050	0.04%
2019	22,896	22,896	-	4,865,881	0.47%
2018	24,000	24,000	-	4,888,677	0.49%
2017	23,000	23,000	-	4,999,100	0.46%

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

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal			Projected Unit Credit
Amortization method:	Level percentage of payroll, closed			
Amortization period:	10 years			
Asset valuation method:	Market value			
Remaining amortization periods:	10 years	20 years	N/A	
Actuarial assumptions				
Inflation rate	2.50 percent		2.75 percent	
Projected salary increases	3.50 percent		3.75 percent	
Investment rate of return	7.20 percent	7.50 percent	7.75 percent	8.00 percent
Healthcare cost trend rates	None. Statute stipulates \$60 monthly payment for healthcare insurance			

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

City	2021	2020	2019	2018
Total OPEB Liability				
Service Interest	\$ 79,797	\$ 70,664	\$ 143,891	\$ 156,197
Interest	45,165	45,716	79,991	64,110
Differences between economic/demographic gains or losses	142,487	-	(959,788)	-
Changes of assumptions	(70,713)	40,455	(179,625)	(164,168)
Benefit payment	(48,629)	(64,858)	(63,859)	(54,197)
Net change in total OPEB liability	148,107	91,977	(979,390)	1,942
Total OPEB liability - beginning	1,234,727	1,142,750	2,122,140	2,120,198
Total OPEB liability - ending (a)	<u>\$ 1,382,834</u>	<u>\$ 1,234,727</u>	<u>\$ 1,142,750</u>	<u>\$ 2,122,140</u>
Covered-employee payroll	\$ 15,074,044	\$ 14,648,781	\$ 14,345,060	\$ 13,566,496
Total OPEB liability as a percentage of covered-employee payroll	9.17%	8.43%	7.97%	15.64%

Department

	2021	2020	2019	2018
Total OPEB Liability				
Service Interest	\$ 44,132	\$ 38,871	\$ 80,853	\$ 88,568
Interest	53,716	59,779	81,690	70,010
Differences between economic/demographic gains or losses	(3,225)	-	-	-
Difference between expected and actual experience	-	-	34,195	-
Changes of assumptions	(34,242)	42,160	(699,861)	(138,226)
Benefit payment	(138,581)	(173,010)	(210,866)	(164,408)
Net RHIA change	28,853	(37,320)	(32,427)	(33,002)
Net change in total OPEB liability	(49,347)	(69,520)	(746,416)	(177,058)
Total OPEB liability - beginning	1,470,031	1,539,551	2,285,967	2,463,025
Total OPEB liability - ending (a)	<u>\$ 1,420,684</u>	<u>\$ 1,470,031</u>	<u>\$ 1,539,551</u>	<u>\$ 2,285,967</u>
Covered-employee payroll	\$ 5,330,572	\$ 5,000,050	\$ 4,865,881	\$ 4,888,677
Total OPEB liability as a percentage of covered-employee payroll	26.65%	29.40%	31.64%	46.76%

NOTES TO SCHEDULE

The amounts presented for each fiscal year were actuarial determined at July 1 and rolled forward to the measurement date.

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

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

City	(a)	(b)	(a-b)	(c)	(b/c)
Year Ended June 30,	Actuarially determined contribution	Contributions in relation to the actuarially required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percent of covered payroll
2021	\$ 32,283	\$ 32,283	\$ -	\$ 15,074,044	0.21%
2020	48,629	48,629	-	14,648,781	0.33%
2019	64,858	64,858	-	14,345,060	0.45%
2018	63,859	63,859	-	13,566,496	0.47%
2017	54,197	54,197	-	12,704,671	0.43%

Department

Year Ended June 30,	(a)	(b)	(a-b)	(c)	(b/c)
Year Ended June 30,	Actuarially determined contribution	Contributions in relation to the actuarially required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percent of covered payroll
2021	\$ 145,694	\$ 145,694	\$ -	\$ 5,330,572	2.73%
2020	140,698	140,698	-	5,000,050	2.81%
2019	173,011	173,011	-	4,865,881	3.56%
2018	210,866	210,866	-	4,888,677	4.31%
2017	164,408	164,408	-	4,999,100	3.29%

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

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

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

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules
 - Transportation Fund
 - Debt Service Fund
 - Urban Renewal Debt Service Fund

- Combining Statements – Nonmajor Governmental Funds

- Budgetary Comparison Schedules
 - Nonmajor Governmental Funds
 - Enterprise Funds
 - Internal Service Funds

COMBINING STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

These funds account for revenue derived from specific taxes or other earmarked revenue sources, which are legally restricted to expenditures for specified purposes. Funds included in this category are:

Transient Lodging Fund

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

Telecommunications Fund

This fund accounts for franchise fees received from service providers that operate telecommunications and cable systems within the public rights-of-way.

Emergency Communications Fund

This fund accounts for the City's participation in the 911 Central Emergency Dispatch Center operated by Yamhill Communications Agency (YCOM).

Street Fund

The principal revenue for this fund is state gas tax revenues used to pay for street maintenance, pavement repairs, equipment purchases, and street lighting.

Building Fund

This fund accounts for fees for building inspections and plan review of residential, commercial and industrial projects.

Capital Projects Fund

These funds are used to account for financial resources to be used for the acquisition or construction of major capital items and facilities. The fund included in this category is:

Park Development Fund

This fund accounts for the 2001 Park System Improvement bond proceeds. Other revenues include park system development charges (SDCs), grants, and donations which are used for park system expansion and improvements.

Urban Renewal Fund

This fund accounts for capital improvement projects intended to foster economic growth and revitalization with the City.

CITY OF MCMINNVILLE, OREGON
TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,201,248	\$ 1,201,248	\$ 1,201,248	\$ -
Charges for services	400,000	400,000	470,544	70,544
Miscellaneous	109,400	109,400	26,777	(82,623)
Total revenues	<u>1,710,648</u>	<u>1,710,648</u>	<u>1,698,569</u>	<u>(12,079)</u>
EXPENDITURES:				
Highways and streets:				
Materials and services	157,900	157,900	138,817	19,083
Capital outlay	5,060,000	5,060,000	4,686,796	373,204
Debt service:				
Principal	161,468	161,468	150,568	10,900 *
Interest	39,781	39,781	50,680	(10,899) *
Contingency	750,000	750,000	-	750,000
Total expenditures	<u>6,169,149</u>	<u>6,169,149</u>	<u>5,026,861</u>	<u>1,142,288</u>
Revenues over (under) expenditures	<u>(4,458,501)</u>	<u>(4,458,501)</u>	<u>(3,328,292)</u>	<u>1,130,209</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	600,000	600,000	600,000	-
Transfers out	(144,253)	(144,253)	(144,253)	-
Total other financing sources (uses)	<u>455,747</u>	<u>455,747</u>	<u>455,747</u>	<u>-</u>
Net change in fund balance	(4,002,754)	(4,002,754)	(2,872,545)	1,130,209
FUND BALANCE, BEGINNING - BUDGETARY BASIS	<u>5,509,663</u>	<u>5,509,663</u>	<u>5,803,291</u>	<u>293,628</u>
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 1,506,909</u>	<u>\$ 1,506,909</u>	<u>\$ 2,930,746</u>	<u>\$ 1,423,837</u>

* Appropriated together as debt service

CITY OF MCMINNVILLE, OREGON
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 3,582,100	\$ 3,582,100	\$ 3,653,723	\$ 71,623
Intergovernmental	-	-	4,220	4,220
Miscellaneous	44,700	44,700	16,870	(27,830)
Total revenues	<u>3,626,800</u>	<u>3,626,800</u>	<u>3,674,813</u>	<u>48,013</u>
EXPENDITURES:				
Debt service:				
Principal	2,725,000	2,725,000	2,725,000	-
Interest	1,009,950	1,009,950	1,009,950	-
Total expenditures	<u>3,734,950</u>	<u>3,734,950</u>	<u>3,734,950</u>	<u>-</u>
Revenues over (under) expenditures	<u>(108,150)</u>	<u>(108,150)</u>	<u>(60,137)</u>	<u>48,013</u>
FUND BALANCE, BEGINNING - BUDGETARY BASIS	<u>1,290,297</u>	<u>1,290,297</u>	<u>1,356,234</u>	<u>65,937</u>
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 1,182,147</u>	<u>\$ 1,182,147</u>	<u>\$ 1,296,097</u>	<u>\$ 113,950</u>

CITY OF MCMINNVILLE, OREGON
URBAN RENEWAL DEBT SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 360,500	\$ 360,500	\$ 399,845	\$ 39,345
Intergovernmental	-	-	519	519
Miscellaneous	5,800	5,800	2,445	(3,355)
Total revenues	<u>366,300</u>	<u>366,300</u>	<u>402,809</u>	<u>36,509</u>
OTHER FINANCING SOURCES (USES):				
Interfund loan payments	-	-	(187,293)	(187,293) *
Transfers out	<u>(479,092)</u>	<u>(479,092)</u>	<u>(196,928)</u>	<u>282,164</u> *
Total other financing sources (uses)	<u>(479,092)</u>	<u>(479,092)</u>	<u>(384,221)</u>	<u>94,871</u>
Net change in fund balance	(112,792)	(112,792)	18,588	131,380
FUND BALANCE, BEGINNING - BUDGETARY BASIS	<u>141,263</u>	<u>141,263</u>	<u>270,443</u>	<u>129,180</u>
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 28,471</u>	<u>\$ 28,471</u>	289,031	<u>\$ 260,560</u>
Interfund loan payable			<u>(1,762,180)</u>	
FUND BALANCE, ENDING			<u>\$ (1,473,149)</u>	

* Appropriated together as transfers out

CITY OF MCMINNVILLE, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2021

	Special Revenue Funds		
	Transient Lodging Fund	Telecommu- nications Fund	Emergency Communications Fund
ASSETS:			
Accounts receivable, net	\$ 434,092	\$ 61,088	\$ 5,609
Restricted cash and investments	-	1,955	108,999
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 434,092</u>	<u>\$ 63,043</u>	<u>\$ 114,608</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and accrued expenses	\$ 297,962	\$ 61,088	\$ 3,673
Accrued payroll and other payroll liabilities	-	-	-
Advances to other funds	135,891	-	-
Unearned revenue	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>433,853</u>	<u>61,088</u>	<u>3,673</u>
DEREFED INFLOWS OF RESOURCES:			
Unavailable revenue - other	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE:			
Restricted	239	-	-
Committed	-	-	110,935
Assigned	-	1,955	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>239</u>	<u>1,955</u>	<u>110,935</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 434,092</u>	<u>\$ 63,043</u>	<u>\$ 114,608</u>

Special Revenue Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
Street Fund	Building Fund	Total Special Revenue Funds	Park Development Fund	Urban Renewal Fund	Total Capital Projects Funds	
\$ 739,827	\$ -	\$ 1,240,616	\$ -	\$ 457	\$ 457	\$ 1,241,073
1,651,684	1,672,956	3,435,594	1,691,276	209,912	1,901,188	5,336,782
<u>\$ 2,391,511</u>	<u>\$ 1,672,956</u>	<u>\$ 4,676,210</u>	<u>\$ 1,691,276</u>	<u>\$ 210,369</u>	<u>\$ 1,901,645</u>	<u>\$ 6,577,855</u>
\$ 85,898	\$ 3,166	\$ 451,787	\$ -	\$ 5,096	\$ 5,096	\$ 456,883
16,844	9,832	26,676	-	-	-	26,676
-	-	135,891	-	-	-	135,891
509,015	-	509,015	-	-	-	509,015
611,757	12,998	1,123,369	-	5,096	5,096	1,128,465
580	255	835	-	-	-	835
580	255	835	-	-	-	835
1,779,174	-	1,779,413	1,691,276	205,273	1,896,549	3,675,962
-	-	110,935	-	-	-	110,935
-	1,659,703	1,661,658	-	-	-	1,661,658
1,779,174	1,659,703	3,552,006	1,691,276	205,273	1,896,549	5,448,555
<u>\$ 2,391,511</u>	<u>\$ 1,672,956</u>	<u>\$ 4,676,210</u>	<u>\$ 1,691,276</u>	<u>\$ 210,369</u>	<u>\$ 1,901,645</u>	<u>\$ 6,577,855</u>

