



**CITY OF MCMINNVILLE, OREGON**  
**COMPREHENSIVE ANNUAL FINANCIAL**  
**REPORT YEAR ENDED JUNE 30, 2020**



**CITY OF MCMINNVILLE, OREGON**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2020**

Prepared by:

**Finance Department**

**Jennifer K. Cuellar-Smith**  
Finance Director

**City of McMinnville, Oregon**  
**Comprehensive Annual Financial Report**  
**Year Ended June 30, 2020**

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## **INTRODUCTORY SECTION**

## **INTRODUCTORY SECTION**

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







230 NE Second Street McMinnville, Oregon 97128 [www.mcminnvilleoregon.gov](http://www.mcminnvilleoregon.gov)

March 26, 2020

Mayor Scott Hill  
City Councilors  
Citizens of the City of McMinnville

City management is pleased to submit the City of McMinnville's *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2020. The *Comprehensive Annual Financial Report (the Report)* presents the financial position of the City of McMinnville (City) as of June 30, 2020 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 *Report* 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 *Report* is complete and reliable in all material respects.

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

#### **Profile of the Government:**

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

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

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Year Ended June 30, 2020**

**McMinnville Water and Light Department:** In addition to the City's primary services the City has one discretely presented component unit, the McMinnville Water and Light Department (Department). The Department is governed by the Water and Light Commission, which is appointed by the mayor and confirmed by city council members. The Department provides water and electrical services to McMinnville residents. Additional information on the Department is located in the notes to the financial statements, Note I. B.3.

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

**Local Economy:**

McMinnville's local economy appears to be tracking the experience of the rest of the state this year. The economic outlook today given the extraordinary circumstances of the last year are summed up in the Oregon Economic and Revenue Forecast of March 2021:

The economy is emerging from a dark winter. The stage is set for stronger economic growth this year and next than the U.S. has experienced in decades, possibly generations.

Most encouraging is that the amount of economic scarring to date in terms of business closures and permanent layoffs is much better than first feared.

Although many are suffering, aggregate income has risen sharply during the recession.

Households, particularly those in the middle and upper parts of the income distribution have built up considerable amounts of savings. As the pandemic continues to wane, pent-up demand will be unleashed, fueling growth in the months ahead. The shift in spending out of physical goods and back into labor-intensive, in-person consumer services will raise employment significantly.

Overall, Oregon's economy will return to health by early-2023. This is 6-9 months sooner than expected in recent forecasts and more than a full year earlier than expected in the first post-COVID forecast released last May.

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. Four of the top five employers in McMinnville provide services related to education, government, and healthcare, providing a stable base for the City's economy. McMinnville is home to nearly 90 manufacturers, producing a wide variety of goods. Products include steel rebar, health food products, plastic and rubber products, fabricated metal products, chemicals and nonmetallic mineral products, unmanned aerial vehicles, software and computer products, and many other types of goods.

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

**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,

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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.

**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. The Oregon wine industry, in which Yamhill County plays a leading role, according to the Oregon Wine Board, has a \$7.2 billion dollar-a-year statewide economic impact.

Wineries and tasting rooms open to the public are a natural draw for tourists throughout the year. Many wineries also have festivals, music performances, and picnics during the summer. In July, McMinnville's Linfield College normally hosts the International Pinot Noir Celebration. "Due to the uncertainty posed by the novel coronavirus, the International Pinot Noir Celebration (IPNC) Board of Directors was forced to postpone the 2020 IPNC and has rescheduled the event for July 23-25, 2021(ipnc.org/)." In its 35<sup>th</sup> 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, but this year the IPNC board has limited the event to online conversations with winemakers from around the world.

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 appear to be on the rebound in the most recent quarter's data.

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 on April 10, 2020. This transition of ownership came after the landlord-owned property has been in bankruptcy multiple times in the last five years. 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 more than 150,000 tourists annually to McMinnville.

In the fall of 2019, the Oregon International Air Show (OIAS) took place at the McMinnville Municipal Airport with more than 20,000 attendees over three days coming to the event. In September 2020, OIAS planned to hold the event at the City's airport for a second time but the need to restrict public gatherings due to the public health emergency, the airshow was among the many activities canceled since March 2020. Given the improved public health trends in the community, plans for a summer 2021 airshow are moving forward.

**Population Growth:** Over the last ten years, McMinnville's population has grown by 7.3 percent, with the last year showing growth over the five-year average. 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 College, and excellence of medical and City services. For

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comparison, during the same ten-year period, Yamhill County's population grew almost nine percent, while the State of Oregon's population grew nearly 11 percent total.

<u>Year</u>	<u>McMinnville</u>		<u>Yamhill County</u>		<u>State of Oregon</u>	
	<u>Population</u>	<u>Percent Change</u>	<u>Population</u>	<u>Percent Change</u>	<u>Population</u>	<u>Percent Change</u>
2011	32,270	0.1%	99,850	0.4%	3,856,815	0.5 %
2016	33,405	1.0	103,630	1.3	4,076,350	1.5
2017	33,665	0.8	104,990	1.3	4,141,100	1.6
2018	33,810	0.5	107,415	1.0	4,195,300	1.3
2019	33,930	0.4	108,060	0.6	4,236,400	1.0
2020	34,615	2.0	108,605	0.5	4,268,055	0.7

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

McMinnville's population is projected to reach approximately 38,437 by 2025, an increase of 11 percent from its 2020 population estimate of 34,615. Yamhill County populations are also projected to increase by 10 percent, compared to the 2020 population estimate.

**Residential, Commercial, and Industrial Development:** Fiscal year 2019-20 represented another year of small commercial and industrial improvements after several years of significant commercial permitting growth due to a couple of large commercial projects such as the new high school addition and a wine production facility. However, residential permits significantly increased for the second year in a row with some much-needed multi-family apartment projects.

During fiscal year 2019-20, there were several new small and mid-range commercial developments permitted, four (4) new commercial buildings with a total valuation of \$5.7 million dollars, and thirty-five (35) commercial alterations valuing \$5.1 million dollars.

On the housing side, permits were issued for four hundred and one (401) new dwelling units in fiscal year 2019-20 with a total valuation of \$41.7 million dollars, including one hundred sixty-eight (168) single family dwelling units, and two hundred and thirty-three (233) multi-family housing units. This marks the second year that the City of McMinnville has exceeded two hundred (200) new dwelling units in over ten (10) years. And, this year added some much-need multi-family apartment complexes to the housing supply in McMinnville.

**Property Values:** Maximum assessed values and real market values are factors that are useful in measuring the economic health of a community. As illustrated in the table below, the maximum assessed value for McMinnville increased by 13 percent in the last five years and 31 percent over the last ten years. Increases were primarily related to new construction and major commercial building improvements.

From 2011 to 2020, real market value for McMinnville increased by 31 percent and Yamhill County's real market value grew by 39 percent in the last ten years. Although the City's real market value declined from 2010 through 2015, real market value has shown a steady increase over the last seven years. Maximum assessed value as a percentage of estimated real market value was 66 percent in 2020.

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Year Ended June 30, 2020**

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

<u>Fiscal Year End</u>	<u>McMinnville</u>				<u>Yamhill County</u>	
	<u>Maximum Assessed Value</u>	<u>Percent Change</u>	<u>Real Market Value</u>	<u>Percent Change</u>	<u>Real Market Value</u>	<u>Percent Change</u>
2011	\$ 2,106,858	3.6%	\$ 3,193,379	(2.3)%	\$ 10,403,609	0.8%
2016	2,450,382	6.3	3,119,906	8.3	10,303,700	5.9
2017	2,509,071	2.4	3,418,883	8.7	11,429,250	9.8
2018	2,591,403	3.3	3,722,888	8.9	12,744,339	11.5
2019	2,634,438	1.7	3,930,001	5.6	13,656,881	6.9
2020	2,742,458	5.1	4,191,800	6.7	14,409,731	5.5

Source: Yamhill County Assessor's Office

**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>Operating Levy</u>	<u>Debt Service Levy</u>	<u>Urban Renewal</u>	<u>Total Property Tax Levy</u>	<u>Consolidated Property Tax Rate</u>
2011	\$ 5.02	\$ 0.72	-	\$ 5.74	\$ 16.49
2016	5.02	1.16	0.05	6.23	17.04
2017	5.02	1.08	0.07	6.18	17.00
2018	5.02	1.34	0.08	6.44	17.12
2019	5.02	1.45	0.04	6.51	17.18
2020	5.02	1.29	0.03	6.33	17.00

Source: Yamhill County Assessor's Office

**Fiscal Policy and Financial Planning:**

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

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For fiscal year 2019-20, the City's General Fund ending fund balance is approximately 26 percent of total General Fund operating expenditures, excluding transfers out to other funds. This meets the minimum General Fund reserve targeted in the fund balance policy adopted by the City Council in 2011. This policy recommends that 25 percent of annual budgeted expenditures should be maintained as a cash reserve. Additional information on the City's fund balance policy is included in the notes to the financial statements, Note I.F.13.

The City went through a process to review its general fund balance policy which resulted in a new city-wide fund balance policy in October of 2020.

**Major Initiatives:**

The McMinnville Programming Advisory Committee (MacPAC), made up of 19 community members, was assembled in February 2020 to assist the City of McMinnville as it examines the future of recreation facilities, library, programs and enrichments services. It has been meeting monthly, moving to remote sessions in March 2020, and has looked at options for the Community Center, Library, Aquatic Center and Senior Center. As they have undertaken this community project, it has used a diversity, equity and inclusion lens in its work to always ask "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 are anticipated within the next year.

The FY2019-20 period has seen advancement on and completion of a number of projects including:

- Old Sheridan Road improvements
- Jay Pearson Neighborhood Park completed
- Airport apron rehabilitation project and Jet A Fuel Tank construction
- 12<sup>th</sup> Street sanitary sewer project, replaced or rehabilitated over 22,000 ft of old sewer mains and service laterals reducing unwanted inflow and infiltration into the collection system
- Water Reclamation Facility tertiary treatment and disinfection project
- Public Works staff developed a driver feedback program that included 2 portable driver feedback signs along various corridors throughout the City.
- Police Department (MPD) rolled out at public facing policy module and identified a consultant who will be providing ongoing training to our staff on Diversity, Equity, and Inclusion.
- MPD upgraded its mobile and portable radios to an interoperable digital radio platform to be used with other public safety entities
- The Fire Department (MFD) underwent a yearlong study to determine if consolidating Fire and EMS services in the local area is feasible. Partnering to create a new Fire District was identified by City Council as a priority as MFD continues its efforts to be a sustainable organization that provides exceptional Fire and EMS services to our citizens.
- McMinnville Code Compliance staff organized a weekend of graffiti cleanup and removal.

The city has also advanced on several of the goals contained in its strategic plan, Mac-Town 2032, enacted in 2019. An initiative to invest in the workforce through carrying out a class and comp study got underway in 2020 as did efforts to advance diversity, equity and inclusion across the city. Considerable efforts were made with regards to the McMinnville Urban Growth Boundary long term planning which laid the basis for an ordinance adopting a plan in December 2020.

In March of 2020, city operations were significantly impacted by the start of the Covid-19 state of emergency which continues to be in force a year later. All public buildings became closed to the public and wherever possible staff moved to working remotely in their homes. For those critical services like Fire-EMS services, police, public works and wastewater that could not be carried out remotely, each department and building made modifications to allow for safe interactions with the public and to facilitate social distancing.

- The Municipal Court suspended hearings and activities for 8 weeks while it invested in technology solutions and piloted new business processes and communications methodologies to start remote court operations in May 2020.

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- The Parks and Recreation Department, after mastering everchanging COVID guidelines, safely operated our STARS Summer Day Camp out of the Senior Center. We operated at 37% capacity to a non-COVID year and had no COVID outbreaks.
- The Public Library developed a home delivery program with over 950 households participating that delivered 19,000 books and other materials so far throughout the pandemic period
- The Information Systems Department moved the city to a mobile workforce where over 80% of city employees are able to work remotely from home using rapidly deployed mobile meeting tools, work-from-home hardware setups, and VPN connectivity from anywhere.

**Certificate of Achievement:**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of McMinnville for its *Comprehensive Annual Financial Report (the Report)* for the fiscal year ended June 30, 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 *Report* and must satisfy both generally accepted accounting principles and applicable legal requirements. This award is the highest form of recognition for excellence in state and local government financial reporting.

A Certificate of Achievement is valid for a period of one year only. We believe our current *Report* continues to meet these standards and will be submitted to GFOA to determine eligibility for another certificate.

**Acknowledgements:**

The preparation of the *Comprehensive Annual Financial Report (the Report)* 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 *Report*.


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 *Report* a meaningful presentation of the City's financial statements.