CITY OF MCMINNVILLE, OREGON
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	Special Revenue Funds		
	Transient Lodging Fund	Telecommu- nications Fund	Emergency Communications Fund
REVENUES:			
Licenses and permits	\$ 1,125,340	\$ 246,057	\$ 26,186
Intergovernmental	-	-	7,500
Charges for services	-	-	15,480
Miscellaneous	70	22	136
Total revenues	<u>1,125,410</u>	<u>246,079</u>	<u>49,302</u>
EXPENDITURES:			
Current:			
General government	797,930	246,057	-
Public safety	-	-	910,662
Highways and streets	-	-	-
Culture and recreation	-	-	-
Community development	-	-	-
Capital outlay			
Highways and streets	-	-	-
Culture and recreation	-	-	-
Debt service:			
Principal	-	-	29,124
Interest	-	-	8,047
Total expenditures	<u>797,930</u>	<u>246,057</u>	<u>947,833</u>
Revenues over (under) expenditures	<u>327,480</u>	<u>22</u>	<u>(898,531)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	897,853
Transfers out	(327,241)	-	-
Total other financing sources (uses)	<u>(327,241)</u>	<u>-</u>	<u>897,853</u>
Net change in fund balance	239	22	(678)
FUND BALANCE, BEGINNING	<u>-</u>	<u>1,933</u>	<u>111,613</u>
FUND BALANCE, ENDING	<u>\$ 239</u>	<u>\$ 1,955</u>	<u>\$ 110,935</u>

			Capital Projects Funds			Total Nonmajor Governmental Funds
Street Fund	Building Fund	Total Special Revenue Funds	Park Development Fund	Urban Renewal Fund	Total Capital Projects Funds	
\$ 12	\$ 763,316	\$ 2,160,911	\$ -	\$ -	\$ -	\$ 2,160,911
2,582,048	9,976	2,599,524	5,161	-	5,161	2,604,685
-	-	15,480	261,277	-	261,277	276,757
19,049	12,827	32,104	10,997	10,538	21,535	53,639
<u>2,601,109</u>	<u>786,119</u>	<u>4,808,019</u>	<u>277,435</u>	<u>10,538</u>	<u>287,973</u>	<u>5,095,992</u>
-	646,154	1,690,141	-	-	-	1,690,141
-	-	910,662	-	-	-	910,662
1,984,780	-	1,984,780	-	-	-	1,984,780
-	-	-	60,171	-	60,171	60,171
-	-	-	-	205,479	205,479	205,479
-	-	-	-	-	-	-
34,162	-	34,162	-	-	-	34,162
-	-	-	1,200	-	1,200	1,200
-	-	29,124	-	-	-	29,124
-	-	8,047	-	-	-	8,047
<u>2,018,942</u>	<u>646,154</u>	<u>4,656,916</u>	<u>61,371</u>	<u>205,479</u>	<u>266,850</u>	<u>4,923,766</u>
<u>582,167</u>	<u>139,965</u>	<u>151,103</u>	<u>216,064</u>	<u>(194,941)</u>	<u>21,123</u>	<u>172,226</u>
22,889	14,969	935,711	-	196,928	196,928	1,132,639
(600,000)	-	(927,241)	-	-	-	(927,241)
<u>(577,111)</u>	<u>14,969</u>	<u>8,470</u>	<u>-</u>	<u>196,928</u>	<u>196,928</u>	<u>205,398</u>
5,056	154,934	159,573	216,064	1,987	218,051	377,624
<u>1,774,118</u>	<u>1,504,769</u>	<u>3,392,433</u>	<u>1,475,212</u>	<u>203,286</u>	<u>1,678,498</u>	<u>5,070,931</u>
<u>\$ 1,779,174</u>	<u>\$ 1,659,703</u>	<u>\$ 3,552,006</u>	<u>\$ 1,691,276</u>	<u>\$ 205,273</u>	<u>\$ 1,896,549</u>	<u>\$ 5,448,555</u>

BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balance - budget and actual be displayed for each fund where legally adopted budgets are required.

Governmental Budgetary Comparison schedules included the following:

- Special Revenue Funds
 - Transient Lodging Fund
 - Telecommunications Fund
 - Emergency Communications Fund
 - Street Fund
 - Building Fund

- Capital Project Fund
 - Park Development Fund
 - Urban Renewal Fund

CITY OF MCMINNVILLE, OREGON
TRANSIENT LODGING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 1,050,000	\$ 1,200,000	\$ 1,125,340	\$ (74,660)
Miscellaneous	4,600	4,600	70	(4,530)
Total revenues	1,054,600	1,204,600	1,125,410	(79,190)
EXPENDITURES:				
General government:				
Materials and services	714,671	819,671	763,806	55,865
Total expenditures	714,671	819,671	763,806	55,865
Revenues over (under) expenditures	339,929	384,929	361,604	(23,325)
OTHER FINANCING SOURCES (USES):				
Transfers out	(339,929)	(384,929)	(361,365)	23,564
Total other financing sources (uses)	(339,929)	(384,929)	(361,365)	23,564
Net change in fund balance	-	-	239	239
FUND BALANCE, BEGINNING - BUDGETARY BASIS	-	-	-	-
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 239	\$ 239

CITY OF MCMINNVILLE, OREGON
TELECOMMUNICATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 244,250	\$ 254,250	\$ 246,057	\$ (8,193)
Miscellaneous	100	100	22	(78)
Total revenues	244,350	254,350	246,079	(8,271)
EXPENDITURES:				
General government:				
Materials and services	244,250	254,250	246,057	8,193
Contingency	1,500	1,500	-	1,500
Total expenditures	245,750	255,750	246,057	9,693
Revenues over (under) expenditures	(1,400)	(1,400)	22	1,422
Net change in fund balance	(1,400)	(1,400)	22	1,422
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,986	1,986	1,933	(53)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 586	\$ 586	\$ 1,955	\$ 1,369

CITY OF MCMINNVILLE, OREGON
EMERGENCY COMMUNICATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 27,000	\$ 27,000	\$ 26,186	\$ (814)
Intergovernmental	7,500	7,500	7,500	-
Charges for services	15,480	15,480	15,480	-
Miscellaneous	1,000	1,000	136	(864)
Total revenues	50,980	50,980	49,302	(1,678)
EXPENDITURES:				
Public safety:				
Materials and services	930,551	930,551	910,662	19,889
Debt service:				
Principal	29,125	29,125	29,124	1
Interest	8,048	8,048	8,047	1
Contingency	45,000	45,000	-	45,000
Total expenditures	1,012,724	1,012,724	947,833	64,891
Revenues over (under) expenditures	(961,744)	(961,744)	(898,531)	63,213
OTHER FINANCING SOURCES (USES):				
Transfers in	900,872	900,872	897,853	(3,019)
Total other financing sources (uses)	900,872	900,872	897,853	(3,019)
Net change in fund balance	(60,872)	(60,872)	(678)	60,194
FUND BALANCE, BEGINNING - BUDGETARY BASIS	109,310	109,310	111,613	2,303
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 48,438	\$ 48,438	\$ 110,935	\$ 62,497

CITY OF MCMINNVILLE, OREGON
STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 50	\$ 50	\$ 12	\$ (38)
Intergovernmental	2,675,000	2,675,000	2,582,048	(92,952)
Miscellaneous	50,700	50,700	19,049	(31,651)
Total revenues	2,725,750	2,725,750	2,601,109	(124,641)
EXPENDITURES:				
Highways and streets:				
Personnel service	981,149	981,149	893,924	87,225
Materials and services	1,072,602	1,072,602	775,801	296,801
Capital outlay	60,000	60,000	34,162	25,838
Contingency	500,000	500,000	-	500,000
Total expenditures	2,613,751	2,613,751	1,703,887	909,864
Revenues over (under) expenditures	111,999	111,999	897,222	785,223
OTHER FINANCING SOURCES (USES):				
Transfers in	22,889	22,889	22,889	-
Transfers out	(916,212)	(916,212)	(915,055)	1,157
Total other financing sources (uses)	(893,323)	(893,323)	(892,166)	1,157
Net change in fund balance	(781,324)	(781,324)	5,056	786,380
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,520,117	1,520,117	1,774,118	254,001
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 738,793	\$ 738,793	\$ 1,779,174	\$ 1,040,381

CITY OF MCMINNVILLE, OREGON
BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 582,000	\$ 582,000	\$ 763,316	\$ 181,316
Intergovernmental	-	-	9,976	9,976
Miscellaneous	37,500	37,500	12,827	(24,673)
Total revenues	619,500	619,500	786,119	166,619
EXPENDITURES:				
Personnel service	605,876	605,876	553,953	51,923
Materials and services	122,006	122,006	65,406	56,600
Capital outlay	1,000	1,000	-	1,000
Contingency	75,000	75,000	-	75,000
Total expenditures	803,882	803,882	619,359	184,523
Revenues over (under) expenditures	(184,382)	(184,382)	166,760	351,142
OTHER FINANCING SOURCES (USES):				
Transfers in	14,969	14,969	14,969	-
Transfers out	(27,952)	(27,952)	(26,795)	1,157
Total other financing sources (uses)	(12,983)	(12,983)	(11,826)	1,157
Net changes in fund balances	(197,365)	(197,365)	154,934	352,299
FUND BALANCE, BEGINNING - BUDGETARY BASIS				
	1,245,112	1,245,112	1,504,769	259,657
FUND BALANCE, ENDING - BUDGETARY BASIS				
	\$ 1,047,747	\$ 1,047,747	\$ 1,659,703	\$ 611,956

CITY OF MCMINNVILLE, OREGON
PARK DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 5,161	\$ 5,161
Charges for services	400,000	400,000	261,277	(138,723)
Miscellaneous	22,508	22,508	10,997	(11,511)
Total revenues	422,508	422,508	277,435	(145,073)
EXPENDITURES:				
Culture and recreation:				
Materials and services	2,500	2,500	2,052	448
Capital outlay	500,000	500,000	1,200	498,800
Contingency	500,000	500,000	-	500,000
Total expenditures	1,002,500	1,002,500	3,252	999,248
Revenues over (under) expenditures	(579,992)	(579,992)	274,183	854,175
OTHER FINANCING SOURCES (USES):				
Transfers out	(58,119)	(58,119)	(58,119)	-
Total other financing sources (uses)	(58,119)	(58,119)	(58,119)	-
Net change in fund balance	(638,111)	(638,111)	216,064	854,175
FUND BALANCE, BEGINNING - BUDGETARY BASIS	1,249,209	1,249,209	1,475,212	226,003
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 611,098	\$ 611,098	\$ 1,691,276	\$ 1,080,178

CITY OF MCMINNVILLE, OREGON
URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Miscellaneous	\$ 9,150	\$ 9,150	\$ 10,538	\$ 1,388
Total revenues	9,150	9,150	10,538	1,388
EXPENDITURES:				
Programs and improvements:				
Materials and services	270,850	270,850	158,579	112,271
Capital outlay	60,000	60,000	-	60,000
Contingency	53,314	53,314	-	53,314
Total expenditures	384,164	384,164	158,579	225,585
Revenues over (under) expenditures	(375,014)	(375,014)	(148,041)	226,973
OTHER FINANCING SOURCES (USES):				
Transfers in	291,799	291,799	196,928	(94,871)
Transfers out	(68,396)	(68,396)	(46,900)	21,496
Total other financing sources (uses)	223,403	223,403	150,028	(73,375)
Net changes in fund balances	(151,611)	(151,611)	1,987	153,598
FUND BALANCE, BEGINNING - BUDGETARY BASIS	151,611	151,611	203,286	51,675
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ 205,273	\$ 205,273

BUDGETARY COMPARISON SCHEDULES

Enterprise Funds

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balance - budget and actual be displayed for each fund where legally adopted budgets are required.

Enterprise Budgetary Comparison schedules include the following:

- Wastewater Operations
 - Wastewater Services Fund
 - Wastewater Capital Fund

**CITY OF MCMINNVILLE, OREGON
WASTEWATER OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021**

	Wastewater Services Fund	Wastewater Capital Fund	Total Wastewater Operations
REVENUES:			
Intergovernmental	\$ 1,074	\$ -	\$ 1,074
Charges for services	10,952,179	-	10,952,179
Miscellaneous	5,498	-	5,498
Interest revenue	15,436	233,306	248,742
System development charges	-	519,909	519,909
	<u>-</u>	<u>519,909</u>	<u>519,909</u>
Total revenues	<u>10,974,187</u>	<u>753,215</u>	<u>11,727,402</u>
EXPENDITURES:			
Wastewater services administration	647,246	-	647,246
Plant	1,846,103	-	1,846,103
Environmental services	515,791	-	515,791
Conveyance systems	654,317	-	654,317
Non-departmental	549,413	245,384	794,797
Capital outlay	-	1,997,255	1,997,255
	<u>-</u>	<u>1,997,255</u>	<u>1,997,255</u>
Total expenditures	<u>4,212,870</u>	<u>2,242,639</u>	<u>6,455,509</u>
Revenues over (under) expenditures	<u>6,761,317</u>	<u>(1,489,424)</u>	<u>5,271,893</u>
OTHER FINANCING SOURCES (USES):			
Interfund loan proceeds	-	37,312	37,312
Interfund loan payments	-	(570,061)	(570,061)
Transfers in	57,237	6,177,497	6,234,734
Transfers out	(6,582,860)	(168,476)	(6,751,336)
	<u>(6,525,623)</u>	<u>5,476,272</u>	<u>(1,049,351)</u>
Total other financing sources (uses)	<u>(6,525,623)</u>	<u>5,476,272</u>	<u>(1,049,351)</u>
Net change in fund balance	235,694	3,986,848	4,222,542
FUND BALANCE, BEGINNING - BUDGETARY BASIS			
	<u>3,699,260</u>	<u>32,207,455</u>	<u>35,906,715</u>
FUND BALANCE, ENDING - BUDGETARY BASIS			
	<u>\$ 3,934,954</u>	<u>\$ 36,194,303</u>	40,129,257
RECONCILIATION TO NET POSITION - GAAP BASIS			
Interfund loan receivable			711,277
Capital assets, net			55,881,180
Net OPEB asset			18,568
Deferred outflows related to pensions			1,068,024
Deferred outflows related to OPEB			21,184
Compensated absences payable			(98,684)
Net pension liability			(2,718,496)
Net OPEB liability			(108,912)
Pension related debt			(186,473)
Deferred outflows related to pensions			(378,963)
Deferred outflows related to OPEB			(78,784)
			<u>94,259,178</u>
NET POSITION			<u>\$ 94,259,178</u>

**CITY OF MCMINNVILLE, OREGON
WASTEWATER SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 1,074	\$ 1,074
Charges for services	10,314,367	10,314,367	10,952,179	637,812
Miscellaneous	1,000	1,000	5,498	4,498
Interest revenue	54,800	54,800	15,436	(39,364)
Total revenues	10,370,167	10,370,167	10,974,187	604,020
EXPENDITURES:				
Wastewater services administration	905,924	905,924	647,246	258,678 *
Plant	2,065,615	2,065,615	1,846,103	219,512 *
Environmental services	539,508	539,508	515,791	23,717 *
Conveyance systems	840,069	840,069	654,317	185,752 *
Non-departmental	512,060	512,060	549,413	(37,353) *
Contingency	900,000	900,000	-	900,000
Total expenditures	5,763,176	5,763,176	4,212,870	1,550,306
Revenues over (under) expenditures	4,606,991	4,606,991	6,761,317	2,154,326
OTHER FINANCING SOURCES (USES):				
Transfers in	57,237	57,237	57,237	-
Transfers out	(6,590,241)	(6,590,241)	(6,582,860)	7,381
Total other financing sources (uses)	(6,533,004)	(6,533,004)	(6,525,623)	7,381
Net change in fund balance	(1,926,013)	(1,926,013)	235,694	2,161,707
FUND BALANCE, BEGINNING - BUDGETARY BASIS				
	3,301,490	3,301,490	3,699,260	397,770
FUND BALANCE, ENDING - BUDGETARY BASIS				
	\$ 1,375,477	\$ 1,375,477	\$ 3,934,954	\$ 2,559,477

* Appropriated together as Wastewater Services Program

CITY OF MCMINNVILLE, OREGON
WASTEWATER CAPITAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 692,900	\$ 692,900	\$ 233,306	\$ (459,594)
System development charges	325,000	325,000	519,909	194,909
Total revenues	1,017,900	1,017,900	753,215	(264,685)
EXPENDITURES:				
Wastewater:				
Materials and service	1,335,500	1,335,500	245,384	1,090,116
Capital outlay	8,575,000	8,575,000	1,997,255	6,577,745
Contingency	1,500,000	1,500,000	-	1,500,000
Total expenditures	11,410,500	11,410,500	2,242,639	9,167,861
Revenues over (under) expenditures	(10,392,600)	(10,392,600)	(1,489,424)	8,903,176
OTHER FINANCING SOURCES (USES):				
Interfund loan proceeds	50,562	50,562	37,312	(13,250)
Interfund loan payments	(774,800)	(774,800)	(570,061)	204,739
Transfers in	6,177,497	6,177,497	6,177,497	-
Transfers out	(168,476)	(168,476)	(168,476)	-
Total other financing sources (uses)	5,284,783	5,284,783	5,476,272	191,489
Net change in fund balance	(5,107,817)	(5,107,817)	3,986,848	9,094,665
FUND BALANCE, BEGINNING - BUDGETARY BASIS	31,800,628	31,800,628	32,207,455	406,827
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 26,692,811</u>	<u>\$ 26,692,811</u>	<u>\$ 36,194,303</u>	<u>\$ 9,501,492</u>

BUDGETARY COMPARISON SCHEDULES
Internal Service Funds

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances - budget and actual be displayed for each fund where legally adopted budgets are required.

- Combining Schedules - Internal Service Funds
- Budgetary Comparison Schedules
 - Informational Systems & Services Fund
 - Insurance Services Fund

CITY OF MCMINNVILLE, OREGON
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF NET POSITION
June 30, 2021

	Governmental Activities - Internal Service Funds		
	Informational Systems & Services Fund	Insurance Services Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 199,799	\$ 679,625	\$ 879,424
Accounts receivable, net	6,432	33,563	39,995
Prepaid expenses	10,546	314,892	325,438
Total current assets	216,777	1,028,080	1,244,857
Noncurrent assets:			
Capital assets, net	402,533	-	402,533
Net OPEB asset	4,215	-	4,215
Total noncurrent assets	406,748	-	406,748
Total assets	623,525	1,028,080	1,651,605
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	242,442	-	242,442
Deferred outflows related to OPEB	4,809	-	4,809
Total deferred outflows of resources	247,251	-	247,251
Total assets	\$ 870,776	\$ 1,028,080	\$ 1,898,856
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 42,267	\$ 61,300	\$ 103,567
Accrued payroll and other payroll liabilities	9,003	-	9,003
Claims payable	-	148,341	148,341
Pension related liabilities - due in one year	6,331	-	6,331
Accrued compensated absences	8,430	-	8,430
Total current liabilities	66,031	209,641	275,672
Noncurrent liabilities:			
Accrued compensated absences	36,703	-	36,703
Net pension liability	617,100	-	617,100
Net OPEB liability	24,723	-	24,723
Pension related liabilities	43,395	-	43,395
Total noncurrent liabilities	721,921	-	721,921
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	86,025	-	86,025
Deferred inflows related to OPEB	17,884	-	17,884
Total deferred inflows of resources	103,909	-	103,909
NET POSITION:			
Net investment in capital assets	402,533	-	402,533
Restricted for:			
OPEB benefits	4,215	-	4,215
Unrestricted	(427,833)	818,439	390,606
Total net position	(21,085)	818,439	797,354
Total liabilities and net position	\$ 870,776	\$ 1,028,080	\$ 1,898,856

CITY OF MCMINNVILLE, OREGON
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2021

	Governmental Activities - Internal Service Funds		
	Informational Systems & Services Fund	Insurance Services Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 1,086,785	\$ 1,162,739	\$ 2,249,524
Intergovernmental	152,672	-	152,672
Miscellaneous	86	111,876	111,962
Total operating revenues	<u>1,239,543</u>	<u>1,274,615</u>	<u>2,514,158</u>
OPERATING EXPENSES:			
Personnel service	542,139	-	542,139
Materials and service	734,760	1,030,641	1,765,401
Depreciation	24,469	-	24,469
Total operating expenses	<u>1,301,368</u>	<u>1,030,641</u>	<u>2,332,009</u>
Operating income (loss)	(61,825)	243,974	182,149
NON-OPERATING REVENUES (EXPENSE):			
Interest income	1,247	6,947	8,194
Total non-operating income (expenses)	<u>1,247</u>	<u>6,947</u>	<u>8,194</u>
Net income (loss) before transfers	(60,578)	250,921	190,343
TRANSFERS:			
Transfers to other funds	-	(643,471)	(643,471)
Net change in fund balance	(60,578)	(392,550)	(453,128)
NET POSITION, BEGINNING	<u>39,493</u>	<u>1,210,989</u>	<u>1,250,482</u>
NET POSITION, ENDING	<u>\$ (21,085)</u>	<u>\$ 818,439</u>	<u>\$ 797,354</u>

CITY OF MC MINNVILLE, OREGON
INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF CASH FLOWS
For the Fiscal Year Ended June 30, 2021

	Governmental Activities - Internal Service Funds		
	Informational	Insurance Services	Total
	Systems & Services Fund	Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from interfund services provided	\$ 1,270,095	\$ 1,171,355	\$ 2,441,450
Cash received from other operating sources - insurance reimbursements	-	111,876	111,876
Cash paid to employees and others for salaries and benefits	(496,615)	-	(496,615)
Cash paid to suppliers and others	(722,489)	(645,986)	(1,368,475)
Net cash provided by (used for) operating activities	50,991	637,245	688,236
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Principal paid on pension-related obligations	(5,906)	-	(5,906)
Transfers to/(from) other funds	-	(643,471)	(643,471)
Net cash provided by (used for) non-capital financing activities	(5,906)	(643,471)	(649,377)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(51,161)	-	(51,161)
Net cash provided by capital and related financing activities	(51,161)	-	(51,161)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,247	6,947	8,194
Net cash provided by investing activities	1,247	6,947	8,194
Net increase (decrease) in cash and cash equivalents	(4,829)	721	(4,108)
CASH AND CASH EQUIVALENTS, BEGINNING	204,628	678,904	883,532
CASH AND CASH EQUIVALENTS, ENDING	\$ 199,799	\$ 679,625	\$ 879,424
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating Income	\$ (61,825)	\$ 243,974	\$ 182,149
Adjustments:			
Depreciation and amortization	24,469	-	24,469
Decrease (increase) in:			
Accounts receivable and due from other funds	30,552	8,616	39,168
Prepays	5,273	447,664	452,937
Increase (decrease) in:			
Accounts payable	6,998	43,430	50,428
Accrued payroll and other payroll liabilities	(1,387)	-	(1,387)
Compensated absences	4,426	-	4,426
Net other post employment benefits	(3,031)	-	(3,031)
Net pension benefits	45,516	-	45,516
Net cash provided by (used for) operating activities	\$ 50,991	\$ 637,245	\$ 688,236

CITY OF MCMINNVILLE, OREGON
INFORMATIONAL SYSTEMS & SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 50,000	\$ 152,672	\$ 102,672
Charges for services	798,570	798,570	613,597	(184,973)
Miscellaneous	5,100	5,100	1,333	(3,767)
Total revenues	803,670	853,670	767,602	(86,068)
EXPENDITURES:				
Information technology services:				
Personal services	531,032	531,032	501,134	29,898
Material services	709,470	759,470	707,920	51,550
Capital outlay	89,100	89,100	78,001	11,099
Contingency	75,000	75,000	-	75,000
Total expenditures	1,404,602	1,454,602	1,287,055	167,547
Revenues over (under) expenditures	(600,932)	(600,932)	(519,453)	81,479
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	531,032	531,032	473,188	(57,844)
Total other financing sources (uses)	531,032	531,032	473,188	(57,844)
Net change in fund balance	(69,900)	(69,900)	(46,265)	23,635
FUND BALANCE, BEGINNING BUDGETARY BASIS	176,038	176,038	211,772	35,734
FUND BALANCE, ENDING BUDGETARY BASIS	\$ 106,138	\$ 106,138	165,507	\$ 59,369
Add (deduct):				
Capital assets, net			402,533	
Net OPEB Asset			4,215	
Deferred outflows - pensions			242,442	
Deferred outflows - OPEB			4,809	
Pension Related Debt			(49,726)	
Accrued compensated absence			(45,133)	
Net pension liability			(617,100)	
Net OPEB liability			(24,723)	
Deferred inflows - Pensions			(86,025)	
Deferred inflows - OPEB			(17,884)	
Net Position, full accrual - ending			<u>\$ (21,085)</u>	