For the first time, the City contracted with Merina and Co to prepare the Report 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







Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of McMinnville  
Oregon**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

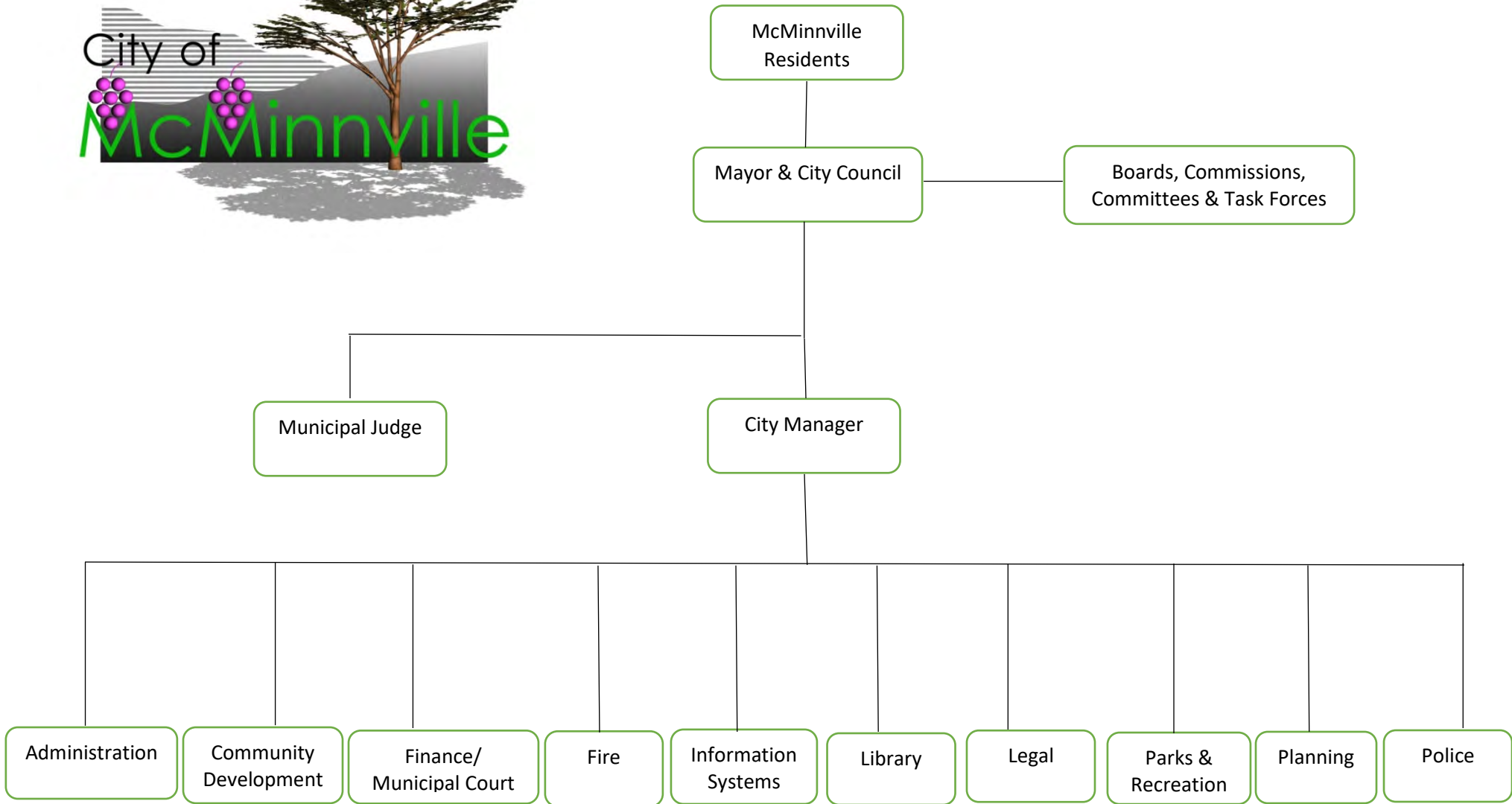
**City of McMinnville, Oregon**

**Elected Officials  
And  
Principal Appointed Officers of the City  
June 30, 2020**

	<b><u>CITY COUNCIL</u></b>	<b><u>TERM EXPIRES</u></b>
<b>Scott Hill</b> 1525 Gilson Court McMinnville, Oregon 97128	Mayor	December 31, 2020
<b>Wendy Stassens</b> 166 SW Eckman Street McMinnville, Oregon 97128	Ward I	December 31, 2020
<b>Sal Peralta</b> 925 SE Davis Street McMinnville, Oregon 97128	Ward I	December 31, 2022
<b>Kellie Menke</b> 595 NW Mt Mazama Street McMinnville, Oregon 97128	Ward II Council President	December 31, 2020
<b>Zack Geary</b> 128 NW 8th Street McMinnville, Oregon 97128	Ward II	December 31, 2022
<b>Adam Garvin</b> 2940 NE Lafayette Avenue McMinnville, Oregon 97128	Ward III	December 31, 2020
<b>Remy Drabkin</b> 905 NE 10 <sup>th</sup> Avenue McMinnville, Oregon 97128	Ward III	December 31, 2022

**CITY ADMINISTRATION**

<b>Jeffrey R. Towery</b>	<b>City of McMinnville City Manager</b>
<b>Jennifer K. Cuellar-Smith</b>	<b>City of McMinnville Finance Director</b>





## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of McMinnville, Oregon

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of McMinnville, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of McMinnville's basic financial statements as listed in the table of contents.

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

City of McMinnville's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the McMinnville Water & Light 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of McMinnville, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison statement for the

General Fund and Airport Maintenance Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplemental and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of McMinnville's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

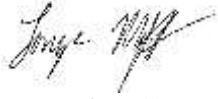
## **Reports on Other Legal and Regulatory Requirements**

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021 on our consideration of City of McMinnville'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'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 City of McMinnville'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 March 26, 2021, on our consideration of City of McMinnville'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  
March 26, 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) *Comprehensive Annual Financial Report* presents a narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2020. Information in the MD&A is based on currently known facts, decisions and conditions. Please read it in conjunction with the basic financial statements, the accompanying notes to those financial statements, and the City's "Letter of Transmittal" contained in this *Comprehensive Annual Financial Report (CAFR)*. In an effort to make the MD&A more readable, all amounts have been rounded to the nearest million or in some cases the nearest thousand.

### **Financial Highlights**

- The City's assets and deferred outflows of resources totaled \$235.1 million at June 30, 2020, consisting of \$159.3 million in capital assets, \$45.9 million in unrestricted cash and investments, \$9.6 million in restricted cash and investments, and \$20.4 million in other assets and deferred outflows of resources. Total assets and deferred outflows of resources increased by \$4.8 million from the previous fiscal year.
- The City's liabilities and deferred inflows of resources totaled \$80.8 million at June 30, 2020 consisting of \$64.7 million in long-term liabilities and \$7.2 million in accounts payable and other liabilities, and \$7.0 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 \$154.3 million at the close of fiscal year 2020. Unrestricted net position totaled \$16.8 million. The City's net investment in capital assets totaled \$126.0 million and net position restricted for capital projects, building operations, and debt service totaled \$11.4 million.
- For its governmental activities, the City generated \$9.1 million in charges for services and received \$1.6 million in operating grants and \$2.4 million in capital grants and contributions. Direct expenses, including interest on long-term debt, were \$42.1 million for the year. Total revenues, including \$26.5 million of general revenues received, and total expenditures, including \$2.4 million in transfers out, resulted in a decrease in net position of \$4.9 million.
- For its business-type activities, the City generated \$12.6 million in charges for services, capital grants and contributions, and other revenue to fund direct expenses of \$7.2 million. In addition, \$2.4 million in transfers in resulted in a change in net position of \$7.8 million.
- Fund balance in the City's governmental funds was \$18.6 million at June 30, 2020, an increase of \$0.6 million from June 30, 2019. Approximately \$5.0 million is available for spending at the City's discretion (unassigned fund balance), up \$1 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.

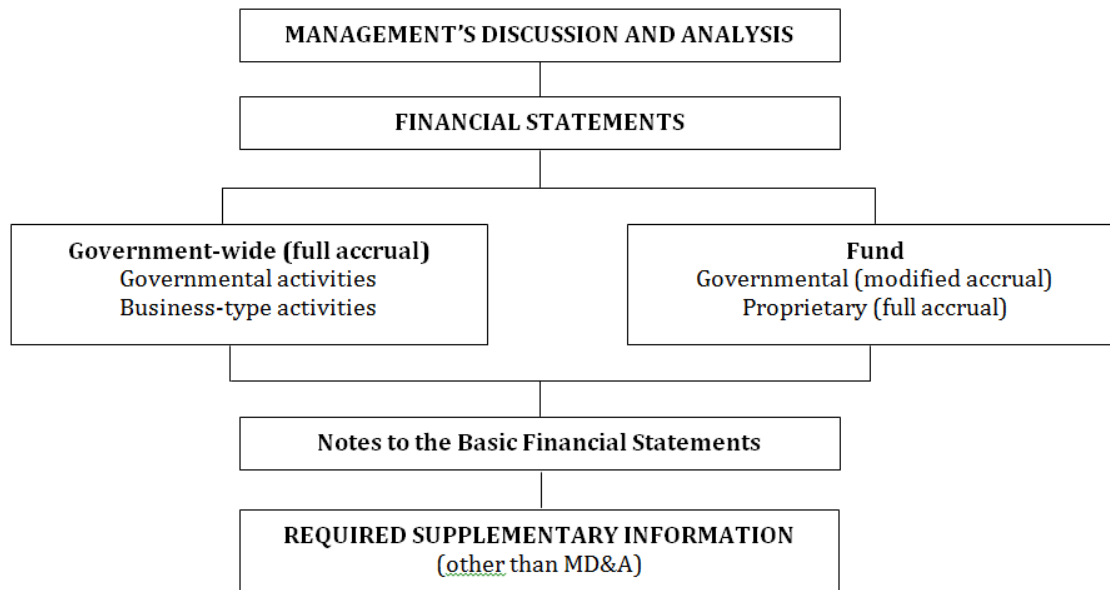
### **Overview of the Financial Statements**

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.

In fiscal year 2020, the City closed the Ambulance Fund and moved all ambulance activities into the General Fund – Fire Department. Additionally, the City changed the classification of the Building Fund from an enterprise fund to a non-major, special revenues fund within the governmental classification.

- **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, four of which are considered major funds. The General Fund, Transportation 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, seven 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 \$154.3 million at the close of fiscal year 2020.

## 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.

**Statement of Net Position**  
**June 30, 2020 and 2019**  
(in millions)

	<b>Primary Government</b>									<b>Component Unit Water and Light The "Department"</b>		
	<b>Governmental Activities</b>			<b>Business-Type Activities</b>			<b>Total City</b>			<b>2020</b>	<b>2019</b>	<b>Change</b>
	<b>2020</b>	<b>2019</b>	<b>Change</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>			
Cash and investments	\$ 20.6	\$ 21.1	\$ (0.5)	\$ 34.9	\$ 31.9	\$ 3.0	\$ 55.5	\$ 53.0	\$ 2.5	\$ 55.4	\$ 54.2	\$ 1.2
Other assets	5.2	4.7	0.5	1.8	1.8	-	7.0	6.5	0.5	8.4	8.5	(0.1)
Capital assets	103.0	102.5	0.5	56.2	56.3	(0.1)	159.2	158.8	0.4	136.7	128.4	8.3
<b>Total assets</b>	<b>128.8</b>	<b>128.3</b>	<b>0.5</b>	<b>92.9</b>	<b>90.0</b>	<b>2.9</b>	<b>221.7</b>	<b>218.3</b>	<b>3.4</b>	<b>200.5</b>	<b>191.1</b>	<b>9.4</b>
Deferred outflows of resources	12.4	9.0	3.4	1.0	3.0	(2.0)	13.4	12.0	1.4	7.0	8.7	(1.7)
Other liabilities	8.4	8.8	(0.4)	0.7	1.2	(0.5)	9.1	10.0	(0.9)	7.0	5.8	1.2
Non-current liabilities	62.2	52.9	9.3	2.5	7.1	(4.6)	64.7	60.0	4.7	13.5	14.6	(1.1)
<b>Total liabilities</b>	<b>70.6</b>	<b>61.7</b>	<b>8.9</b>	<b>3.2</b>	<b>8.3</b>	<b>(5.1)</b>	<b>73.8</b>	<b>70.0</b>	<b>3.8</b>	<b>20.5</b>	<b>20.4</b>	<b>0.1</b>
Deferred inflows of resources	6.5	6.6	(0.1)	0.5	2.3	(1.8)	7.0	8.9	(1.9)	1.8	1.5	0.3
Net investment in capital assets	69.9	75.1	(5.2)	56.2	56.3	(0.1)	126.1	131.4	(5.3)	136.7	128.4	8.3
Restricted	11.4	11.0	0.4	-	1.1	(1.1)	11.4	12.1	(0.7)	0.1	-	0.1
Unrestricted	(17.2)	(17.1)	(0.1)	34.0	25.0	9.0	16.8	7.9	8.9	48.4	49.5	(1.1)
<b>Total net position</b>	<b>\$ 64.1</b>	<b>\$ 69.0</b>	<b>\$ (4.9)</b>	<b>\$ 90.2</b>	<b>\$ 82.4</b>	<b>\$ 7.8</b>	<b>\$154.3</b>	<b>\$151.4</b>	<b>\$ 2.9</b>	<b>\$185.2</b>	<b>\$177.9</b>	<b>\$ 7.3</b>

The largest portion of the City's net position, or \$126.1 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 \$11.4 million and represents amounts that are legally restricted for capital expansion, debt service, or other purposes. The total \$16.8 million unrestricted net position is the net of an \$17.2 million unrestricted net position deficit in governmental activities and \$34.0 million unrestricted net position in business-type activities.