CITY OF MCMINNVILLE, OREGON
INSURANCE SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 1,272,134	\$ 1,272,134	\$ 1,162,739	\$ (109,395)
Miscellaneous	153,100	153,100	118,823	(34,277)
Total revenues	1,425,234	1,425,234	1,281,562	(143,672)
EXPENDITURES:				
Insurance services:				
Materials and services	1,240,750	1,240,750	1,086,125	154,625
Contingency	150,000	150,000	-	150,000
Total expenditures	1,390,750	1,390,750	1,086,125	304,625
Revenues over (under) expenditures	34,484	34,484	195,437	160,953
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(694,426)	(694,426)	(694,426)	-
Total other financing sources (uses)	(694,426)	(694,426)	(694,426)	-
Net changes in fund balances	(659,942)	(659,942)	(498,989)	160,953
FUND BALANCE, BEGINNING BUDGETARY BASIS	1,528,500	1,528,500	1,465,769	(62,731)
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 868,558</u>	<u>\$ 868,558</u>	966,780	<u>\$ 98,222</u>
Add (deduct):				
Insurance claims payable			(148,341)	
Net Position, full accrual - ending			<u>\$ 818,439</u>	



**City of
McMinnville**

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City's *Comprehensive Annual Financial Report (CAFR)* presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and sewer charges.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



**City of
McMinnville**



**City of
McMinnville**

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

	<u>2012</u>	<u>2013</u>	<u>2014 Restated</u>
Primary Government:			
Governmental activities:			
Invested in capital assets (c)	\$ 59,774,579	\$ 60,826,806	\$ 59,579,789
Restricted (d)	4,034,072	4,139,865	5,932,257
Unrestricted (a)	<u>9,748,354</u>	<u>10,719,116</u>	<u>9,663,248</u>
Total governmental activities net position (b)	<u>\$ 73,557,005</u>	<u>\$ 75,685,787</u>	<u>\$ 75,175,294</u>
Business-type activities:			
Invested in capital assets	\$ 44,032,172	\$ 45,568,283	\$ 48,275,891
Restricted	148,044	178,933	299,781
Unrestricted	<u>18,976,324</u>	<u>20,057,090</u>	<u>20,417,335</u>
Total business-type activities net position (b)	<u>\$ 63,156,540</u>	<u>\$ 65,804,306</u>	<u>\$ 68,993,007</u>
Primary government:			
Invested in capital assets	\$ 103,806,751	\$ 106,395,089	\$ 107,855,680
Restricted	4,182,116	4,318,798	6,232,038
Unrestricted (f) (g)	<u>28,724,678</u>	<u>30,776,206</u>	<u>30,080,583</u>
Total primary government net position (b)	<u>\$ 136,713,545</u>	<u>\$ 141,490,093</u>	<u>\$ 144,168,301</u>
Component unit:			
Water and Light:			
Invested in capital assets (e)	\$ 106,683,105	\$ 115,135,213	\$ 118,079,561
Restricted	-	-	-
Unrestricted (f) (g) (h)	<u>33,671,841</u>	<u>31,952,469</u>	<u>35,154,147</u>
Total component unit	<u>\$ 140,354,946</u>	<u>\$ 147,087,682</u>	<u>\$ 153,233,708</u>

- (a) 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.
- (b) 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.
- (c) 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.
- (d) 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.*

Fiscal Year Ended June 30,

<u>2015 Restated</u>	<u>2016</u>	<u>2017</u>	<u>2018 Restated</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 59,688,968	\$ 60,243,871	\$ 66,165,718	\$ 72,977,099	\$ 75,161,026	\$ 69,862,297	\$ 74,795,521
23,156,125	22,841,795	16,277,620	15,270,498	10,997,806	11,411,706	8,672,824
<u>(11,568,107)</u>	<u>(20,675,519)</u>	<u>(20,166,704)</u>	<u>(18,800,083)</u>	<u>(17,136,984)</u>	<u>(17,176,002)</u>	<u>(20,978,032)</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>	<u>\$ 64,098,001</u>	<u>\$ 62,490,313</u>
\$ 55,205,674	\$ 58,125,477	\$ 56,791,990	\$ 55,036,414	\$ 56,285,132	\$ 56,189,935	\$ 55,881,180
482,442	437,036	707,615	1,132,758	1,094,349	19,122	18,568
<u>15,948,799</u>	<u>14,733,277</u>	<u>18,380,560</u>	<u>23,260,392</u>	<u>25,027,458</u>	<u>33,956,973</u>	<u>38,359,430</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>	<u>\$ 90,166,030</u>	<u>\$ 94,259,178</u>
\$ 114,894,642	\$ 118,369,348	\$ 122,957,708	\$ 128,013,513	\$ 131,446,158	\$ 126,052,232	\$ 130,676,701
23,638,567	23,278,831	16,985,235	16,403,256	12,092,155	11,430,828	8,691,392
<u>4,380,692</u>	<u>(5,942,242)</u>	<u>(1,786,144)</u>	<u>4,460,309</u>	<u>7,890,474</u>	<u>16,780,971</u>	<u>17,381,398</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>	<u>\$ 154,264,031</u>	<u>\$ 156,749,491</u>
\$ 121,446,462	\$ 123,113,177	\$ 123,366,419	\$ 124,776,038	\$ 128,423,468	\$ 136,687,073	\$ 140,615,261
-	-	-	-	-	89,267	60,414
<u>36,515,824</u>	<u>36,415,854</u>	<u>40,284,763</u>	<u>45,312,269</u>	<u>49,459,337</u>	<u>48,416,227</u>	<u>51,044,706</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>	<u>\$ 185,192,567</u>	<u>\$ 191,720,381</u>

(e) 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.

(f) 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).

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

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

Functions/Programs	2012	2013	2014
Expenses			
Primary government:			
Governmental activities:			
General government	\$ 1,918,406	\$ 1,869,910	\$ 2,031,927
Community development (e)	1,289,638	1,283,292	1,215,961
Public safety: (d)			
Police	7,800,297	7,710,365	8,370,060
Fire	2,466,866	2,534,766	2,537,593
Highways and streets	3,347,084	3,839,179	2,443,173
Culture and recreation: (f)			
Parks and recreation	4,174,915	4,074,988	4,113,605
Library	1,507,964	1,416,283	1,343,265
Airport	552,179	553,974	560,272
Interest on long-term debt	613,154	525,129	484,383
Total governmental activities expenses	<u>23,670,503</u>	<u>23,807,886</u>	<u>23,100,239</u>
Business-type activities:			
Wastewater	5,853,298	5,818,847	5,808,434
Ambulance (d)	3,068,413	3,395,105	3,508,377
Building (e)	406,630	277,561	283,842
Total business-type activities expenses	<u>9,328,341</u>	<u>9,491,513</u>	<u>9,600,653</u>
Total primary government expenses	<u>\$ 32,998,844</u>	<u>\$ 33,299,399</u>	<u>\$ 32,700,892</u>
Component unit:			
Water and Light	<u>\$ 40,626,635</u>	<u>\$ 41,583,845</u>	<u>\$ 43,187,324</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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 2,065,497	\$ 7,389,396	\$ 3,233,556	\$ 3,103,821	\$ 3,952,533	\$ 5,012,227	\$ 6,994,737
949,452	1,341,282	1,536,152	1,631,905	2,473,857	2,679,541	2,693,877
					19,336,814	21,598,458
7,084,384	11,604,781	9,664,865	9,126,532	11,783,861		
2,048,332	2,766,437	3,155,530	3,135,785	4,341,851		
2,964,608	4,804,574	3,539,224	3,224,152	3,996,504	5,935,410	4,853,034
					7,446,256	6,269,894
3,810,278	5,103,934	4,246,590	4,018,893	5,291,479		
1,092,515	1,448,885	1,581,460	1,466,633	1,980,816		
692,357	1,147,840	598,401	697,787	364,338	629,796	590,187
519,917	614,253	1,229,866	1,028,859	1,274,644	1,075,895	913,854
<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>	<u>42,115,939</u>	<u>43,914,041</u>
5,523,163	7,811,354	7,039,396	6,846,447	7,797,715	7,162,265	7,973,136
2,868,982	5,125,215	4,934,709	4,377,101	6,375,039	-	-
225,229	453,557	361,604	428,003	786,701	-	-
<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>7,162,265</u>	<u>7,973,136</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>\$ 49,278,204</u>	<u>\$ 51,887,177</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>	<u>\$ 51,186,359</u>	<u>\$ 50,610,016</u>

(Continued)

(d) In fiscal year 2019-20 the Business-type Ambulance Fund was move into the General Fund under the Fire program. The City also decided to stop breaking out separate Public Safety programs in the annual financial report.

(e) In fiscal year 2019-20 the Business-type Building Fund was changed to a Special Revenue Fund. The program activities are grouped with the other Community development programs.

(f) In fiscal year 2019-20 the City decided to stop breaking out separate Culture and Recreation programs in their annual financial report. Programs were previously broken down by Parks and recreation and Library programs.

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

<u>Functions/Programs</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Program revenues			
Primary government:			
Governmental activities:			
Charges for services:			
General government	\$ 482,333	\$ 477,936	\$ 569,633
Community development (e)	524,366	571,421	611,380
Public safety: (d)			
Police	824,755	905,505	730,264
Fire	313,154	340,253	347,407
Highways and streets (a)	194,534	190,481	160,383
Culture and recreation: (f)			
Parks and recreation	1,223,292	1,248,255	1,317,763
Library	56,719	69,482	45,433
Airport	237,082	239,436	244,969
Operating grants and contributions	2,263,584	2,234,195	2,281,464
Capital grants and contributions (b)	674,099	761,169	679,849
Total governmental activities program revenues	<u>6,793,918</u>	<u>7,038,133</u>	<u>6,988,545</u>
Business-type activities:			
Charges for services:			
Wastewater	8,453,886	8,554,156	9,076,321
Ambulance (d)	2,739,983	2,846,540	2,646,881
Building (e)	297,204	290,537	390,852
Operating grants and contributions	-	564	-
Capital grants and contributions (b)	24,943	106,632	37,206
Total business-type activities program revenues	<u>11,516,016</u>	<u>11,798,429</u>	<u>12,151,260</u>
Total primary government program revenues	<u>\$ 18,309,934</u>	<u>\$ 18,836,562</u>	<u>\$ 19,139,805</u>
Component unit:			
Water and Light:			
Charges for services	\$ 41,122,520	\$ 43,030,261	\$ 44,662,133
Operating grants and contributions	400,388	-	-
Capital grants and contributions	242,183	474,900	909,683
Total component unit program revenues	<u>\$ 41,765,091</u>	<u>\$ 43,505,161</u>	<u>\$ 45,571,816</u>
Net revenue (expense)			
Primary government:			
Governmental activities	\$ (16,876,585)	\$ (16,769,753)	\$ (16,111,694)
Business-type activities	2,187,675	2,306,916	2,550,607
Total primary government net revenue (expense)	<u>\$ (14,688,910)</u>	<u>\$ (14,462,837)</u>	<u>\$ (13,561,087)</u>
Component unit:			
Water and Light	<u>\$ 1,138,456</u>	<u>\$ 1,921,316</u>	<u>\$ 2,384,492</u>

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 719,791	\$ 1,074,482	\$ 1,102,898	\$ 853,756	\$ 1,553,039	\$ 1,480,347	\$ 2,940,808
743,044	770,042	128,813	198,648	199,146	1,090,486	1,121,556
673,672	751,326	688,349	451,940	652,721	3,923,646	4,287,979
378,028	419,445	562,245	593,475	728,544		
344,459	253,342	14	5,737	243,182	744,950	470,556
					1,485,238	517,447
1,574,113	1,525,952	1,116,841	1,449,251	840,295		
55,294	44,693	38,658	39,914	73,010		
247,965	260,293	256,854	313,680	341,479	355,515	353,071
2,460,484	2,654,786	2,364,801	3,097,992	3,614,762	1,553,655	1,831,040
1,949,416	2,542,985	2,686,710	6,938,770	4,185,240	2,418,349	1,827,955
<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>	<u>13,052,186</u>	<u>13,350,412</u>
9,911,181	9,166,543	9,323,139	9,775,061	10,316,187	10,460,859	10,988,621
2,911,613	3,373,134	3,494,130	3,247,282	3,709,176	-	-
561,441	393,079	612,659	832,010	728,107	-	-
76	-	-	-	-	-	1,074
377,475	650,082	617,329	411,498	1,854,802	1,483,355	740,389
<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>11,944,214</u>	<u>11,730,084</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>	<u>\$ 24,996,400</u>	<u>\$ 25,080,496</u>
\$ 44,944,442	\$ 45,275,019	\$ 46,246,552	\$ 46,994,299	\$ 47,502,181	\$ 50,182,362	\$ 50,536,707
-	-	-	-	-	-	-
1,560,929	974,832	1,076,976	1,660,556	2,300,239	1,934,815	4,244,830
<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>	<u>\$ 52,117,177</u>	<u>\$ 54,781,537</u>
\$ (12,081,074)	\$ (25,924,036)	\$ (19,839,461)	\$ (13,491,204)	\$ (23,028,465)	\$ (29,063,753)	\$ (30,563,629)
5,144,412	192,712	1,711,548	2,614,300	1,648,817	4,781,949	3,756,948
<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>\$ (24,281,804)</u>	<u>\$ (26,806,681)</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>	<u>\$ 930,818</u>	<u>\$ 4,171,521</u>

(Continued)

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

<u>Functions/Programs</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General revenues and other changes in net position			
Primary government:			
Governmental activities:			
Taxes			
Property taxes	\$ 11,880,645	\$ 12,145,519	\$ 12,457,511
Franchise taxes	2,441,291	2,486,923	2,538,348
Transient lodging taxes	-	-	235,874
Unrestricted state shared revenues	683,388	760,551	807,749
Unrestricted investment earnings (c)	85,988	95,507	97,482
Gain (loss) on disposal of capital assets	3,475	3,300	1,637
Other, net	-	-	-
Transfers	<u>(274,463)</u>	<u>(239,644)</u>	<u>(537,400)</u>
Total governmental activities	<u>14,820,324</u>	<u>15,252,156</u>	<u>15,601,201</u>
Business-type activities:			
Unrestricted investment earnings (c)	90,657	101,206	100,694
Gain (loss) on disposal of capital assets	-	-	-
Other, net	-	-	-
Transfers	<u>274,463</u>	<u>239,644</u>	<u>537,400</u>
Total business-type activities	<u>365,120</u>	<u>340,850</u>	<u>638,094</u>
Total primary government	<u>\$ 15,185,444</u>	<u>\$ 15,593,006</u>	<u>\$ 16,239,295</u>
Component unit:			
Water and Light:			
Unrestricted investment earnings (c)	\$ 422,467	\$ 182,845	\$ 199,400
Gain (loss) on disposal of capital assets	-	-	-
Timber sales, net of related expenses	2,605,898	3,962,482	2,243,586
Other, net	660,193	666,093	1,318,548
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>
Total component unit	<u>\$ 3,688,558</u>	<u>\$ 4,811,420</u>	<u>\$ 3,761,534</u>
Change in net position			
Primary government:			
Governmental activities	\$ (2,056,261)	\$ (1,517,597)	\$ (510,493)
Business-type activities	<u>2,552,795</u>	<u>2,647,766</u>	<u>3,188,701</u>
Total primary government	<u>\$ 496,534</u>	<u>\$ 1,130,169</u>	<u>\$ 2,678,208</u>
Component unit:			
Water and Light	<u>\$ 4,827,014</u>	<u>\$ 6,732,736</u>	<u>\$ 6,146,026</u>

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 12,937,499	\$ 14,751,884	\$ 15,028,217	\$ 16,228,026	\$ 17,509,832	\$ 17,802,972	\$ 18,482,619
2,548,881	2,504,237	2,420,309	2,541,802	2,688,775	3,543,906	4,407,646
574,911	644,878	691,102	947,467	1,274,661	1,059,160	1,125,340
834,087	825,156	913,376	1,114,681	1,428,732	3,706,953	4,142,335
78,040	86,079	317,994	377,589	151,605	127,503	34,923
(56,454)	-	-	-	-	-	-
-	617,243	483,825	551,665	260,194	277,478	820,316
<u>(389,542)</u>	<u>(1,327,911)</u>	<u>(715,800)</u>	<u>(713,500)</u>	<u>(711,000)</u>	<u>(2,378,066)</u>	<u>(57,237)</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>	<u>24,139,906</u>	<u>28,955,942</u>
89,688	76,170	157,027	332,672	591,066	575,914	252,670
-	(50,308)	-	-	-	-	-
-	112,390	-	22,528	26,492	23,162	26,293
<u>389,542</u>	<u>1,327,911</u>	<u>715,800</u>	<u>713,500</u>	<u>711,000</u>	<u>2,378,066</u>	<u>57,237</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>2,977,142</u>	<u>336,200</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>	<u>\$ 27,117,048</u>	<u>\$ 29,292,142</u>
\$ 167,244	\$ 264,782	\$ 469,319	\$ 803,958	\$ 1,195,165	\$ 1,046,203	\$ 436,494
(199,620)	(913,815)	-	-	-	-	-
3,324,530	2,364,804	1,837,271	2,721,512	3,500,751	3,483,180	590,046
1,019,342	1,304,702	998,285	2,041,960	1,476,866	1,849,561	1,329,753
37,424	(60,735)	-	-	-	-	-
<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>	<u>\$ 6,378,944</u>	<u>\$ 2,356,293</u>
\$ 4,446,348	\$ (7,822,470)	\$ (700,438)	\$ 7,556,526	\$ (425,666)	\$ (4,923,847)	\$ (1,607,687)
5,623,642	1,658,875	2,584,375	3,683,000	2,977,375	7,759,091	4,093,148
<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>\$ 2,835,244</u>	<u>\$ 2,485,461</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>	<u>\$ 7,309,762</u>	<u>\$ 6,527,814</u>

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

	<u>June 30,</u>			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund:				
Reserved	n/a	n/a	n/a	n/a
Unreserved (a)	n/a	n/a	n/a	n/a
Nonspendable	\$ 43,590	\$ 21,603	\$ 22,722	\$ 22,056
Restricted	-	-	1,351,766	94,897
Assigned	968,301	1,162,639	557,316	593,735
Unassigned (c)	<u>6,465,935</u>	<u>7,117,669</u>	<u>8,053,592</u>	<u>7,575,581</u>
Total General Fund	<u>\$ 7,477,826</u>	<u>\$ 8,301,911</u>	<u>\$ 9,985,396</u>	<u>\$ 8,286,269</u>
Airport Maintenance Fund:				
Reserved	n/a	n/a	n/a	n/a
Unreserved (a)	n/a	n/a	n/a	n/a
Nonspendable	\$ 5,788	\$ -	\$ -	\$ 247
Restricted	-	-	-	-
Committed (c)	663,499	679,749	726,852	824,777
Total Airport Maintenance Fund	<u>\$ 669,287</u>	<u>\$ 679,749</u>	<u>\$ 726,852</u>	<u>\$ 825,024</u>
Transportation Fund: (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)	\$ 1,351,185	\$ 1,750,620	\$ 1,900,683	\$ 20,298,178
Assigned	124,636	-	-	-
Unassigned	-	-	-	-
Total Transportation Fund	<u>\$ 1,475,821</u>	<u>\$ 1,750,620</u>	<u>\$ 1,900,683</u>	<u>\$ 20,298,178</u>
All other governmental funds: (a) (b) (c)				
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	\$ 49	\$ 45	\$ 4	\$ 7,920
Restricted	3,289,500	3,343,808	3,771,285	4,106,209
Committed	-	-	262,238	109,721
Assigned	1,101,847	1,158,861	814,162	831,013
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 4,391,396</u>	<u>\$ 4,502,714</u>	<u>\$ 4,847,689</u>	<u>\$ 5,054,863</u>

(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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</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
\$	68,332	\$ 2,245,416	\$ 2,183,574	\$ 2,113,747	\$ 10,700	\$ 20,328
	-	-	-	-	-	-
	647,141	673,696	606,790	655,396	711,883	786,091
	<u>6,768,660</u>	<u>6,444,745</u>	<u>6,179,445</u>	<u>5,813,577</u>	<u>6,602,148</u>	<u>6,006,241</u>
\$	<u>7,484,133</u>	<u>9,363,857</u>	<u>8,969,809</u>	<u>8,582,720</u>	<u>7,324,731</u>	<u>6,812,660</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
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	562,914	-
	868,723	635,411	(185,123)	(33,778)	-	552,839
\$	<u>868,723</u>	<u>635,411</u>	<u>(185,123)</u>	<u>(33,778)</u>	<u>562,914</u>	<u>552,839</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
\$	17,445,877	\$ 11,576,985	\$ 10,370,473	\$ 5,699,016	\$ 5,803,291	\$ 2,930,746
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<u>17,445,877</u>	<u>11,576,985</u>	<u>10,370,473</u>	<u>5,699,016</u>	<u>5,803,291</u>	<u>2,930,746</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
	n/a	n/a	n/a	n/a	n/a	n/a
\$	4	\$ 45	\$ -	\$ 48,793	\$ 71,723	\$ -
	5,395,914	4,700,635	4,888,829	5,249,997	4,808,850	5,105,854
	117,120	136,238	156,197	174,734	39,890	110,935
	156,556	151,909	150,482	146,972	1,646,408	1,661,658
	<u>(188,784)</u>	<u>(836,157)</u>	<u>(1,883,542)</u>	<u>(1,848,271)</u>	<u>(1,640,797)</u>	<u>(1,473,149)</u>
\$	<u>5,480,810</u>	<u>4,152,670</u>	<u>3,311,966</u>	<u>3,772,225</u>	<u>4,926,074</u>	<u>5,405,298</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues:				
Property taxes	\$ 11,944,449	\$ 12,041,594	\$ 12,435,395	\$ 12,866,111
Special assessments	51,121	53,608	59,515	54,328
Licenses and permits (d)	2,551,413	2,591,208	2,872,975	3,225,701
Intergovernmental (c) (g)	3,658,577	3,626,937	3,683,458	3,846,363
Charges for services	2,615,582	2,729,936	2,854,528	3,613,848
Fines and forfeitures	761,046	748,677	608,740	522,900
Miscellaneous (a)	243,314	334,355	358,783	425,410
Total revenues	<u>21,825,502</u>	<u>22,126,315</u>	<u>22,873,394</u>	<u>24,554,661</u>
Expenditures:				
Current:				
General government (d)	1,703,755	1,664,094	1,804,140	2,298,268
Community development	1,236,352	1,226,600	1,165,511	1,221,604
Public safety	9,658,834	9,670,602	10,223,535	12,215,631
Highways and streets	1,471,788	1,431,792	1,485,187	1,775,502
Culture and recreation	4,737,874	4,419,442	4,427,361	4,698,934
Airport (c)	136,289	242,727	201,804	328,733
Capital outlay:				
General government	-	-	-	-
Public safety (b)	-	-	-	-
Highways and streets	503,781	479,459	527,054	502,116
Culture and recreation	-	1,621	40,751	410,867
Debt service:				
Principal	950,000	1,075,000	1,070,000	1,173,594
Interest	716,608	575,375	535,025	540,023
Bond refunding (h)	5,835,000	-	-	32,000
Total expenditures	<u>26,950,281</u>	<u>20,786,712</u>	<u>21,480,368</u>	<u>25,197,272</u>
Other financing sources (uses):				
Bond proceeds - par/premium (f) (h)	-	-	-	18,238,688
Refunding bonds issued - par/premium (d) (f)	5,926,316	-	-	8,493,436
Payment to refunded bond escrow agent (f)	-	-	-	(8,414,899)
Proceeds from sale of capital assets	-	-	-	-
Proceeds from full faith and credit obligation (e) (g)	-	-	1,370,000	-
Transfers from other funds (d)	1,469,044	1,111,637	874,500	1,026,200
Police vehicles - lease purchase	-	-	-	-
Transfers to other funds (d)	(1,748,244)	(1,613,737)	(1,411,900)	(1,697,100)
Total other financing sources (uses)	<u>5,647,116</u>	<u>(502,100)</u>	<u>832,600</u>	<u>17,646,325</u>
Net change in fund balances	<u>\$ 522,337</u>	<u>\$ 837,503</u>	<u>\$ 2,225,626</u>	<u>\$ 17,003,714</u>
Non-capital expenditures:				
Total expenditures	\$ 26,950,281	\$ 20,786,712	\$ 21,480,368	\$ 25,197,272
Less: capital asset expenditures	(929,903)	(781,819)	(790,400)	(2,609,978)
Non-capital expenditures	<u>\$ 26,020,378</u>	<u>\$ 20,004,893</u>	<u>\$ 20,689,968</u>	<u>\$ 22,587,294</u>
Debt service as a percentage of non-capital expenditures	6.4%	8.2%	7.8%	7.6%