**For governmental activities**, total net position decreased by \$4.9 million compared to fiscal year 2019. Net investment in capital assets decreased by \$5.2 million. Restricted net position increased by \$0.4 million and the unrestricted net position deficit became smaller by \$0.1 million compared to the previous fiscal year. Capital assets

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

increased by \$0.5 million compared to 2019 due to street infrastructure and city parks construction projects. Deferred outflow of resources, related to future pension obligations, increased by \$3.4 million. Long term liabilities increased by \$9.3 million, primarily due to increased net pension liabilities, including the impact of moving two former business type funds into the governmental category during the current fiscal year, that outstripped decreases due to the planned payment of debt service obligations during the year with no new debt issuances of note during FY20.

**For business-type activities**, total net position increased by \$7.8 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 2020 by \$3.3 million and a net pension liability decline of \$3.9 million resulting from work force transfer out of business type for the ambulance and building funds to a governmental fund classification.

**Department - Statement of Net Position:** Total net position for the Department increased by \$7.3 million largely due to increased net investment in capital assets. Total combined non-current liabilities decreased in 2020 by \$1.1 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.

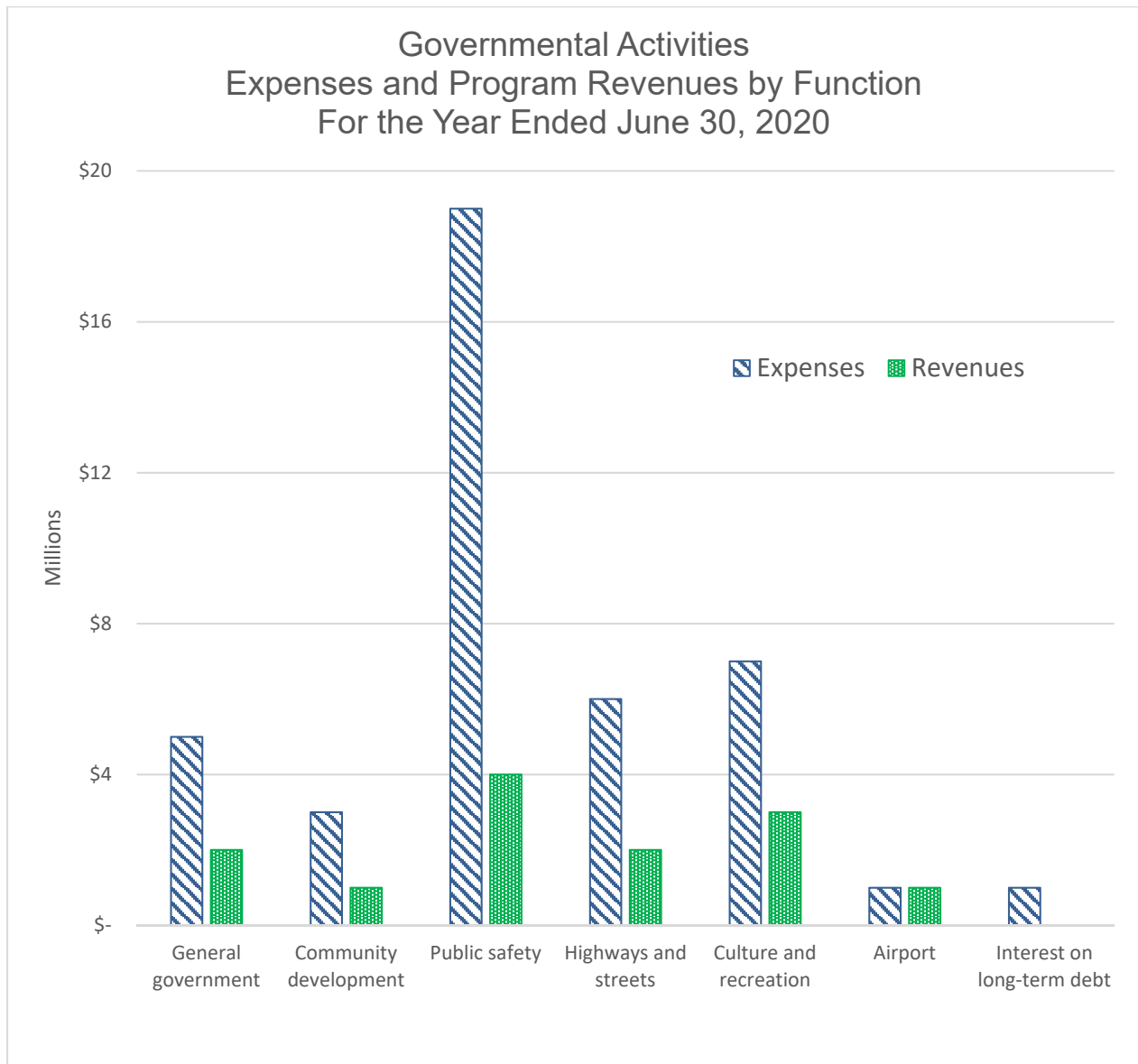
	Primary Government									Component Unit Water and Light The "Department"		
	Governmental Activities			Business-Type Activities			Total City			2020	2019	Change
	2020	2019	Change	2020	2019	Change	2020	2019	Change			
<b>Revenues:</b>												
Program												
Charges for service	\$ 9.1	\$ 4.6	\$4.5	\$10.5	\$14.8	\$(4.3)	\$ 19.6	\$ 19.4	\$0.2	\$ 50.2	\$ 47.5	\$2.7
Operating grants & contributions	1.6	3.6	(2.0)	-	-	-	1.6	3.6	(2.0)	-	-	-
Capital grants & contributions	2.4	4.2	(1.8)	1.5	1.9	(0.4)	3.9	6.1	(2.2)	1.9	2.3	(0.4)
General												
Property taxes	17.8	17.5	0.3	-	-	-	17.8	17.5	0.3	-	-	-
Franchise taxes	3.5	2.7	0.8	-	-	-	3.5	2.7	0.8	-	-	-
Other	5.2	3.1	2.1	0.6	0.6	-	5.8	3.7	2.1	6.4	6.2	0.2
<b>Total revenues</b>	<b>39.6</b>	<b>35.7</b>	<b>3.9</b>	<b>12.6</b>	<b>17.3</b>	<b>(4.7)</b>	<b>52.2</b>	<b>53.0</b>	<b>(0.8)</b>	<b>58.5</b>	<b>56.0</b>	<b>2.5</b>
<b>Expenses:</b>												
Governmental activities:												
General government	5.0	3.9	1.1	-	-	-	5.0	3.9	1.1	-	-	-
Community development	2.7	2.5	0.2	-	-	-	2.7	2.5	0.2	-	-	-
Public safety	19.3	16.1	3.2	-	-	-	19.3	16.1	3.2	-	-	-
Highways and streets	5.9	4.0	1.9	-	-	-	5.9	4.0	1.9	-	-	-
Culture and recreation	7.5	7.3	0.2	-	-	-	7.5	7.3	0.2	-	-	-
Airport	0.6	0.3	0.3	-	-	-	0.6	0.3	0.3	-	-	-
Interest on long-term debt	1.1	1.3	(0.2)	-	-	-	1.1	1.3	(0.2)	-	-	-
Business-type activities:												
Wastewater	-	-	-	7.2	7.8	(0.6)	7.2	7.8	(0.6)	-	-	-
Ambulance	-	-	-	-	6.4	(6.4)	-	6.4	(6.4)	-	-	-
Building	-	-	-	-	0.8	(0.8)	-	0.8	(0.8)	-	-	-
Component unit	-	-	-	-	-	-	-	-	-	51.2	48.2	3.0
<b>Total expenses</b>	<b>42.1</b>	<b>35.4</b>	<b>6.7</b>	<b>7.2</b>	<b>15.0</b>	<b>(7.8)</b>	<b>49.3</b>	<b>50.4</b>	<b>(1.1)</b>	<b>51.2</b>	<b>48.2</b>	<b>3.0</b>
<b>Changes in net position before transfers</b>	<b>(2.5)</b>	<b>0.3</b>	<b>(2.8)</b>	<b>5.4</b>	<b>2.3</b>	<b>3.1</b>	<b>2.9</b>	<b>2.6</b>	<b>0.3</b>	<b>7.3</b>	<b>7.8</b>	<b>(0.5)</b>
Transfers	(2.4)	(0.7)	7.0	2.4	0.7	-	-	-	-	-	-	-
<b>Change in net position</b>	<b>(4.9)</b>	<b>(0.4)</b>	<b>4.2</b>	<b>7.8</b>	<b>3.0</b>	<b>3.1</b>	<b>2.9</b>	<b>2.6</b>	<b>0.3</b>	<b>7.3</b>	<b>7.8</b>	<b>(0.5)</b>
Beginning net position as previously reported	69.0	69.4	(0.4)	82.4	79.4	3.0	151.4	148.8	2.6	177.9	170.1	7.8
<b>Total net position</b>	<b>\$64.1</b>	<b>\$69.0</b>	<b>\$3.8</b>	<b>\$90.2</b>	<b>\$82.4</b>	<b>\$ 6.1</b>	<b>\$154.3</b>	<b>\$151.4</b>	<b>\$5.2</b>	<b>\$185.3</b>	<b>\$177.9</b>	<b>\$7.4</b>

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

**For governmental activities**, program revenues increased by \$0.7 million due to an increase in charges for services. General revenues increased by \$3.2 million compared to the prior year due to an increase in state share revenues.

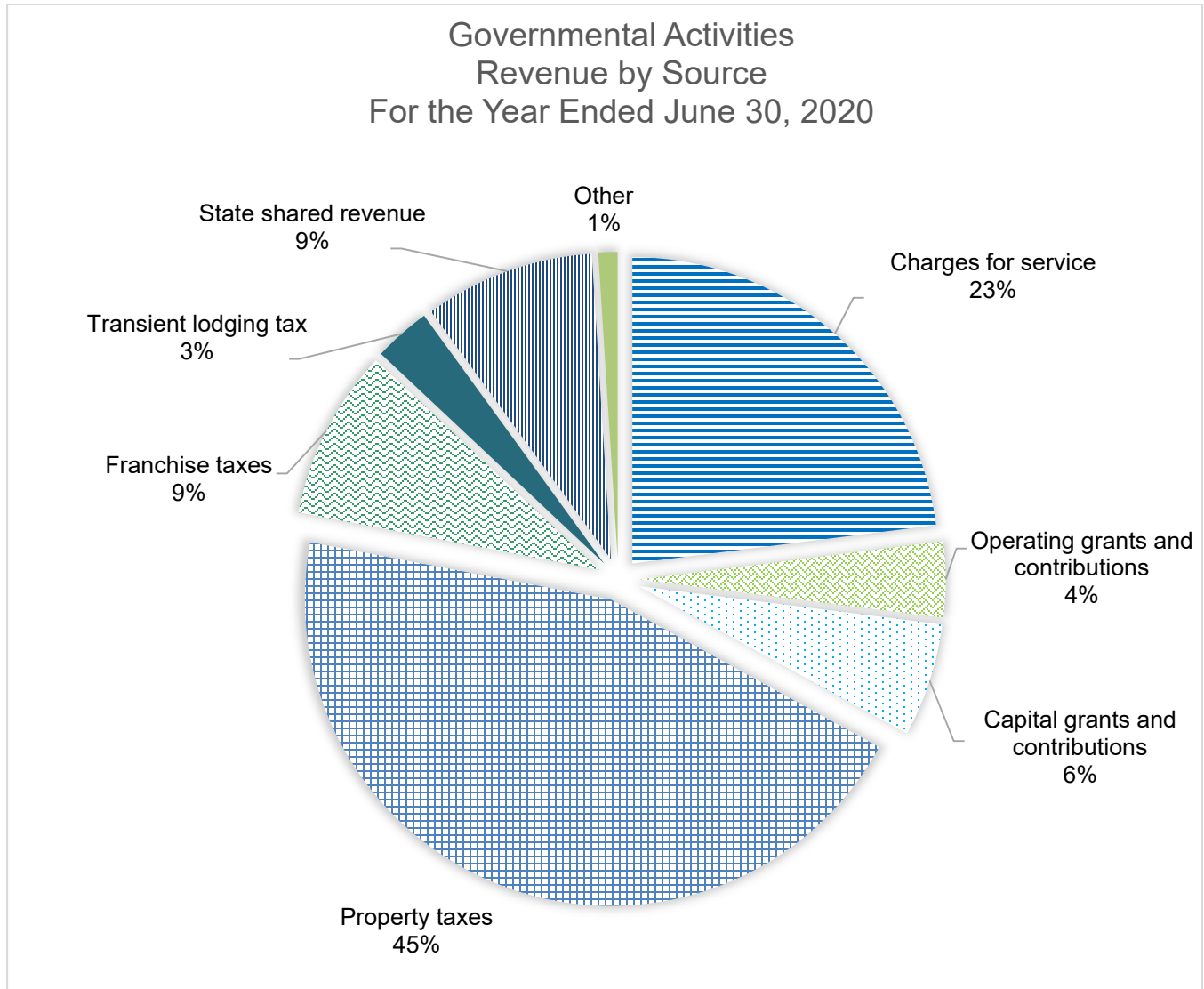
Total expenses for governmental activities increased by \$6.7 million compared to the prior year. Generally, expenses for governmental activities increase due to higher salaries and fringe benefits costs; the annual changes for pension expense related to GASB 68 can move significantly. Pension expense (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. This year, for example, the reclassification of two business type funds to governmental type funds was an unusual occurrence that added expense in the governmental category. 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.