Fiscal Year Ended June 30,

2016	2017	2018	2019	2020	2021
\$ 14,688,381	\$ 15,097,552	\$ 16,165,021	\$ 17,863,899	\$ 17,950,893	\$ 18,515,849
57,151	53,265	59,565	53,718	53,509	52,226
3,247,694	3,461,315	3,975,367	4,682,788	5,866,434	6,789,542
4,340,890	5,969,106	9,704,144	5,456,340	6,879,753	7,380,330
3,327,315	3,501,405	3,748,962	4,709,392	7,030,008	6,092,162
580,010	566,537	638,281	628,167	484,305	370,123
523,785	455,973	1,137,878	1,258,385	1,440,219	801,655
<u>26,765,226</u>	<u>29,105,153</u>	<u>35,429,218</u>	<u>34,652,689</u>	<u>39,705,121</u>	<u>40,001,887</u>
3,245,287	3,020,757	3,110,103	3,645,620	4,595,959	4,752,138
1,295,680	1,352,798	1,681,015	2,046,261	2,057,368	2,421,371
11,044,821	11,388,862	12,329,098	12,875,329	18,865,896	19,261,197
3,364,488	4,180,581	3,011,186	2,653,285	3,468,228	2,267,850
4,855,542	4,916,702	5,306,436	5,719,811	5,780,644	5,125,062
784,495	2,258,610	6,142,718	849,991	601,619	415,914
-	-	-	-	-	-
-	-	-	-	-	-
1,735,138	5,601,383	10,557,967	5,622,190	1,019,558	4,720,958
4,650	142,519	1,141	512,264	661,143	1,200
1,600,529	6,025,848	2,889,141	3,065,189	3,248,557	3,349,042
950,387	1,153,618	1,289,328	1,398,691	1,315,493	1,223,029
-	-	-	-	-	-
<u>28,881,017</u>	<u>40,041,678</u>	<u>46,318,133</u>	<u>38,388,631</u>	<u>41,614,465</u>	<u>43,537,761</u>
-	-	8,204,575	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	34,173
-	6,101,705	-	-	1,059,139	-
1,148,148	1,717,161	1,709,953	1,962,551	3,569,845	2,608,256
-	-	136,045	-	-	-
<u>(2,217,148)</u>	<u>(2,432,961)</u>	<u>(2,423,454)</u>	<u>(2,673,551)</u>	<u>(2,122,814)</u>	<u>(2,022,022)</u>
<u>(1,069,000)</u>	<u>5,385,905</u>	<u>7,627,119</u>	<u>(711,000)</u>	<u>2,506,170</u>	<u>620,407</u>
<u>\$ (3,184,791)</u>	<u>\$ (5,550,620)</u>	<u>\$ (3,261,796)</u>	<u>\$ (4,446,942)</u>	<u>\$ 596,826</u>	<u>\$ (2,915,467)</u>
\$ 28,881,017	\$ 40,041,678	\$ 46,318,133	\$ 38,388,631	\$ 41,614,465	\$ 43,537,761
<u>(3,554,796)</u>	<u>(9,534,993)</u>	<u>(17,372,112)</u>	<u>(10,427,948)</u>	<u>(3,157,478)</u>	<u>(5,696,959)</u>
<u>\$ 25,326,221</u>	<u>\$ 30,506,685</u>	<u>\$ 28,946,021</u>	<u>\$ 27,960,683</u>	<u>\$ 38,456,987</u>	<u>\$ 37,840,802</u>

10.1%

23.5%

14.4%

16.0%

11.9%

12.1%

(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) In fiscal year 2007-08, construction began on the new Public Safety building and continued into fiscal year 2009-10.
- (c) 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.
- (d) During fiscal year 2011-12, the 2001 Park Improvement Bonds were refunded.
- (e) During fiscal year 2012-13, the City received the proceeds from a full faith and credit bank loan to purchase Fire vehicles.
- (f) During fiscal year 2014-15, the 2006 Public Safety Building Bonds were refunded and the City received proceeds from a Transportation Bond.
- (g) During fiscal year 2016-17 and 2019-20, the City received proceeds from full faith and credit bank loans for the Dundee Bypass Project, Urban Renewal Improvements (Alpine Ave), and to refinance the pension-related debt (PERS transition liability), of \$383,545, \$2,192,300 and \$3,525,860 respectively.
- (h) During fiscal year 2017-18, the City received proceeds from a Transportation Bond.



**City of
McMinnville**

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

Functions/Programs	2012	2013	2014	2015
Primary government:				
Governmental activities:				
General government	\$ 639,086	\$ 635,997	\$ 668,316	\$ 814,832
Community development (g)	576,426	638,007	666,128	805,423
Public safety: (f)				
Police	1,011,817	1,050,176	758,739	857,084
Fire	313,471	340,253	351,282	381,205
Highways and streets (a) (b) (c) (e)	2,463,150	2,504,676	2,573,312	3,889,429
Culture and recreation: (d) (h)				
Parks and recreation (b)	1,349,716	1,420,302	1,522,760	1,767,924
Library	203,170	209,286	203,039	206,989
Airport (c)	237,082	239,436	244,969	423,380
Total governmental activities	<u>6,793,918</u>	<u>7,038,133</u>	<u>6,988,545</u>	<u>9,146,266</u>
Business-type activities:				
Wastewater (b)	8,478,806	8,660,788	9,113,527	10,288,656
Ambulance (f)	2,740,006	2,847,104	2,646,881	2,911,689
Building (g)	297,204	290,537	390,852	561,441
Total business-type activities	<u>11,516,016</u>	<u>11,798,429</u>	<u>12,151,260</u>	<u>13,761,786</u>
Total primary government	<u>\$ 18,309,934</u>	<u>\$ 18,836,562</u>	<u>\$ 19,139,805</u>	<u>\$ 22,908,052</u>
Component unit:				
Water and light	<u>\$ 41,765,091</u>	<u>\$ 43,505,161</u>	<u>\$ 45,571,816</u>	<u>\$ 46,505,371</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 2019-20, the affects of COVID-19 impacted some program revenues for Culture and recreation activities.
- (e) Oregon federal exchange funds for Highways and streets fluctuate significantly from year-to-year depending on the federal funds available and the timing of the reimbursement.

Fiscal Year Ended June 30,

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 1,074,482	\$ 1,125,530	\$ 1,102,966	\$ 1,972,840	\$ 2,144,988	\$ 4,115,603
770,042	128,813	198,648	199,146	1,101,821	1,207,657
				4,432,537	4,577,246
786,951	693,864	785,721	873,325		
434,106	581,430	604,240	730,522		
4,058,810	2,728,669	3,040,293	6,052,010	2,009,823	2,273,081
				2,170,366	774,410
1,710,213	1,460,744	1,717,003	1,353,565		
204,017	220,229	232,476	248,674		
824,717	2,006,904	6,261,816	1,001,336	1,192,651	402,415
<u>9,863,338</u>	<u>8,946,183</u>	<u>13,943,163</u>	<u>12,431,418</u>	<u>13,052,186</u>	<u>13,350,412</u>
9,816,625	9,940,468	10,186,559	12,170,989	11,944,214	11,730,084
3,373,134	3,494,130	3,247,282	3,709,176	-	-
393,079	612,659	832,010	728,107	-	-
<u>13,582,838</u>	<u>14,047,257</u>	<u>14,265,851</u>	<u>16,608,272</u>	<u>11,944,214</u>	<u>11,730,084</u>
<u>\$ 23,446,176</u>	<u>\$ 22,993,440</u>	<u>\$ 28,209,014</u>	<u>\$ 29,039,690</u>	<u>\$ 24,996,400</u>	<u>\$ 25,080,496</u>
<u>\$ 45,275,019</u>	<u>\$ 47,323,528</u>	<u>\$ 48,654,855</u>	<u>\$ 49,802,420</u>	<u>\$ 52,117,177</u>	<u>\$ 54,781,537</u>

(f) In fiscal year 2019-20 the Business-type Ambulance Fund was move into the General Fund under the Fire program. The City also decided to stop breaking out separate Public Safety programs in the annual financial report.

(g) In fiscal year 2019-20 the Business-type Building Fund was changed to a Special Revenue Fund. The program activities are grouped with the other Community development programs.

(h) In fiscal year 2019-20 the City decided to stop breaking out separate Culture and Recreation programs in their annual financial report. Programs were previously broken down by Parks and recreation and Library programs.

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

Fiscal Year Ended June 30,	Real Property	Mobile Home Property	Personal Property	Utilities (a)
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	2,470,785,684	46,428,107	83,393,071	33,831,500
2020	2,591,423,947	49,112,143	93,395,821	33,608,680
2021	2,788,239,793	51,819,766	110,584,089	39,354,500

Source: Yamhill County Assessor's Office

Note: Prior to 1998 maximum assessed value equaled estimated real market value. Effective fiscal year 1997-98, with the implementation of Oregon Ballot Measure 50, maximum assessed value was reduced to 1995 estimated real market value less ten percent. Future increases are limited to three percent plus exceptions, which include, but are not limited to, new property and new improvements to property.

(a) During fiscal year 2012-13, Cascade Steel Rolling Mills, Inc appealed the State Department of Revenue's valuation of its' McMinnville mill. The state agreed to lower the assessed value of the property by approximately \$10 million.

(b) Excludes tax-exempt property.

Total Taxable Assessed Value (b)	Total Direct Tax Rate	Estimated Real Market Value	Total Taxable Assessed Value as a Percentage of Estimated Real Market Value
\$ 2,140,278,448	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
2,634,438,362	6.57	3,930,001,020	67.0
2,767,540,591	6.43	4,191,800,158	66.0
2,989,998,148	6.43	4,617,331,941	64.8

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
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	0.10	6.57	2.58	-	2.58
2020	5.02	1.29	0.12	6.43	2.58	-	2.58
2021	5.02	1.27	0.14	6.43	2.58	-	2.58

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	2.83	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	17.24
4.15	2.60	6.75	1.08	0.26	1.34	17.10
4.15	2.59	6.74	1.08	0.26	1.34	17.09

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

Taxpayer	Type of Business	Fiscal Year Ended June 30, 2021			Fiscal Year Ended June 30, 2012		
		Assessed Value	Percentage	Rank	Assessed Value	Percentage	Rank
Cascade Steel Rolling Mills, Inc.	Steel production	\$ 75,873,455	2.54 %	1	\$ 60,145,861	2.81 %	1
Willamette Valley Medical Center, LLC (a)	Health care	60,431,794	2.02	2	57,192,253	2.67	2
Brookdale Senior Living INC (c)	Retirement community	21,319,307	0.71	3	17,589,157	0.82	4
Jackson Family Wines INC (d)	Commercial wine producer	15,655,939	0.52	4	-	-	
Lafayette Place Apartments LLC	Residential real estate management	15,055,871	0.50	5	-	-	
March Hare LLC & McMincenter, LLC (e)	Commercial real estate management	13,737,264	0.46	6	-	-	
Winco Foods LLC	Supermarket Chain	13,031,574	0.44	7	-	-	
Lowes Home Improvement Warehouse, Inc.	Home improvement retail store	12,935,058	0.43	8	14,788,866	0.69	6
McMinnville Properties LLC (b)	Developer/event center	11,161,679	0.37	9	-	-	
Jackson Family Wines (d)	Commercial wine producer	10,676,870	0.36	10	-	-	
HCP SH ELP1 Properties LLC (c)	Retirement community	-	-		-	-	
Comcast Corporation	Cable television	-	-		12,850,000	0.60	7
Air Liquide Industrial U S, LP	Liquid oxygen, nitrogen, argon	-	-		8,692,508	0.41	10
NBS-McMinnville Plaza OPCO, LLC (e)	Commercial real estate management	-	-		10,480,448	0.49	9
Evergreen Vintage Aircraft Inc. (b)	Museum/water park	-	-		16,195,646	0.76	5
Frontier Communications	Telephone communication	-	-		17,836,000	0.83	3
Northwest Natural Gas Co.	Natural gas distributor	-	-		12,168,400	0.57	8
Total principal property tax payers		249,878,811	8.36		227,939,139	10.65	
All other property tax payers		<u>2,740,119,337</u>	<u>91.64</u>		<u>1,912,339,309</u>	<u>89.35</u>	
Total		<u>\$ 2,989,998,148</u>	<u>100.00</u> %		<u>\$ 2,140,278,448</u>	<u>100.00</u> %	

Source: Yamhill County Assessor's Office

- (a) Willamette Valley Medical Center, LLC is owned by Capella Healthcare, LLC, but still operates under that name
- (b) A portion of Evergreen Vintage Aircraft Inc. property was acquired by McMinnville Properties LLC, although the property and facilities are the same
- (c) HCP SH ELP1 Properties LLC dba Hillside Senior Living Community & Brookdale Senior Living INC have been acquired by Brookdale Senior Living INC, although the property and facilities are the same
- (d) Jackson Family Wines INC and Jackson Family Wines are independent entities
- (e) NBS-McMinnville Plaza OPCO, LLC has been acquired by March Hare LLC & McMincenter, LLC, although the property and facilities are the same



**City of
McMinnville**

City of McMinnville, Oregon
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Levy			Collected within the Fiscal Year of the Levy	
	Original	Adjustments (a)	Total Adjusted	Amount	Percentage of Original Levy
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
2020	18,424,097	(556,905)	17,867,191	17,513,626	95.1
2021	19,096,894	(566,787)	18,530,107	18,174,389	95.2

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
\$ 601,708	\$ 11,924,758	100.24
612,647	12,119,918	100.19
570,904	12,464,404	100.16
562,383	12,882,393	100.15
473,444	14,635,813	99.53
426,546	15,096,778	100.73
547,951	16,093,198	99.08
273,496	17,387,335	99.66
252,464	17,766,091	99.43
-	18,174,389	98.08

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>2012</u>	<u>2013</u>	<u>2014</u>
Water consumption (e):			
Residential	\$ 75,685,450	\$ 75,773,900	\$ 75,498,100
Commercial - no average (b)	50,717,903	56,242,500	53,151,400
Commercial - with average (c)	<u>8,999,000</u>	<u>7,882,400</u>	<u>5,879,700</u>
Total	<u>\$ 135,402,353</u>	<u>\$ 139,898,800</u>	<u>\$ 134,529,200</u>
Residential sewer rates: (a)			
Service charge per residential unit	\$ 17.05	\$ 17.05	\$ 17.25
Volume charge per 100 cubic feet of water used (d)	4.59	4.77	4.94
Commercial and industrial sewer rates:			
Service charge per account	17.05	17.05	17.25
Volume charge per 100 cubic feet of water used	5.62	5.89	6.13

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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 75,212,200	\$ 75,670,000	\$ 75,912,502	\$ 75,958,939	\$ 74,939,700	\$ 75,446,000	\$ 78,915,000
51,733,900	53,543,500	44,729,900	43,761,700	45,964,700	44,991,500	47,846,400
<u>5,727,300</u>	<u>5,824,500</u>	<u>6,221,000</u>	<u>5,861,500</u>	<u>5,721,100</u>	<u>5,458,100</u>	<u>5,041,800</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>	<u>\$ 125,895,600</u>	<u>\$ 131,803,200</u>

\$ 17.73	\$ 18.60	\$ 19.25	\$ 20.00	\$ 20.73	\$ 22.38	\$ 22.38
5.08	5.22	5.36	5.49	5.62	6.07	6.07
17.73	18.60	19.25	20.00	20.73	22.38	22.38
6.30	6.48	6.65	6.81	6.96	7.51	7.51

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		
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	10,290,558	5.19
2020	22.38	6.07	22.38	7.51	10,366,710	1.85
2021	22.38	6.07	22.38	7.51	10,925,886	5.39

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
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
2020	13,267	1,152	14,419
2021	13,697	1,172	14,869

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
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
2020	25,085,000	1,109,475	23,975,525	0.57	699	7,974,534
2021	22,360,000	1,083,600	21,276,400	0.46	n/a	9,346,749

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 & Credit Bank Loan</u>	<u>Notes Payable</u>			
\$ -	\$ -	\$ 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
-	-	-	-	-	35,897,950	2.45	1,066
-	105,333	-	952,758	-	41,989,239	2.71	1,242
-	74,621	-	895,092	-	38,524,371	2.39	1,135
-	370,282	-	817,167	-	34,246,983	2.12	998
-	285,647	-	186,473	-	32,178,869	1.84	940

City of McMinnville, Oregon
Direct and Overlapping Governmental Activities Debt
June 30, 2021

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
Direct:			
General obligation bonded debt - City	\$ 22,360,000	100.00 %	\$ 22,360,000
Other governmental activities debt - City	9,632,396	100.00 %	9,632,396
Other business type activities debt - City	186,473	100.00 %	186,473
Total direct debt (b)			<u>32,178,869</u>
Overlapping:			
General obligation bonded debt:			
Chemeketa Community College	47,345,000	6.98	3,304,681
McMinnville School District No. 40	114,425,000	77.66	88,862,455
Other governmental activities debt:			
Chemeketa Community College	34,079,393	6.98	2,378,742
Willamette Education Service District	18,367,815	6.36	1,168,193
Yamhill County	7,039,273	28.47	2,004,081
McMinnville School District No. 40	21,670,000	77.66	<u>16,828,922</u>
Total overlapping debt			<u>114,547,074</u>
Total direct and overlapping debt			<u>\$ 146,725,943</u>

Source: Oregon State Treasury Debt Management Division

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(a) The percentage of overlapping debt applicable is estimated using estimated real market values. Applicable percentages were estimated by determining the portion of another governmental unit's estimated real market value within the City's boundaries and dividing it by each governmental unit's total estimated real market value.

(b) Disclosure notes regarding long-term liabilities include value of compensated absences. Total direct debt in this table does not, thus the total is different by this amount.

Governmental compensated absence	1,079,216
Business type compensated absence	<u>98,684</u>
	1,177,900



**City of
McMinnville**

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total estimated real market value	\$ 2,806,089,205	\$ 2,767,634,640	\$ 2,748,715,501	\$ 2,861,726,286
Debt limitation:				
3% of estimated real market value	84,182,676	83,029,039	82,461,465	85,851,789
Debt applicable to limitation:				
Total general obligation bonded debt	16,515,000	15,440,000	14,370,000	28,580,000
Less amount available for payment of general obligation principal	<u>(1,075,000)</u>	<u>(1,070,000)</u>	<u>(1,105,000)</u>	<u>(1,525,000)</u>
Net debt applicable to limitation	<u>15,440,000</u>	<u>14,370,000</u>	<u>13,265,000</u>	<u>27,055,000</u>
Total remaining debt limit	<u>\$ 68,742,676</u>	<u>\$ 68,659,039</u>	<u>\$ 69,196,465</u>	<u>\$ 58,796,789</u>
Total net debt applicable to limitation as a percentage of debt limit	18.34%	17.31%	16.09%	31.51%

Fiscal Year Ended June 30,

2016	2017	2018	2019	2020	2021
\$ 3,119,905,725	\$ 3,418,882,530	\$ 3,722,887,719	\$ 3,930,001,020	\$ 4,191,800,158	\$ 4,617,331,941
93,597,172	102,566,476	111,686,632	117,900,031	125,754,005	138,519,958
27,055,000	24,765,000	30,275,000	27,720,000	25,085,000	22,360,000
<u>(2,290,000)</u>	<u>(1,228,300)</u>	<u>(1,267,785)</u>	<u>(1,474,640)</u>	<u>(1,109,475)</u>	<u>(1,083,600)</u>
<u>24,765,000</u>	<u>23,536,700</u>	<u>29,007,215</u>	<u>26,245,360</u>	<u>23,975,525</u>	<u>21,276,400</u>
<u>\$ 68,832,172</u>	<u>\$ 79,029,776</u>	<u>\$ 82,679,417</u>	<u>\$ 91,654,671</u>	<u>\$ 101,778,480</u>	<u>\$ 117,243,558</u>
26.46%	22.95%	25.97%	22.26%	19.07%	15.36%

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)
2007	31,665	\$ 1,022,462,850	\$ 32,290	6,167	4.8 %
2009	32,760	1,057,787,640	32,289	6,650	11.5 %
2010	32,240	1,036,935,120	32,163	6,411	10.0
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	1,465,875,095	43,543	6,778	4.5
2018	33,810	1,550,053,260	45,846	6,764	3.1
2019	33,930	1,611,471,420	47,494	6,752	3.9
2020	34,319	1,618,175,169	47,151	6,342	11.1
2021	34,251	1,747,760,028	51,028	6,345	5.3

Sources: Population information is provided by Portland State University certified yearly estimates. The current fiscal year population is based on the preliminary Oregon population estimate. Per capita personal income is from Federal Reserve Economic Data. School enrollment is provided by McMinnville School District No. 40, adjusted from the preliminary estimate in the current year to official count in the following year. Unemployment numbers are provided by the Bureau of Labor Statistics.

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

n/a - not available

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

Employer	Type of Business	Fiscal Year Ended June 30, 2021			Fiscal Year Ended June 30, 2012		
		Number of Employees	Percentage	Rank	Number of Employees	Percentage	Rank
McMinnville School District #40	Education	886	5.96 %	1	644	4.80 %	1
Yamhill County	County government	630	4.24	2	454	3.39	4
Willamette Valley Medical Center, LLC	Health care	518	3.48	3	552	4.12	2
Linfield College	Higher education - liberal arts	401	2.70	4	330	2.46	6
Cascade Steel Rolling Mills, Inc.	Steel production	385	2.59	5	433	3.23	5
City of McMinnville	City government	238	1.60	6	203	1.51	9
Meggitt Polymer	Sealing solutions manufacturing	186	1.25	7	218	1.63	7
World Class Technology	Metal injection molding manufacturing	180	1.21	8			
Wal-Mart Stores, Inc.	Retail merchandise	164	1.10	9	119	0.89	
Oregon Mutual Insurance Company	Insurance products and services	140	0.94	10	211	1.57	8
Betty Lou's Inc (a)	Snack manufacturer	48	0.32		123	0.92	10
Evergreen Enterprises, Inc.	Air freight, helicopters, agriculture	-	-		463	3.45	3
Total principal employers		3,776	25.40		3,750	27.98	
All other employers (estimated)		11,092	74.60		9,653	72.02	
Total		14,868	100.00 %		13,403	100.00 %	

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

(a) Noble Foods Nutrition Inc. acquired the co-packing activities of Betty Lou's, Inc in August of 2020. Co-packing activities continue uninterrupted at the McMinnville facility, and all products manufactured under the Betty Lou's array of brands are now manufactured at a new facility located in McMinnville under the continued ownership of Betty Lou Carrier, the founder.

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
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
2020	99	19,675,592	225	61,702,997
2021	86	38,078,824	123	26,045,607

Source: City of McMinnville Building Division

- (a) Commercial, industrial, schools, churches, and public buildings; including additions and major repairs.
- (b) Manufactured, single family, duplex homes; and multiple family units. Including additions and major repairs.



**City of
McMinnville**

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

Functions/Programs	Fiscal Year Ended June 30,					
	2012	2013	2014	2015	2016	2017
Primary government:						
Governmental activities:						
General government	14.49	13.38	13.31	13.71	14.11	14.65
Community development (b)	10.35	9.60	9.39	9.83	10.54	11.25
Public safety:						
Police:						
Sworn	35.00	34.00	37.00	37.00	37.00	41.00
Non-sworn	13.57	14.77	11.18	13.39	12.73	13.73
Fire (a) (c)	14.95	14.03	14.48	14.47	14.75	15.40
Highways and streets	8.90	8.90	8.66	8.68	8.71	7.07
Culture and recreation:						
Parks and recreation:						
Full-time	15.00	14.00	14.00	14.00	17.00	17.85
Part-time	29.18	28.67	27.94	29.94	27.00	27.59
Library	17.01	15.55	15.38	15.52	15.45	15.31
Total governmental activities	<u>158.45</u>	<u>152.90</u>	<u>151.34</u>	<u>156.54</u>	<u>157.29</u>	<u>163.85</u>
Business-type activities:						
Wastewater	20.46	22.40	20.46	21.46	21.46	20.50
Ambulance (a) (c)	20.72	20.46	22.65	22.65	22.95	25.02
Building (b)	3.65	2.00	1.90	2.00	3.25	3.75
Total business-type activities	<u>44.83</u>	<u>44.86</u>	<u>45.01</u>	<u>46.11</u>	<u>47.66</u>	<u>49.27</u>
Total primary government	<u><u>203.28</u></u>	<u><u>197.76</u></u>	<u><u>196.35</u></u>	<u><u>202.65</u></u>	<u><u>204.95</u></u>	<u><u>213.12</u></u>