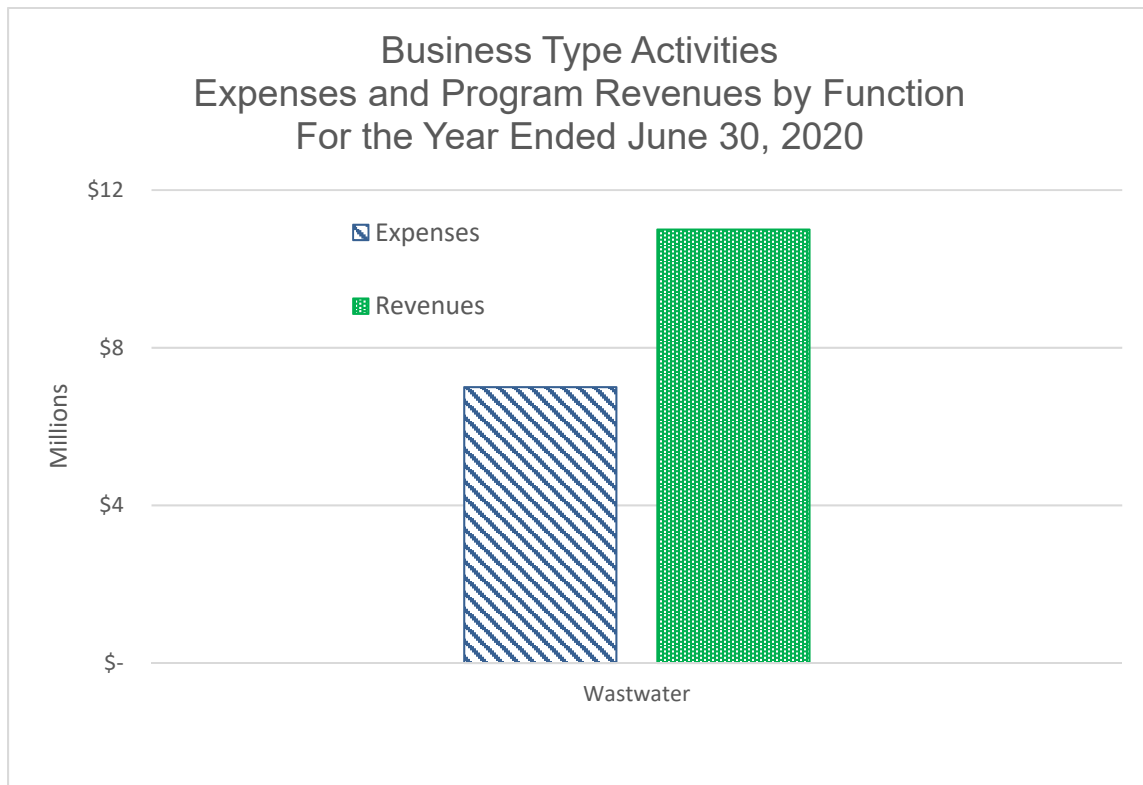


## City of McMinnville - Management's Discussion and Analysis

**For business-type activities**, total revenue, primarily consisting of charges for services, decreased by \$4.7 million. Charges for services, primarily transport fees previously in the ambulance fund that are not classified as governmental revenue as of FY20, decreased by \$4.3 million and wastewater's capital grants declined by \$0.4 million this year over last.

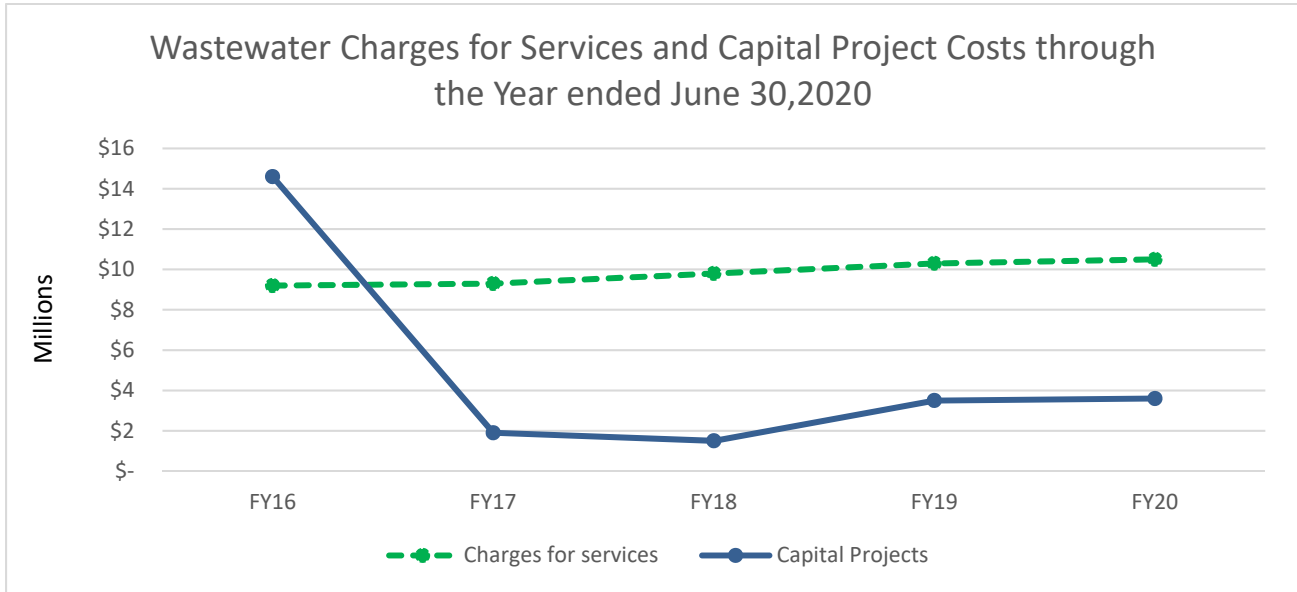
Expenses for business-type activities decreased by \$7.8 million compared to the prior year. Generally, expenses increased due to higher costs of salaries and fringe benefits and GASB 68 pension expense for the year. However, for this year, the decline in expenses is a one time phenomena due to moving the ambulance and building funds out of the business type fund category.

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



**Department - Statement of Activities:** Combined operating revenues for electric and water increased by 6% over the prior year. Electric and Water rates both saw increases (2.9% and 3.0% respectively) but consumption decreases for residential and general service customer classes negated gains from those increases. Actual revenue gains over the prior year were largely the result of increased electric demand by industrial customers. Operating expense increases for both electricity and water included O&M, customer account, administrative, pension, and depreciation costs. The City of McMinnville payment in-lieu of tax amount also increased due to adjustments to the calculation of electric division receipts. Economic and/or weather conditions, along with conservation continue to be factors for both water and electric consumption. Total other net revenue increased slightly by 2% over the prior year. Contributions in aid of construction were down 16% due to a decreased development in the community.

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

### Fund Financial Analysis

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

Total General Fund revenues increased by \$4.3 million or 18.4 percent compared to the prior year. Charges for services increased by \$2.3 million due to transfer of ambulance transport fees reflected in the general fund for the first time. Intergovernmental revenue increased by \$1.2 million due in part to Coronavirus Relief Fund receipts. Property tax, licenses and permits, fines and forfeitures, and miscellaneous revenues combined increased by \$0.8 million. In the General Fund, charges for services are primarily from ambulance transports or parks and recreation user fees. On the modified accrual basis, charges for services revenue also includes internal charges for services that are recorded as transfers on the budgetary basis.

Total General Fund expenditures increased by \$5.9 million compared to the prior year, primarily due to incorporating ambulance services into the general fund when previously they had been accounted for in a separate enterprise fund. All fund expenditures decreased by \$2.7 million, resulting from a decline expenditures in transportation and capital outlays of \$3.8 million while other funds had a net increase in expense.

In the General Fund, total expenses exceeded revenues by \$0.9 million in 2020. After taking into account other financing sources (uses) the net change in fund balance for the year was a decrease of \$1.3 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, 2020 and 2019  
(in thousands)

	Ending Fund Balances											
	Major Funds								Non-major Funds		Total	
	General		Airport		Transportation		Debt Service Funds		2020	2019	2020	2019
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Unassigned	\$ 6,602	\$ 5,814	\$ -	\$ (34)	\$ -	\$ -	\$ (1,641)	\$ (1,848)	\$ -	\$ -	\$ 4,961	\$ 3,932
Assigned	712	655	-	-	-	-	-	-	1,646	147	2,358	802
Committed	-	-	-	-	-	-	-	-	40	174	40	174
Restricted	-	-	563	-	5,803	5,699	1,356	1,475	3,453	3,775	11,175	10,949
Nonspendable	11	2,114	-	-	-	-	-	-	72	49	83	2,163
<b>Ending Fund Balance</b>	<b>\$ 7,325</b>	<b>\$ 8,583</b>	<b>\$ 563</b>	<b>\$ (34)</b>	<b>\$ 5,803</b>	<b>\$ 5,699</b>	<b>\$ (285)</b>	<b>\$ (373)</b>	<b>\$ 5,211</b>	<b>\$ 4,145</b>	<b>\$18,617</b>	<b>\$18,020</b>

General Fund nonspendable fund balance includes \$11,000 in prepaid expenses. The assigned fund balance includes \$0.7 million of Length of Service Award Program (LOSAP) plan assets. LOSAP is a non-qualified retirement plan for the City's volunteer firefighters. LOSAP is described in more detail in the notes to the financial statements, Note IV.D.2. Unassigned fund balance increased by \$0.8 million compared with the prior year.

The Airport Maintenance Fund restricted balance was \$560,000 at the end of 2020. 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.

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

Federal Aviation Administration (FAA) grants receivable have declined relative last year by \$0.7 million, reducing its deferred inflows of resources/unavailable revenue by that amount.

The Transportation Fund fund balance has remained steady year over year, increasing by \$100,000 with fewer outlays this year on projects with an anticipated upturn again in spending for the next year on 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.

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

### Proprietary Fund - Ending Fund Balances June 30, 2020 and 2019 (in thousands)

	Ending Net Position									
	Wastewater		Ambulance		Building		Internal Service		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Unrestricted	\$ 33,957	\$ 29,271	\$ -	\$ (4,243)	\$ -	\$ -	\$ 870	\$ 1,466	\$ 34,827	\$ 26,494
Restricted	19	-	-	-	-	1,094	5	-	24	1,094
Net investment in capital assets	56,190	55,514	-	538	-	233	375	414	56,565	56,699
<b>Fund Balance</b>	<b>\$ 90,166</b>	<b>\$ 84,785</b>	<b>\$ -</b>	<b>\$ (3,705)</b>	<b>\$ -</b>	<b>\$ 1,327</b>	<b>\$ 1,250</b>	<b>\$ 1,880</b>	<b>\$ 91,416</b>	<b>\$ 84,287</b>

**For proprietary funds**, total ending net position for proprietary funds, including internal services funds, increased by \$7.1 million compared to 2019; Wastewater's unrestricted net position increased by \$5.4 million while internal service fund net position declined by \$0.6 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 \$0.1 million decrease in net investment in capital assets in business type funds resulted from moving the ambulance and building funds out of the business type categorization.

Internal service funds include Information Systems & Services (IS) and Insurance Services Funds. Net position for both funds declined by \$0.6 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 2020, the City paid \$46,000 less in combined premiums and paid claims relative fiscal year 2019. The City purchases property, liability, and workers compensation insurance from City County Insurance Services, a public entity risk pool.

### General Fund Budgetary Highlights

During the fiscal year, three supplemental budgets were adopted by the City Council that amended the General Fund budget. One was for a police department vehicle lease that had been scheduled for FY2018-19 but was moved to fiscal year 2019-20. The second included internal borrowing for police department capital needs and increased appropriations for the aquatic center to move maintenance projects to the spring as Covid-19 had required the swimming pool to close to avoid a closure in the summer should conditions allow for public opening in the upcoming fiscal year. The final supplemental budget action was to move the budgetary appropriation authority in the ambulance fund to the general fund as part of the consolidation of those activities into the fire department.

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

Total General Fund revenues ran \$0.5 million behind the final budget primarily due to lower than anticipated transport revenues; the combined impact of operating a full year with outsourced billing, the early Covid-19 pandemic effect on typical ambulance run activity and writing off considerable portions of old accounts receivable resulted in what is anticipated to be an unusual dip of \$1.7 million behind budget in this revenue type. Property taxes, licenses and permits and intergovernmental revenues totaled \$1.3 million higher than budget. Total General Fund expenditures were \$4.6 million less than budget. This favorable variance in expenditures was due to savings achieved in all General Fund departments, some a result of building closures, the consequent reduced staffing needs and other disruptions in the spring due to the pandemic.