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.
- (b) In fiscal year 2019-20, the Building fund was changed to a Special Revenue Fund and employment FTE is now included under Community development in the Governmental activities section.
- (c) In fiscal year 2019-20, the Ambulance fund was moved into the General Fund under Fire department and the employment FTE is now included under Fire in the Governmental activities section.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
14.78	15.70	13.80	13.16
11.57	15.92	21.35	18.91
41.00	43.00	43.66	43.66
13.73	13.72	13.72	18.50
15.57	16.88	43.77	44.22
8.82	9.01	9.76	9.93
15.00	17.95	19.45	20.05
30.44	28.03	28.03	30.92
15.42	15.84	16.78	17.20
<u>166.33</u>	<u>176.05</u>	<u>210.32</u>	<u>216.55</u>
21.37	21.34	21.34	21.85
25.02	25.89	-	-
3.75	5.00	-	-
<u>50.14</u>	<u>52.23</u>	<u>21.34</u>	<u>21.85</u>
<u>216.47</u>	<u>228.28</u>	<u>231.66</u>	<u>238.40</u>

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

Functions/Programs	2012	2013	2014	2015
Primary government:				
Police:				
Calls for service (a) (c)	32,153	29,419	29,823	31,047
Crimes: (a)				
Part I Crimes Against Persons	1,206	1,251	1,132	1,234
Part II Crimes Against Property	2,873	2,677	2,418	2,442
Part III Behavioral Crimes	1,107	1,133	1,287	1,364
Total crimes	<u>5,186</u>	<u>5,061</u>	<u>4,837</u>	<u>5,040</u>
Traffic crashes	276	235	334	284
Traffic citations/warnings	10,581	8,522	8,003	8,838
Fire:				
Self fire inspections conducted	-	-	-	-
On-site fire inspections conducted (f)	450	512	562	484
Fire responses	923	650	786	856
Fire/rescue responses	2,823	2,912	2,932	2,996
Level of insurance service	Class 3	Class 3	Class 3	Class 3
Parks and recreation: (f)				
Aquatic center attendance:				
General recreation programs	70,629	70,500	73,729	84,301
Fitness classes	19,487	18,586	18,229	19,989
Swim instruction	15,312	16,016	16,862	16,523
School district #40 programs	5,323	4,953	6,454	6,177
Rental attendance	24,245	24,730	18,789	14,794
Total attendance	<u>134,996</u>	<u>134,785</u>	<u>134,063</u>	<u>141,784</u>

Fiscal Year Ended June 30,

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
29,059	33,342	36,284	34,043	31,200	na
998	1,130	1,321	983	1,020	na
2,014	2,075	2,387	2,352	2,559	na
1,317	1,290	1,237	1,124	942	na
<u>4,329</u>	<u>4,495</u>	<u>4,945</u>	<u>4,459</u>	<u>4,521</u>	<u>na</u>
373	268	355	281	242	na
6,038	10,852	11,384	9,195	4,095	na
-	-	-	-	-	-
375	300	577	612	357	325
866	817	967	1,008	1,497	1,534
3,024	3,018	2,989	2,699	1,777	1,857
Class 3	Class 3	Class 3	Class 3	Class 3	Class 3
85,715	77,399	62,723	61,682	40,962	14,845
25,790	23,377	23,876	26,050	18,329	2,004
15,333	13,604	13,523	13,230	8,984	1,714
7,263	7,350	6,108	6,070	3,893	-
12,608	13,804	14,058	14,550	9,502	9,092
<u>146,709</u>	<u>135,534</u>	<u>120,288</u>	<u>121,582</u>	<u>81,670</u>	<u>27,655</u>

(Continued)

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

Functions/Programs	2012	2013	2014	2015
Community center and recreation programs:				
Facility reservations	1,960	2,559	2,698	2,051
Children's programs (children per session):				
Kids on the block (after school)	594	682	694	449
STARS (summer)	60	55	62	65
Community Center Programs (per year) (d)				
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 (e)	n/a	n/a	n/a	n/a
Recreational sports:				
Soccer:				
Participants	2,054	1,837	1,694	1,683
Teams	173	147	140	173
Matches	857	787	730	824
Baseball/softball:				
Participants	1,067	1,162	1,042	1,120
Teams	89	91	83	93
Games	577	600	506	535
Other sports:				
Participants	486	492	554	598
Games/matches	378	331	346	357
Senior center:				
Attendance (b)	27,782	29,001	27,779	27,610
Facility rentals	327	269	194	203
Senior meals served	19,250	24,574	27,997	19,920
Day trips taken	16	19	19	15
Day trip attendance	163	207	265	221
Overnight trips taken	16	11	12	6
Overnight trip attendance	50	69	37	34
Park maintenance:				
Picnic reservations (a)	160	155	154	160
Library:				
Items circulated	382,344	352,211	351,672	359,093
Items in collections / resources	192,766	136,629	87,995	142,904
Service hours per week	51	45	45	45

2016	2017	2018	2019	2020	2021
1,848	2,796	2,595	2,992	2,184	141
447	407	373	295	271	-
65	71	75	76	28	38
2,144	3,313	4,091	4,071	2,626	999
392	423	392	238	227	83
5,941	7,215	9,026	7,379	6,080	36
1,606	1,634	1,555	1,439	755	821
155	158	150	142	70	88
780	731	748	683	352	320
1,100	950	978	1,096	-	708
97	78	82	93	-	54
513	427	437	568	-	227
615	571	492	532	514	-
333	305	254	297	257	-
28,558	30,866	33,400	34,006	22,561	1,867
212	190	175	177	119	2
23,164	24,801	24,818	27,291	4,690	-
18	11	10	11	6	-
249	153	131	153	93	-
8	5	2	-	1	-
18	10	5	-	2	-
160	179	180	138	85	-
384,347	371,872	360,300	374,451	349,347	318,249
152,121	160,363	162,807	168,595	222,060	230,218
45	45	45	50	50	35

(Continued)

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

<u>Functions/Programs</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public Works:				
Building division:				
Building permits issued	119	201	282	270
Plumbing permits issued	132	243	275	184
Mechanical permits issued	103	173	232	245
Demolition permits issued	5	12	4	6
Fire life safety permits issued	12	29	40	60
Miscellaneous permits issued	28	26	44	44
Manufactured home permits issued	4	2	8	21
Total permits issued	<u>403</u>	<u>686</u>	<u>885</u>	<u>830</u>
Wastewater Services:				
Daily average treatment in gallons	2,960,000	2,740,000	3,240,000	2,950,000
Service connections:				
Residential	11,664	11,784	12,042	12,280
General services/commercial	1,170	1,164	1,097	1,157
Ambulance:				
Emergency Medical Service (EMS) calls	5,713	5,795	5,879	6,211
EMS patients transported	4,204	4,388	4,385	4,546
Component unit:				
Water and light:				
Water system:				
Daily average consumption in gallons	4,324,000	5,020,000	4,500,000	4,700,000
Service connections:				
Residential	11,886	12,006	12,192	12,431
General services/commercial	1,479	1,485	1,511	1,551
Electric system:				
Type	public power	public power	public power	public power
Service connections:				
Residential	13,116	13,160	13,260	13,526
General services/small industrial	2,184	2,206	2,189	2,002
Large industrial	2	2	2	2

Source: City of McMinnville departments

(a) Calendar year

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

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

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

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
261	250	358	349	349	238
233	227	246	238	296	303
301	309	310	302	388	517
10	15	17	4	7	11
37	43	49	28	25	46
56	43	67	52	50	60
15	5	5	5	7	5
<u>913</u>	<u>892</u>	<u>1,052</u>	<u>978</u>	<u>1,122</u>	<u>1,180</u>
3,310,000	2,758,000	2,735,000	4,160,000	2,830,000	2,800,000
12,121	12,493	12,770	12,869	13,267	13,697
1,083	1,113	1,151	1,158	1,152	1,172
7,248	7,028	7,000	6,423	6,296	7,337
5,156	5,234	4,902	4,753	4,440	4,873
4,800,000	4,300,000	4,500,000	4,500,000	3,900,000	4,500,000
12,238	12,619	12,882	13,021	13,268	13,702
1,475	1,479	1,542	1,628	1,592	1,701
public power	public power	public power	public power	public power	public power
13,616	13,807	13,909	14,084	14,560	14,733
2,293	2,224	2,247	2,254	2,282	2,321
2	2	2	2	2	2

(e) During fiscal years 2019-21, the affects of COVID-19 impacted some programs and services including On-site fire inspections. Most parks and recreation programs and facilities were closed beginning March 15th 2020 through the end of the 2020 fiscal year, some programs are still closed at the end of the 2021 fiscal year.

(f) During fiscal years 2019-21, the affects of COVID-19 impacted the partnership programs with the McMinnville School District #40 such as KOB.

n/a - not available

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

Functions/Programs	2012	2013	2014
Primary government:			
General government:			
Computers - desktops and laptops (e)	264	267	285
Computers - physical servers	14	17	17
Police:			
Station	1	1	1
Off-site evidence facility	1	1	1
Training facility	1	1	1
Patrol units	16	14	14
Command vehicle	2	2	2
Motorcycles	2	2	2
Fire:			
Stations	1	2	2
Training facility	1	1	1
Vehicles	16	16	16
Highways and streets:			
Miles of streets	103	103	103
Miles of storm drain sewers	75	76	76
Number of street lights	2,684	2,684	2,679
Parks and recreation:			
Aquatic center	1	1	1
Community center	1	1	1
Senior citizen center	1	1	1
Parks:			
Neighborhood parks (a)	3	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	1	1	1
Greenway/greenspaces	15	15	15
Park system acreage (a)	353	353	353
Tennis courts (c)	4	4	4
Pickleball courts (c)	-	-	-
Baseball/softball fields	11	11	11
Soccer fields	11	11	11
Outdoor basketball courts	8	8	8
Skate parks	2	2	2
Library:			
Facility	1	1	1
Bookmobile	1	1	1

Fiscal Year Ended June 30,

2015	2016	2017	2018	2019	2020	2021
280	285	291	290	290	327	329
17	12	12	12	12	11	8
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
15	15	15	15	16	16	17
2	2	2	2	1	1	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
104	104	104	105	107	108	108
77	77	78	79	83	84	85
2,679	2,679	2,697	2,719	2,762	2,816	2,841
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	4	4	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
357	357	357	357	357	357	357
4	4	4	2	2	2	2
-	-	-	6	6	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	2012	2013	2014
Primary government (continued):			
Airport:			
Runways	2	2	2
Runway 04/22: 100 ft x 5420 ft with 1,000 ft asphalt stopway (d)			
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
City owned hangars:			
Maintenance	2	2	2
Rental	27	27	27
Land leased hangars:			
Private	84	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	153
Ambulance:			
Vehicles	5	5	5
Component unit:			
Water and light:			
Water system:			
Maximum daily capacity of plant in gallons (b)	22,000,000	22,000,000	22,000,000
Watershed storage in billions of gallons	3.5	3.5	3.5
Miles of water mains	172	172	175
Fire hydrants	1,023	1,024	1,044
Electric system:			
Substations	7	7	7
Miles of distribution	320	323	325

Source: City of McMinnville departments

- (a) In fiscal year 2014-15, NW Neighborhood (Jay Pearson) park land was purchased.
- (b) In fiscal year 2017-18, six pickleball courts replaced two tennis courts in lower city park.
- (c) During fiscal years 2016-17 through 2017-18 a rehabilitation project of Runway 04/22 was in place. The Runway's dimensions prior to 2016-17 was 150 ft x 5420 ft with a 1,000 ft asphalt stopway.

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</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	1	1	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	3	3
1	1	1	1	1	1	1
5,600,000	5,600,000	6,100,000	6,100,000	6,100,000	6,100,000	6,100,000
155	155	156	157	157	157	157
6	6	7	7	6	6	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
176	177	177	178	179	181	183
1,055	1,061	1,068	1,068	1,106	1,115	1,127
7	7	7	7	7	7	7
326	329	332	331	333	330	332

(e) During fiscal year 2019-20, the affects of COVID-19 impacted the ability for most employees to work from their designated office space. This created an increase in the number of mobile workstations in use by the City to facilitate remote work environments.
n/a - not available



**City of
McMinnville**

AUDIT COMMENTS AND DISCLOSURES

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

The 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, 2021 and have issued our report thereon dated December 13, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report includes a reference to other auditors who audited the financial statements of McMinnville Water and Light Department, a discretely presented component unit of the City of McMinnville as described in our report on the City of McMinnville's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Compliance

As part of obtaining reasonable assurance about whether the City of McMinnville, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-0000 through 162-10-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, noncompliance with which could have a direct and material effect on the financial statements:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.

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 and those of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows:

1. The City did not follow ORS 279 procurement law in contracting with Green Sweep Asphalt for street sweeping services.

Internal Control Over OAR 162-10-0230

In planning and performing our audit of the financial statements, we considered City of McMinnville, Oregon's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of McMinnville, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of City of McMinnville, Oregon's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina+Co
Tualatin, Oregon
December 13, 2021