### 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, 2020 and 2019

(in millions)

	Governmental Activities		Business-Type Activities		Total City	
	2020	2019	2020	2019	2020	2019
Land	28.6	28.6	0.8	0.8	29.4	29.4
Easements	1.9	1.9	0.2	0.2	2.1	2.1
Public art	0.2	0.2	0.0	0.0	0.2	0.2
Land improvements	20.4	18.8	0.1	0.1	20.5	18.9
Buildings	33.4	32.9	54.6	55.0	88.0	87.9
Machinery and equipment	6.8	6.4	2.4	2.5	9.2	8.9
Vehicles	6.7	5.2	1.1	1.8	7.8	7.0
Infrastructure	92.8	90.9	47.9	47.4	140.7	138.3
Construction in progress	<u>1.7</u>	<u>1.9</u>	<u>6.7</u>	<u>3.7</u>	<u>8.4</u>	<u>5.6</u>
<b>Total capital assets</b>	<b>192.5</b>	<b>186.8</b>	<b>113.8</b>	<b>111.5</b>	<b>306.3</b>	<b>298.3</b>
Accumulated depreciation	<u>(89.5)</u>	<u>(84.4)</u>	<u>(57.6)</u>	<u>(55.2)</u>	<u>(147.1)</u>	<u>(139.6)</u>
<b>Net capital assets</b>	<b><u>103.0</u></b>	<b><u>102.4</u></b>	<b><u>56.2</u></b>	<b><u>56.3</u></b>	<b><u>159.2</u></b>	<b><u>158.7</u></b>

**Capital Assets:** The City's total net capital assets increased \$0.5 million.

- Governmental activities total capital assets increased by \$0.6 million, with new capitalized projects and capital additions slightly outpacing depreciation for the year.
- For business-type activities, total capital assets decreased \$0.1 million, because annual depreciation was slightly higher than Wastewater infrastructure projects in construction in progress category. Moving the assets held by the ambulance and building fund in the business type category to governmental also had an impact of further reducing asset values.

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, 2020 and 2019**  
(in millions)

	Governmental Activities		Business-Type Activities		Total City	
	2020	2019	2020	2019	2020	2019
General obligation bonds	27.4	30.4			27.4	30.4
Full faith and credit	5.7	5.0			5.7	5.0
Pension related debt	<u>2.6</u>	<u>2.2</u>	<u>0.2</u>	<u>0.9</u>	<u>2.8</u>	<u>3.1</u>
<b>Total outstanding debt</b>	<b><u>35.7</u></b>	<b><u>37.6</u></b>	<b><u>0.2</u></b>	<b><u>0.9</u></b>	<b><u>35.9</u></b>	<b><u>38.5</u></b>

**Outstanding Debt:** At June 30, 2020, the City had \$35.9 million in outstanding debt compared to \$38.5 million in the prior year, excluding liabilities related to other post-employment benefits (OPEB), for a net decrease of \$2.6 million. The decrease in general obligation bonds of \$3.0 million was due to planned debt service payments. Full faith and credit debt increased by \$0.7 million due to an \$800,000 addition offset by principal payments made in 2020. Pension related debt also decreased by \$0.3 million due to principal payments on the loan executed in 2017 to pay off the balance of the City's PERS transition liability. Of the total outstanding debt for governmental activities, approximately \$3.8 million is due within one year.

For business-type activities, the total debt outstanding of \$0.2 million at June 30, 2020 is pension related debt. Business type pension debt came down by 0.7 million relative the prior year, a change that is primarily due to moving two business type funds into governmental categories in FY2019-20.

The \$27.4 million in governmental activities general obligation debt is entirely payable from property taxes levied specifically for that purpose. The remaining \$5.7 million in full faith and credit obligation and \$2.8 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 2020, maximum assessed property values increased by 5.1 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 6.7 percent in 2020 compared to the prior year. Real market values decreased from 2010 through 2014, but have been steadily increasing since 2014. For fiscal year 2020, assessed property values are 66.0 percent of real market value compared to 67.0 percent in 2019.
- The total value of commercial, industrial and residential building permits decreased to \$81.4 million in 2020 compared to \$86.6 million in 2019, due to a decrease of \$11.4 million in commercial and industrial permits while residential permits increased by \$6.2 million.
- Unemployment rates in Yamhill County spiked after trending downward over the last decade primarily due to the effects of the novel coronavirus pandemic and the many business and industry cutbacks and closures mandated by the State of Oregon. Unemployment rates (not seasonally adjusted) for Yamhill County were 10.2 percent in June 2020 compared to 3.1 percent in June 2019.
- For the fiscal year ended 2020, the assessed value of McMinnville's Urban Renewal district was \$114.4 million, an increase of 32.5 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. In recent years, City employees have transitioned to copay health insurance plans to partially mitigate the increasing cost of premiums.
- 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](mailto:jennifer.cuellar@mcminnvilleoregon.gov).

## **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, OREGON**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ 11,007,166	\$ 34,938,224	\$ 45,945,390	\$55,462,458
Accounts receivable, net	3,386,662	764,912	4,151,574	4,781,953
Due from component unit	862,763	848,276	1,711,039	-
Prepays	860,798	2,480	863,278	-
Inventories	-	-	-	1,147,154
Other current assets	-	-	-	872,892
Renewable energy certificates	-	-	-	134,127
Regulatory asset-conservation charges	-	-	-	1,371,093
Internal balances	(174,600)	174,600	-	-
Restricted cash and investments	9,575,095	-	9,575,095	-
Total current assets	<u>25,517,884</u>	<u>36,728,492</u>	<u>62,246,376</u>	<u>63,769,677</u>
Noncurrent assets:				
Capital assets:				
Non-depreciable	32,517,335	7,729,871	40,247,206	12,602,263
Depreciable, net	70,532,453	48,460,064	118,992,517	124,084,810
Net OPEB asset	236,651	19,122	255,773	89,267
Total noncurrent assets	<u>103,286,439</u>	<u>56,209,057</u>	<u>159,495,496</u>	<u>136,776,340</u>
Total assets	<u>128,804,323</u>	<u>92,937,549</u>	<u>221,741,872</u>	<u>200,546,017</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred charge on refunding	248,567	-	248,567	-
Deferred outflows related to pensions	12,036,579	949,969	12,986,548	6,771,785
Deferred outflows related to OPEB	89,684	7,247	96,931	204,535
Total deferred outflows of resources	<u>12,374,830</u>	<u>957,216</u>	<u>13,332,046</u>	<u>6,976,320</u>
Total assets and deferred outflows of resources	<u>\$ 141,179,153</u>	<u>\$ 93,894,765</u>	<u>\$ 235,073,918</u>	<u>\$ 207,522,337</u>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 1,668,726	\$ 577,520	\$ 2,246,246	\$3,720,271
Due to primary government	-	-	-	1,711,039
Accrued payroll and other payroll liabilities	1,603,186	45,472	1,648,658	315,363
Retainage payable	22,028	22,885	44,913	-
Deposits	230,466	-	230,466	399,906
Other liabilities	254,780	-	254,780	292,992
Unearned revenue	137,054	1,300	138,354	-
Interest payable	499,686	-	499,686	-
PERS related liabilities	273,143	22,147	295,290	-
Compensated absences	226,433	18,567	245,000	573,387
Current debt payable	3,494,932	-	3,494,932	-
Total current liabilities	<u>8,410,434</u>	<u>687,891</u>	<u>9,098,325</u>	<u>7,012,958</u>
Noncurrent liabilities:				
Compensated absences	819,361	67,185	886,546	-
Net pension liability	28,215,731	2,173,078	30,388,809	8,138,513
Other post employment benefits	1,142,415	92,312	1,234,727	1,470,031
PERS related liability	2,299,837	186,473	2,486,310	3,935,177
Notes and bonds payable	29,692,558	-	29,692,558	-
Total noncurrent liabilities	<u>62,169,902</u>	<u>2,519,048</u>	<u>64,688,950</u>	<u>13,543,721</u>
Total liabilities	<u>70,580,336</u>	<u>3,206,939</u>	<u>73,787,275</u>	<u>20,556,679</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred inflows related to pensions	5,500,643	440,978	5,941,621	1,121,924
Deferred inflows related to OPEB	1,000,173	80,818	1,080,991	651,167
Total deferred inflows of resources	<u>6,500,816</u>	<u>521,796</u>	<u>7,022,612</u>	<u>1,773,091</u>
<b>NET POSITION:</b>				
Net investment in capital assets	69,862,297	56,189,935	126,052,232	136,687,073
Restricted for:				
Aiport	562,914	-	562,914	-
Capital projects	7,481,789	-	7,481,789	-
Debt service	1,356,234	-	1,356,234	-
Highways and streets	1,774,118	-	1,774,118	-
OPEB benefits	236,651	19,122	255,773	89,267
Unrestricted	(17,176,002)	33,956,973	16,780,971	48,416,227
Total net position	<u>64,098,001</u>	<u>90,166,030</u>	<u>154,264,031</u>	<u>185,192,567</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 141,179,153</u>	<u>\$ 93,894,765</u>	<u>\$ 235,073,918</u>	<u>\$ 207,522,337</u>

**CITY OF MCMINNVILLE, OREGON**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 5,012,227	\$ 1,480,347	\$ 642,746	\$ 21,895
Public safety	19,336,814	3,923,646	508,891	-
Highways and streets	5,935,410	744,950	42,986	1,221,887
Culture and recreation	7,446,256	1,485,238	332,960	352,168
Community development	2,679,541	1,090,486	11,335	-
Airport	629,796	355,515	14,737	822,399
Interest on long-term debt	1,075,895	-	-	-
Total governmental activities	42,115,939	9,080,182	1,553,655	2,418,349
Business-type activities:				
Wastewater	7,162,265	10,460,859	-	1,483,355
Total business-type activities	7,162,265	10,460,859	-	1,483,355
Total government	\$ 49,278,204	\$ 19,541,041	\$ 1,553,655	\$ 3,901,704
<b>Component Unit</b>				
Water and Light	\$ 51,186,359	\$ 50,182,362	\$ -	\$ 1,934,815

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

Net (Expense) Revenue and Change in Net Position			
Governmental Activities	Business Type Activities	Total	Component Unit Water and Light
\$ (2,867,239)	\$ -	\$ (2,867,239)	\$ -
(14,904,277)	-	(14,904,277)	-
(3,925,587)	-	(3,925,587)	-
(5,275,890)	-	(5,275,890)	-
(1,577,720)	-	(1,577,720)	-
562,855	-	562,855	-
(1,075,895)	-	(1,075,895)	-
(29,063,753)	-	(29,063,753)	-
-	4,781,949	4,781,949	-
-	4,781,949	4,781,949	-
(29,063,753)	4,781,949	(24,281,804)	-
			930,818
17,802,972	-	17,802,972	-
3,543,906	-	3,543,906	-
1,059,160	-	1,059,160	-
3,706,953	-	3,706,953	-
127,503	575,914	703,417	1,046,203
-	-	-	3,483,180
277,478	23,162	300,640	1,849,561
(2,378,066)	2,378,066	-	-
24,139,906	2,977,142	27,117,048	6,378,944
(4,923,847)	7,759,091	2,835,244	7,309,762
69,021,848	82,406,939	151,428,787	177,882,805
\$ 64,098,001	\$ 90,166,030	\$ 154,264,031	\$ 185,192,567

**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.

**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 MINN VILLE, OREGON**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**June 30, 2020**

	General Fund	Airport Maintenance Fund	Transportation Fund	Debt Service Fund	Urban Renewal Debt Services Fund	Total Non-Major Governmental Funds	Total Governmental
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 6,224,543	\$ -	\$ -	\$ -	\$ 265,042	\$ 3,634,049	\$ 10,123,634
Accounts receivable, net	2,472,549	139,172	4,262	200,828	16,428	667,756	3,500,995
Due from other funds	-	-	-	-	-	-	-
SDC and assessments receivables	-	-	-	-	-	-	-
Prepays	10,700	-	-	-	-	71,723	82,423
Advances to other funds	109,237	-	-	-	-	-	109,237
Loans receivable, net	-	-	-	-	-	-	-
Due from component unit	704,391	-	-	-	-	-	704,391
Property held for sale	-	-	-	-	-	-	-
Interfund loan receivables	1,911,240	-	-	-	-	-	1,911,240
Restricted cash and investments	-	492,874	6,310,101	1,296,295	-	1,475,825	9,575,095
<b>Total assets</b>	<b>\$ 11,432,660</b>	<b>\$ 632,046</b>	<b>\$ 6,314,363</b>	<b>\$ 1,497,123</b>	<b>\$ 281,470</b>	<b>\$ 5,849,353</b>	<b>\$ 26,007,015</b>
<b>LIABILITIES:</b>							
Accounts payable and accrued expenses	\$ 693,791	\$ 17,276	\$ 489,044	\$ -	\$ -	\$ 450,600	\$ 1,650,711
Due to other funds	-	-	-	-	-	-	-
Accrued payroll and other payroll liabilities	1,555,564	-	-	-	-	37,232	1,592,796
Retainage payable	-	-	22,028	-	-	-	22,028
Deposits	230,466	-	-	-	-	-	230,466
Advances to other funds	-	-	-	-	-	109,237	109,237
Interfund loans payable	174,600	-	-	-	1,911,240	-	2,085,840
Unearned revenue	94,800	42,254	-	-	-	-	137,054
<b>Total liabilities</b>	<b>2,749,221</b>	<b>59,530</b>	<b>511,072</b>	<b>-</b>	<b>1,911,240</b>	<b>597,069</b>	<b>5,828,132</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Unavailable revenue - property taxes	556,263	-	-	140,889	11,027	-	708,179
Unavailable revenue - other	98,054	9,602	-	-	-	41,647	149,303
Unavailable revenue - payment in lieu of taxes	704,391	-	-	-	-	-	704,391
<b>Total deferred inflows of resources</b>	<b>1,358,708</b>	<b>9,602</b>	<b>-</b>	<b>140,889</b>	<b>11,027</b>	<b>41,647</b>	<b>1,561,873</b>
<b>FUND BALANCES:</b>							
Nonspendable	10,700	-	-	-	-	71,723	82,423
Restricted	-	562,914	5,803,291	1,356,234	-	3,452,616	11,175,055
Committed	-	-	-	-	-	39,890	39,890
Assigned	711,883	-	-	-	-	1,646,408	2,358,291
Unassigned	6,602,148	-	-	-	(1,640,797)	-	4,961,351
<b>Total fund balances</b>	<b>7,324,731</b>	<b>562,914</b>	<b>5,803,291</b>	<b>1,356,234</b>	<b>(1,640,797)</b>	<b>5,210,637</b>	<b>18,617,010</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 11,432,660</b>	<b>\$ 632,046</b>	<b>\$ 6,314,363</b>	<b>\$ 1,497,123</b>	<b>\$ 281,470</b>	<b>\$ 5,849,353</b>	<b>\$ 26,007,015</b>

**CITY OF MCMINNVILLE, OREGON**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2020**

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Total fund balances - governmental funds \$ 18,617,010

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	32,517,335	
Depreciable, net	<u>70,156,612</u>	102,673,947

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	708,179	
Other receivables earned but not available	149,303	
Payment in lieu of taxes earned but not available	<u>704,391</u>	1,561,873

Pension-related changes (21,264,628)

OPEB related-changes (1,779,639)

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

Compensated absences payable	(1,005,087)	
Notes and bonds payable	(33,187,490)	
PERS related liabilities	(2,517,348)	
Deferred amount on bond refunding	248,567	
Interest payable	<u>(499,686)</u>	(36,961,044)

Internal service funds are used by management to charge costs of insurance and information systems and services to individual funds. Assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

1,250,482

Total net position - governmental activities \$ 64,098,001



**CITY OF MCMINNVILLE, OREGON**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended June 30, 2020**

	General Fund	Airport Maintenance Fund	Transportation Fund	Debt Service Fund	Urban Renewal Debt Services Fund	Total Non-Major Governmental Funds	Total Governmental
<b>REVENUES:</b>							
Property taxes	\$14,006,209	\$ -	\$ -	\$ 3,598,268	\$ 346,416	\$ -	\$17,950,893
Special assessments	-	-	-	-	-	53,509	53,509
Licenses and permits	3,671,711	-	-	-	-	2,194,723	5,866,434
Intergovernmental	3,239,547	837,136	201,248	-	-	2,601,822	6,879,753
Charges for services	5,303,531	345,459	744,944	-	-	636,074	7,030,008
Fines and forfeitures	484,305	-	-	-	-	-	484,305
Miscellaneous	996,627	15,716	118,464	23,775	4,591	281,046	1,440,219
<b>Total revenues</b>	<b>27,701,930</b>	<b>1,198,311</b>	<b>1,064,656</b>	<b>3,622,043</b>	<b>351,007</b>	<b>5,767,174</b>	<b>39,705,121</b>
<b>EXPENDITURES:</b>							
Current:							
General government	2,549,050	-	-	-	-	1,989,328	4,538,378
Public safety	17,668,336	-	-	-	-	1,197,560	18,865,896
Highways and streets	-	-	1,271,628	-	-	2,196,600	3,468,228
Culture and recreation	5,702,105	-	-	-	-	78,539	5,780,644
Community development	2,057,368	-	-	-	-	-	2,057,368
Airport	-	479,759	-	-	-	-	479,759
Capital outlay							
Highways and streets	-	-	1,018,195	-	-	1,363	1,019,558
Culture and recreation	-	-	-	-	-	661,143	661,143
Airport	-	121,860	-	-	-	-	121,860
Special payments	57,581	-	-	-	-	-	57,581
Debt service:							
Principal	421,120	-	157,899	2,635,000	-	34,538	3,248,557
Interest	122,832	-	43,349	1,105,450	41,228	2,634	1,315,493
<b>Total expenditures</b>	<b>28,578,392</b>	<b>601,619</b>	<b>2,491,071</b>	<b>3,740,450</b>	<b>41,228</b>	<b>6,161,705</b>	<b>41,614,465</b>
Revenues over (under) expenditures	(876,462)	596,692	(1,426,415)	(118,407)	309,779	(394,531)	(1,909,344)
<b>OTHER FINANCING SOURCES (USES):</b>							
Loan proceeds	-	-	830,690	-	-	228,449	1,059,139
Transfers in	512,142	-	700,000	-	44,590	2,313,113	3,569,845
Transfers out	(893,670)	-	-	-	(146,895)	(1,082,249)	(2,122,814)
<b>Total other financing sources (uses)</b>	<b>(381,528)</b>	<b>-</b>	<b>1,530,690</b>	<b>-</b>	<b>(102,305)</b>	<b>1,459,313</b>	<b>2,506,170</b>
Net change in fund balance	(1,257,990)	596,692	104,275	(118,407)	207,474	1,064,782	596,826
<b>FUND BALANCE, BEGINNING</b>	<b>8,582,721</b>	<b>(33,778)</b>	<b>5,699,016</b>	<b>1,474,641</b>	<b>(1,848,271)</b>	<b>4,145,855</b>	<b>18,020,184</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 7,324,731</b>	<b>\$ 562,914</b>	<b>\$ 5,803,291</b>	<b>\$ 1,356,234</b>	<b>\$ (1,640,797)</b>	<b>\$ 5,210,637</b>	<b>\$18,617,010</b>

**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, 2020**

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Amounts reported in the statement of activities are different because:

Net change in fund balance		\$ 596,826
<p>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.</p>		
Current year depreciation	(4,300,234)	
Loss on disposal of asset	(26,574)	
Capital asset additions	<u>3,157,478</u>	(1,169,330)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position.</p>		
Change in allowance for doubtful accounts	147,022	
Capital contributions	<u>1,020,639</u>	1,167,661
<p>Some revenue provide current financial resources in the governmental funds and are not reported in the statement of activities.</p>		
		(147,518)
<p>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</p>		
		(3,516,553)
<p>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.</p>		
		67,215
<p>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.</p>		
Accrued interest expense		32,181
Interest expense associated with deferred charge on refunding		(36,825)
<p>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.</p>		
Changes in compensated absences	113,343	
Debt service principal payments	3,261,541	
PERS related liability payments	221,720	
Loan proceeds	<u>(1,059,139)</u>	2,537,465
<p>The Ambulance and Building funds were transferred from business-type activities into governmental activities. Assets transferred in are considered an increase in the net positions, while liabilities transferred in are considered a reduction in the net position. This is the amount by which liabilities exceed assets transferred in.</p>		
		(3,825,097)
<p>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.</p>		
		<u>(629,872)</u>
Change in net position of governmental activities		<u><u>\$ (4,923,847)</u></u>

## **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

#### **Ambulance Operations**

##### **Ambulance Fund**

This fund was unified with the finances of the Fire Department within the General fund during the current fiscal year.

#### **Building Operations**

##### **Building Fund**

The fund was reported by the City as a special revenue fund beginning in the current fiscal year.

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 MC MINNVILLE, OREGON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**June 30, 2020**

	Business-Type Activities - Enterprise Funds		Governmental Activities
	Wastewater Operations	Total	Internal Service Funds
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 34,938,224	\$ 34,938,224	\$ 883,532
Accounts receivable, net	764,912	764,912	79,163
Due from component unit	848,276	848,276	-
Prepaid expenses	2,480	2,480	778,375
Interfund loan receivable	174,600	174,600	-
Total current assets	36,728,492	36,728,492	1,741,070
Noncurrent assets:			
Non-depreciable capital assets	7,729,871	7,729,871	-
Capital assets, net	48,460,064	48,460,064	375,841
Net OPEB asset	19,122	19,122	4,771
Total noncurrent assets	56,209,057	56,209,057	380,612
Total assets	92,937,549	92,937,549	2,121,682
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows related to pensions	949,969	949,969	237,005
Deferred outflows related to OPEB	7,247	7,247	1,808
Total deferred outflows of resources	957,216	957,216	238,813
Total assets and deferred outflows of resources	\$ 93,894,765	\$ 93,894,765	\$ 2,360,495
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	\$ 577,520	\$ 577,520	\$ 53,139
Accrued payroll and other payroll liabilities	45,472	45,472	10,390
Claims payable	-	-	254,780
Unearned revenue	1,300	1,300	-
Retainage Payable	22,885	22,885	-
Pension related liabilities - due in one year	22,147	22,147	5,906
Accrued compensated absences	18,567	18,567	8,814
Total current liabilities	687,891	687,891	333,029
Noncurrent liabilities:			
Accrued compensated absences	67,185	67,185	31,893
Net pension liability	2,173,078	2,173,078	542,154
Net OPEB liability	92,312	92,312	23,030
Pension related liabilities	186,473	186,473	49,726
Total noncurrent liabilities	2,519,048	2,519,048	646,803
Total liabilities	3,206,939	3,206,939	979,832
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows related to pensions	440,978	440,978	110,018
Deferred inflows related to OPEB	80,818	80,818	20,163
Total deferred inflows of resources	521,796	521,796	130,181
<b>NET POSITION:</b>			
Net investment in capital assets	56,189,935	56,189,935	375,841
Restricted for:			
OPEB benefits	19,122	19,122	4,771
Unrestricted	33,956,973	33,956,973	869,870
Total net position	90,166,030	90,166,030	1,250,482
Total liabilities, deferred inflows of resources, and net position	\$ 93,894,765	\$ 93,894,765	\$ 2,360,495

CITY OF MC MINNVILLE, OREGON  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**For the Fiscal Year Ended June 30, 2020**

	Business-Type Activities - Enterprise Funds			Governmental
	Wastewater Operations	Ambulance Fund	Building Fund	Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 10,366,710	\$ -	\$ -	\$ 2,240,390
Intergovernmental	35,419	-	-	56,183
Miscellaneous	58,730	-	-	138,562
Total operating revenues	10,460,859	-	-	2,435,135
<b>OPERATING EXPENSES:</b>				
Personnel service	1,975,484	-	-	610,820
Materials and service	1,974,088	-	-	2,447,173
Depreciation	3,212,693	-	-	38,240
Total operating expenses	7,162,265	-	-	3,096,233
Operating income (loss)	3,298,594	-	-	(661,098)
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
System development revenues	1,104,163	-	-	-
Interest income	575,914	-	-	31,226
Other revenue	23,162	-	-	-
Total non-operating revenues (expenses)	1,703,239	-	-	31,226
Net income (loss) before transfers	5,001,833	-	-	(629,872)
<b>TRANSFERS:</b>				
Transfers from other funds	-	3,705,926	-	-
Transfers to other funds	-	-	(1,327,860)	-
Total transfers	-	3,705,926	(1,327,860)	-
Net income (loss) before contributions	5,001,833	3,705,926	(1,327,860)	(629,872)
<b>CAPITAL CONTRIBUTIONS:</b>				
Capital contributions	379,192	-	-	-
Change in net position	5,381,025	3,705,926	(1,327,860)	(629,872)
<b>NET POSITION, BEGINNING</b>	84,785,005	(3,705,926)	1,327,860	1,880,354
<b>NET POSITION, ENDING</b>	<u>\$ 90,166,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,250,482</u>

**CITY OF MCMINNVILLE, OREGON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2020**

	Business-Type Activities - Enterprise Funds				Governmental
	Wastewater Operations	Ambulance Fund	Building Fund	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers and users	\$ 10,397,376	\$ 1,316,804	\$ 1,883	\$ 11,716,063	\$ -
Cash received from interfund services provided	-	-	-	-	2,217,456
Cash received from other operating sources - insurance reimbursements	-	-	-	-	138,516
Cash paid to employees and others for salaries and benefits	(1,983,227)	(3,822,108)	(168,637)	(5,973,972)	(506,883)
Cash paid to suppliers and others	(2,036,340)	(50,297)	(1,426)	(2,088,063)	(3,143,065)
Cash received for rental revenue	23,162	-	-	23,162	-
Net cash provided by (used for) operating activities	6,400,971	(2,555,601)	(168,180)	3,677,190	(1,293,976)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
Principal paid on pension-related obligations	(57,462)	(531,553)	(19,532)	(608,547)	4,219
Transfers to/(from) other funds	-	2,549,093	(1,327,860)	1,221,233	-
Interfund loan payments	(174,600)	-	-	(174,600)	-
Net cash provided by (used for) non-capital financing activities	(232,062)	2,017,540	(1,347,392)	438,086	4,219
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Purchase of capital assets	(3,509,876)	-	-	(3,509,876)	-
Proceeds from system development charges	1,104,163	-	-	1,104,163	-
Transfer of capital assets to governmental activities	-	538,061	233,511	771,572	-
Net cash provided by (used for) capital and related financing activities	(2,405,713)	538,061	233,511	(1,634,141)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest received	575,914	-	-	575,914	31,226
Net cash provided by investing activities	575,914	-	-	575,914	31,226
Net increase (decrease) in cash and cash equivalents	4,339,110	-	(1,282,061)	3,057,049	(1,258,531)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	30,599,114	-	1,282,061	31,881,175	2,142,063
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 34,938,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,938,224</u>	<u>\$ 883,532</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>					
Operating Income	\$ 3,298,594	\$ -	\$ -	\$ 3,298,594	\$ (661,098)
Adjustments:					
Cash from rental activities, recognized as non-operating on the Statement of Revenue, Expenses, and Changes in Net Position	23,162	-	-	23,162	-
Depreciation and amortization	3,212,693	-	-	3,212,693	38,240
Decrease (increase) in:					
Accounts receivable and due from other funds	223,966	1,328,763	1,883	1,554,612	(79,163)
Due from component unit	(287,449)	-	-	(287,449)	-
Prepays	(320)	6,000	-	5,680	(778,375)
Increase (decrease) in:					
Accounts payable	57,835	(56,297)	(1,426)	112	(65,358)
Accrued payroll and other payroll liabilities	3,677	(82,212)	-	(78,535)	-
Retainage payable	(119,767)	-	(9,971)	(129,738)	383
Unearned revenue	-	(11,959)	-	(11,959)	(15,091)
Compensated absences	(18,411)	(136,082)	(26,222)	(180,715)	423
Net other post employment benefits	(32,635)	(358,403)	(118,343)	(509,381)	1,940
Net pension benefits	39,626	(3,245,411)	(14,101)	(3,219,886)	101,191
Other liabilities	-	-	-	-	162,932
Net cash provided by (used for) operating activities	<u>\$ 6,400,971</u>	<u>\$ (2,555,601)</u>	<u>\$ (168,180)</u>	<u>\$ 3,677,190</u>	<u>\$ (1,293,976)</u>
<b>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>					
Capital contributions to other governments	\$ 379,192	\$ -	\$ -	\$ 379,192	\$ -
Total non-cash capital financing activities	<u>\$ 379,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 379,192</u>	<u>\$ -</u>

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2020**

**I. Summary of Significant Accounting Policies**

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

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

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

**B. Reporting Entity**

**1. Primary Government**

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

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

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

**2. Blended Component Unit**

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

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

**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, 2020**

**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, 2020**

**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.
- Debt Service Fund – accounts for property taxes levied for payment of principal and interest on general obligation bonds.
- Urban Renewal Debt Service Fund – accounts for urban renewal tax increment revenue and payment of principal and interest on urban renewal debt.
- Transportation Fund – accounts for the acquisition and construction of major capital projects related to highways and roads.

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

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

The City reports the following major enterprise funds:

- Wastewater Fund – combines budgetary basis Wastewater Services Fund and Wastewater Capital Fund for full accrual presentation.
  - Wastewater Services Fund – accounts for charges for services to support wastewater operations and rate payer transfer to the Wastewater Capital Fund.
  - Wastewater Capital Fund – accounts for sanitary sewer system development charges used for major sanitary sewer system construction projects and transfers from the Wastewater Services Fund supporting debt service and major capital projects.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

In fiscal year 2020, the City closed the Ambulance Fund and moved all ambulance activities into the General Fund – Fire Department. Additionally, the City changed the classification of the Building Fund from an enterprise fund to a non-major, special revenues fund within the governmental classification.

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, 2020**

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, 2020**

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

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

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

**6. Renewable Energy Certificates**

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

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

**7. Compensated Absences**

The City's and Department's policies permit employees to accumulate earned but unused vacation, compensatory time, and sick leave benefits. No liability is reported for unpaid accumulated sick leave benefits as sick leave benefits do not vest. In the government-wide and proprietary fund financial statements, all vacation and compensatory time is accrued when incurred. Management uses historical averages to estimate the current portion of compensated absences. 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.

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

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

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 or 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 three 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 three sources: property taxes, payments in lieu of taxes and assessments where a timing requirement has not been met. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred amounts related to pension 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.

**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

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

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

**G. Use of Estimates**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows, the disclosure of contingent assets,

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

liabilities and deferred inflows at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

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

**A. Budgetary Information**

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

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

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 six amendments to the budget during the fiscal year ending June 30, 2020. 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, 2020. The Statements/Schedules of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual present both the budget as originally adopted and the budget after adjustments for all legally authorized revisions.

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

**III. Detailed Notes on Accounts**

**A. Cash and Investments**

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

The State of Oregon Local Government Investment Pool (Pool) is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer



**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

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, 2020 was unmodified. The fair value of the City's position in the Pool at June 30, 2020 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 \$10,051,045 and the bank balance was \$10,214,471. The City's bank balances were covered by \$250,000 Federal Depository Insurance. Of the Department's bank balances, \$500,000 was covered by Federal Depository Insurance. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer.

At June 30, 2020, the City's cash and investment balances were as follows:

Cash held in city offices	\$ 3,450
Deposits with financial institutions	10,051,045
Cash with fiscal agent	711,883
Oregon State Local Government Investment Pool – City's general account	42,130,792
Oregon State Local Government Investment Pool – Transportation Bond proceeds	1,963,669
Oregon State Local Government Investment Pool – Park System Improvement Bond proceeds	402,115
Oregon State Local Government Investment Pool – Urban Renewal Loan Proceeds	<u>257,531</u>
Total City cash and investments	<u>\$ 55,520,485</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	\$ 11,007,166	\$ 34,938,224	\$ 45,945,390
Restricted	9,575,095	-	9,575,095
Total cash and investments	<u>\$ 20,582,261</u>	<u>\$ 34,938,224</u>	<u>\$ 55,520,485</u>

At June 30, 2020, the Department's cash and investment balances were as follows:

Cash on hand	\$ 12,217
Cash on deposit with a bank	1,194,137
Oregon State Local Government Investment Pool	46,566,246
Oregon State Local Government Intermediate Fund	<u>7,689,858</u>
Total Department cash and investments	<u>\$ 55,462,458</u>

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

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, 2020, 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			Debt Service	UR Debt Service	Total Non-Major	Internal Service Funds	Governmental Activities
	General	Maintenance	Transportation					
Accounts	\$ 1,680,452	\$ 139,172	\$ 4,262	\$ -	\$ -	\$ 626,127	\$ 79,163	\$ 2,529,176
Property taxes	618,559	-	-	156,877	12,421	-	-	787,857
Cash with county	171,709	-	-	43,951	4,007	-	-	219,667
Assessments	1,829	-	-	-	-	41,629	-	43,458
Due from Component Unit	704,391	-	-	-	-	-	-	704,391
<b>Total</b>	<b>\$ 3,176,940</b>	<b>\$ 139,172</b>	<b>\$ 4,262</b>	<b>\$ 200,828</b>	<b>\$ 16,428</b>	<b>\$ 667,756</b>	<b>\$ 79,163</b>	<b>\$ 4,284,549</b>

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

	<b>Total Governmental</b>
Gross revenue	\$ 18,462,641
Less: discounts and adjustment	(659,669)
Net revenue	<u>\$ 17,802,972</u>

In the fund financial statements, governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds report revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, unavailable revenue at the fund statement level includes delinquent property taxes, delinquent special assessments, and delinquent fire fees.

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

**2. Business-Type Activities**

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

Accounts receivable	<u>\$ 1,107,397</u>
Less: allowance for uncollectable accounts	-
Net receivables	<u>\$ 1,107,397</u>

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

**3. Non-Cancellable Leases**

The City leases certain property with an approximate net capital cost of \$1,392,453 under long-term operating leases. For fiscal year ended June 30, 2020 total depreciation expense was \$34,388. As of June 30, 2020, accumulated depreciation was \$1,390,422.

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

June 30,	Amount
2021	\$ 207,100
2022	97,900
2023	85,500
2024	79,800
2025	79,800
2026-30	291,800
Thereafter	495,700
Total	\$ 1,337,600

**4. Department**

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

Accounts and notes receivable	\$ 4,816,162
Less: allowance for uncollectibles	(34,209)
Net receivables	\$ 4,781,953

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

**C. Capital Assets**

In the government-wide financial statements, the City's governmental activities' capital asset activity for the year ended June 30, 2020 is illustrated in the following table. Activity includes additions, dispositions, annual depreciation expense and adjustments. Additionally, Ambulance and Building capital assets were transferred from the City's business type activities' and into the City's governmental activities.

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Non-depreciable:					
Land	\$ 28,607,972	\$ -	\$ -	\$ -	\$ 28,607,972
Easements	1,922,196	709	48,045	-	1,970,950
Public art	229,304	33,999	-	-	263,303
Construction in progress	1,854,546	(2,386,472)	2,207,036	-	1,675,110
Total non-depreciable	<u>32,614,018</u>	<u>(2,351,764)</u>	<u>2,255,081</u>	<u>-</u>	<u>32,517,335</u>
Depreciable:					
Land improvements	18,787,153	1,610,569	-	-	20,397,722
Buildings	32,886,704	449,152	19,960	-	33,355,816
Machinery and equipment	6,408,285	217,627	328,980	(135,250)	6,819,642
Vehicles	5,205,257	927,486	632,465	(108,283)	6,656,925
Infrastructure	90,930,938	748,113	1,078,137	-	92,757,188
Total depreciable	<u>154,218,337</u>	<u>3,952,947</u>	<u>2,059,542</u>	<u>(243,533)</u>	<u>159,987,293</u>
Accumulated depreciation:					
Land improvements	(12,566,284)	(3,317)	(782,409)	-	(13,352,010)
Buildings	(20,668,785)	(185,943)	(713,693)	-	(21,568,421)
Machinery and equipment	(5,764,185)	(140,104)	(181,240)	135,250	(5,950,279)
Vehicles	(3,729,954)	(426,431)	(373,361)	73,334	(4,456,412)
Infrastructure	(41,638,000)	-	(2,489,718)	-	(44,127,718)
Total accumulated depreciation	<u>(84,367,208)</u>	<u>(755,795)</u>	<u>(4,540,421)</u>	<u>208,584</u>	<u>(89,454,840)</u>
Governmental activities capital assets, net	<u>\$ 102,465,147</u>	<u>\$ 845,388</u>	<u>\$ (225,798)</u>	<u>\$ (34,949)</u>	<u>\$ 103,049,788</u>

At June 30, 2020, the City's government-wide governmental activities construction in progress consisted of costs related to the fire station, airport, urban renewal and street improvement bond projects.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

Depreciation expense was charged to governmental activities functions as follows:

Depreciation Expense by Activity:	<u>Total</u>
General government	\$ 137,732
Comm development	53,640
Public safety:	
Police	424,633
Fire	330,942
Emergency communications	33,504
Highways and streets	2,509,319
Parks & Rec/Maintenance	629,451
Library	38,919
Airport	344,041
I/S Fund	38,240
Total	<u>\$ 4,540,421</u>

In the government-wide financial statements and proprietary fund financial statements, the City's business-type activities' capital asset activity for the year ended June 30, 2020 is illustrated in the following table. Activity includes additions, dispositions, annual depreciation expense, adjustments. Additionally, Ambulance and Building capital assets were transferred from the City's business type activities' and into the City's governmental activities.

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Non-depreciable:					
Land	\$ 785,223	\$ -	\$ -	\$ -	\$ 785,223
Easements	241,444	(709)	-	-	240,735
Construction in progress	3,663,770	(2,420)	3,042,563	-	6,703,913
Total non-depreciable	<u>4,690,437</u>	<u>(3,129)</u>	<u>3,042,563</u>	<u>-</u>	<u>7,729,871</u>
Depreciable:					
Land improvements	84,445	(3,789)	-	-	80,656
Buildings	54,985,185	(449,152)	87,536	-	54,623,569
Machinery and equipment	2,506,188	(217,627)	62,788	-	2,351,349
Vehicles	1,810,610	(927,486)	271,110	(53,535)	1,100,699
Infrastructure	47,435,967	-	498,887	-	47,934,854
Total Depreciable	<u>106,822,395</u>	<u>(1,598,054)</u>	<u>920,321</u>	<u>(53,535)</u>	<u>106,091,127</u>
Accumulated depreciation:					
Land improvements	(77,813)	3,317	(1,623)	-	(76,119)
Buildings	(37,624,484)	185,943	(2,017,033)	-	(39,455,574)
Machinery and equipment	(1,880,140)	140,104	(147,565)	-	(1,887,601)
Vehicles	(1,091,388)	426,431	(48,479)	53,535	(659,901)
Infrastructure	(14,553,875)	-	(997,993)	-	(15,551,868)
Total accumulated depreciation	<u>(55,227,700)</u>	<u>755,795</u>	<u>(3,212,693)</u>	<u>53,535</u>	<u>(57,631,063)</u>
Business-type activities capital assets, net	<u>\$ 56,285,132</u>	<u>\$ (845,388)</u>	<u>\$ 750,191</u>	<u>\$ -</u>	<u>\$ 56,189,935</u>

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

At June 30, 2020, 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:

Depreciation Expense by Activity:	<b>Total</b>
Wastewater	\$ 3,212,693
Total	\$ 3,212,693

The Department's capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Non-depreciable:</b>				
Land and rights	\$ 7,812,476	253,639	-	\$ 8,066,115
Construction in progress	3,776,914	10,963,735	(10,204,501)	4,536,148
Total non-depreciable	11,589,390	11,217,374	(10,204,501)	12,602,263
<b>Depreciable:</b>				
Structures and improvements	9,928,358	57,629		9,985,987
Water treatment plant	35,005,498	8,532		35,014,030
Supply and distribution systems	123,654,869	10,343,108	(106,691)	133,891,286
Furniture and equipment	3,212,845	42,873		3,255,718
Transportation equipment	3,317,381	548,341	(72,953)	3,792,769
Total depreciable	175,118,951	11,000,483	(179,644)	185,939,790
<b>Accumulated depreciation:</b>				
Electric plant	(26,611,237)	(1,987,348)	220,156	(28,378,429)
Water plant	(29,490,756)	(1,638,847)	56,205	(31,073,398)
Transportation equipment	(2,182,880)	(282,011)	61,738	(2,403,153)
Total accumulated depreciation	(58,284,873)	(3,908,206)	338,099	(61,854,980)
Governmental activities capital assets, net	\$ 128,423,468	\$ 18,309,651	\$ (10,046,046)	\$ 136,687,073

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:

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

Receivable Entity	Payable Entity	Amount
Major governmental fund – General Fund	Department	\$ 193,495
Major governmental fund – Transportation	Department	4,262
Major enterprise fund – Wastewater	Department	<u>848,276</u>
		<u>\$ 1,046,033</u>

The following due to/due from balance between the primary government and its component unit resulted from a federal pass through grant received by the City and due the component unit for activities in the year ending June 30, 2020:

Receivable Entity	Payable Entity	Amount
Department	Major governmental fund – General Fund	<u>\$ 35,124</u>

The following due to/due from balance between the primary government and its component unit resulted from a one-time franchise fee payment associated with funds due by June 30, 2020 which were not received by the measurement date and is recorded as a deferred inflow of resources, unavailable revenue category:

Receivable Entity	Payable Entity	Amount
Major governmental fund – General Fund	Department	<u>\$ 704,391</u>

Interfund transfers for the year ended June 30, 2020, consisted of the following:

	Transfers In:				Total
	General Fund	Transportation Fund	Urban Renewal Debt Service	Nonmajor Governmental funds	
<b>Transfer Out:</b>					
General Fund	\$ -	\$ -	\$ -	\$ 893,670	\$ 893,670
Urban Renewal Debt Service	-	-	-	146,895	146,895
Nonmajor Governmental Funds	337,659	700,000	44,590	-	1,082,249
Ambulance Fund <sup>1</sup>	174,483	-	-	-	174,483
Building Fund <sup>2</sup>	-	-	-	1,272,548	1,272,548
	<u>\$ 512,142</u>	<u>\$ 700,000</u>	<u>\$ 44,590</u>	<u>\$ 2,313,113</u>	<u>\$ 3,569,845</u>

<sup>1</sup> This fund was closed during the fiscal year. Fund balance was transferred to the General Fund - Fire Department

<sup>2</sup> This fund was reclassified from an enterprise fund to a special revenue fund.

Transfers are used to: 1) move allocation of transient lodging tax from the receipting funds to the general fund; 2) move final fund balance of ambulance fund which is closing operations into the general fund; 3) move portion of street fund gas tax to support specific capital projects or programs in transportation fund; 4) move urban renewal tax receipts from receipting fund for specific projects in the urban renewal plan; 5) transfer police and fire contributions for 911 services.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

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

<b>Due From:</b>	<b>Due To:</b>		<b>Total Internal Loans Payable</b>
	<b>Governmental Activities</b>	<b>Business Type Activities</b>	
	<b>General</b>	<b>Wastewater Capital</b>	
Governmental Activities:			
General - Police	\$ -	\$ 174,600	\$ 174,600
Urban Renewal Debt Service Fund	1,911,240	-	1,911,240
<b>Total Internal Loans receivable</b>	<b>\$ 1,911,240</b>	<b>\$ 174,600</b>	<b>\$ 2,085,840</b>

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

<b>Fiscal Year ending June 30</b>	<b>Principal</b>	<b>Interest</b>
2021	\$ 149,060	\$ 38,233
2022	152,120	35,177
2023	155,230	32,058
2024	158,420	28,875
2025	161,660	25,626
2026-2030	859,440	77,030
2031-2035	275,310	5,635
<b>Total</b>	<b>\$ 1,911,240</b>	<b>\$ 242,634</b>

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:

<b>Fiscal Year ending June 30</b>	<b>Principal</b>	<b>Interest</b>
2021	\$ 33,384	\$ 3,928
2022	34,135	3,177
2023	34,903	2,409
2024	35,688	1,624
2025	36,491	821
<b>Total</b>	<b>\$ 174,600</b>	<b>\$ 11,960</b>

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

As of June 30, 2020, the Department has 268,253 RECs banked in its Western Renewable Energy Generation Information System (WREGIS) account, valued at \$.50 per REC, for a total value of \$134,127. 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, 2020.



**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

**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, 2020 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, 2020.

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

General Obligation bonds currently outstanding as of June 30, 2020, are as follows:

Governmental Activities:	Bond Series	Interest Rate(s)	Date of Issue	Remaining Years of Maturity	Amount of Original Issue	Principal Outstanding
Parks Improvement	2011	2.00 - 4.00	10/06/11	2021-2022	\$ 5,590,000	\$ 1,215,000
Public Safety and Civic Center Bldgs	2015	2.50 - 5.00	04/16/15	2021-2027	7,235,000	5,150,000
Transportation	2015	2.50 - 5.00	04/16/15	2021-2030	16,085,000	11,685,000
Transportation	2018	3.00 - 4.00	02/28/18	2021-2033	7,915,000	7,035,000
Total Governmental Activities Bonds:					<u>\$ 36,825,000</u>	<u>\$25,085,000</u>

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

Fiscal Year ending June 30	Principal	Interest
2021	\$ 2,725,000	\$ 1,009,950
2022	2,710,000	924,900
2023	2,185,000	817,150
2024	2,290,000	717,500
2025	2,390,000	607,900
2026-2030	10,915,000	1,453,550
2031-2035	1,870,000	118,050
Total	<u>\$ 25,085,000</u>	<u>\$ 5,649,000</u>

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

**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, 2020, are as follows:

<b>Governmental Activities:</b>	<b>Interest Rate(s)</b>	<b>Date of Issue</b>	<b>Remaining Years</b>	<b>Amount of Original Note</b>	<b>Principal Outstanding</b>
OTIB Loan Dundee Bypass, ODOT	2.26	07/01/13	2021-2036	\$ 3,209,600	\$ 2,590,895
Fire Vehicle, Key Bank	3.10	05/20/14	2021-2024	1,370,000	899,419
Urban Renewal, Chase	2.04	10/31/16	2021-2032	2,192,300	1,911,240
Total Governmental Activities Notes:				<u>\$ 6,771,900</u>	<u>\$ 5,401,554</u>

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

<b>Fiscal Year ending June 30</b>	<b>Principal</b>	<b>Interest</b>
2021	\$ 387,715	\$ 116,117
2022	389,055	114,781
2023	398,305	105,522
2024	938,012	96,036
2025	317,888	70,647
2026-2030	1,695,162	247,548
2031-2035	1,209,835	77,351
2036-2040	65,583	1,482
Total	<u>\$ 5,401,554</u>	<u>\$ 829,484</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.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

Pension obligation notes payable currently outstanding as of June 30, 2020, are as follows:

	<u>Interest Rate(s)</u>	<u>Date of Issue</u>	<u>Remaining Years</u>	<u>Amount of Original Note</u>	<u>Principal Outstanding</u>
PERS Transitional Liability, Chase	2.73	10/31/16	2021-2032	\$ 3,525,860	\$ 2,781,600
	<u>Allocation</u>				
Governmental Activities:					
Allocation Governmental Funds	90.50%			\$ 3,190,903	\$ 2,517,348
Allocation Internal Service Funds	2.00%			70,517	55,632
Business Type	7.50%			264,440	208,620
Total Pension Obligation Notes				<u>\$ 3,525,860</u>	<u>\$ 2,781,600</u>

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

<u>Fiscal Year ending June 30</u>	<u>Governmental Funds</u>		<u>Gov'tal Int Serv Funds</u>		<u>Business Type</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 267,237	\$ 66,932	\$ 5,906	\$ 1,479	\$ 22,147	\$ 5,547	\$ 295,290	\$ 73,958
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
2026-2030	979,228	40,941	21,640	905	81,152	3,393	1,082,020	45,239
Total	<u>\$ 2,517,348</u>	<u>\$ 295,903</u>	<u>\$ 55,632</u>	<u>\$ 6,539</u>	<u>\$ 208,620</u>	<u>\$ 24,522</u>	<u>\$ 2,781,600</u>	<u>\$ 326,965</u>

**4. Capital Leases**

Capital leases payable currently outstanding as of June 30, 2020, are as follows:

	<u>Interest Rate(s)</u>	<u>Date of Issue</u>	<u>Remaining Years</u>	<u>Amount of Original Note</u>	<u>Principal Outstanding</u>
<b>Governmental Activities:</b>					
2017 MPD pursuit vehicles (3), FordMC	6.45	03/10/18	2021-2022	\$ 135,500	\$ 55,954
Emergency Comms Equip, Govt Cap Corp	4.15	05/14/19	2021-2026	228,449	193,911
2019 MPD pursuit vehicles (3), Mun Asset Mgt	3.88	03/22/19	2021-2032	153,497	120,417
Total Governmental Capital Leases:				<u>\$ 517,446</u>	<u>\$ 370,282</u>

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

<u>Fiscal Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 84,635	\$ 16,329
2022	88,694	12,269
2023	62,247	8,005
2024	64,747	5,504
2025	34,268	2,903
2026-2030	35,690	1,481
Total	<u>\$ 370,282</u>	<u>\$ 46,492</u>

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

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

Long-term liability activity for the year ended June 30, 2020 follows:

	Beginning Balance	Adjust- ments	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>						
General obligation bonds	\$ 27,720,000	\$ -	\$ -	\$ (2,635,000)	\$ 25,085,000	\$ 2,725,000
Unamortized premium	2,628,236	-	-	(297,582)	2,330,654	297,582
Notes payable	4,960,241	-	830,690	(389,377)	5,401,554	387,715
PERS Transitional Liability, Chase	2,187,983	551,085	-	(221,720)	2,517,348	267,237
Capital Leases	81,415	-	381,946	(93,079)	370,282	84,635
Compensated absences	956,126	164,304	-	(115,343)	1,005,087	217,619
<b>Governmental Totals</b>	<b>\$ 38,534,001</b>	<b>\$ 715,389</b>	<b>\$ 1,212,636</b>	<b>\$ (3,752,101)</b>	<b>\$ 36,709,925</b>	<b>\$ 3,979,788</b>
<u>Internal service funds</u>						
PERS Transitional Liability, Chase	\$ 51,413	\$ -	\$ 4,219	\$ -	\$ 55,632	\$ 5,906
Compensated absences	40,284	-	423	-	40,707	8,814
<b>Internal service fund Totals</b>	<b>\$ 91,697</b>	<b>\$ -</b>	<b>\$ 4,642</b>	<b>\$ -</b>	<b>\$ 96,339</b>	<b>\$ 14,720</b>
<u>Business type activities</u>						
PERS Transitional Liability, Chase	\$ 817,167	\$ (551,085)	\$ -	\$ (57,462)	\$ 208,620	\$ 22,147
Compensated absences	266,467	(164,304)	-	(16,411)	85,752	18,567
<b>Business type totals</b>	<b>\$ 1,083,634</b>	<b>\$ (715,389)</b>	<b>\$ -</b>	<b>\$ (73,873)</b>	<b>\$ 294,372</b>	<b>\$ 40,714</b>

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

**I. Fund Balances**

Fund balances by classification for the year ended June 30, 2020 were as follows:

Fund Balances	General Fund	Airport	Transportation	Debt Service	Urban Renewal Debt Service	Other Government Funds	Total Government Funds
Nonspendable:							
In Form	\$ 10,700	\$ -	\$ -	\$ -	\$ -	\$ 71,723	\$ 82,423
Restricted for:							
Street Maintenance	-	-	-	-	-	1,774,118	1,774,118
Airport Maintenance	-	562,914	-	-	-	-	562,914
Capital Projects	-	-	5,803,291	-	-	1,678,498	7,481,789
Debt Service	-	-	-	1,356,234	-	-	1,356,234
Committed to:							
Emergency Communications	-	-	-	-	-	39,890	39,890
Assigned to:							
LOSAP Benefit Plan	711,883	-	-	-	-	-	711,883
Special Assessments	-	-	-	-	-	139,706	139,706
Telecommunications	-	-	-	-	-	1,933	1,933
Building	-	-	-	-	-	1,504,769	1,504,769
Unassigned:	6,602,148	-	-	-	(1,640,797)	-	4,961,351
<b>Total fund balances</b>	<b>\$ 7,324,731</b>	<b>\$ 562,914</b>	<b>\$ 5,803,291</b>	<b>\$ 1,356,234</b>	<b>\$ (1,640,797)</b>	<b>\$ 5,210,637</b>	<b>\$ 18,617,010</b>

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

**IV. Other Information**

**A. Risk Management**

**1. City**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. The City is covered for comprehensive liability, property, auto liability and physical damage, employer's liability, and workers' compensation insurance through City County Insurance Services (CIS), a public entity risk pool. The pooling agreement does not permit the pool to make additional assessments to its members in the event of unanticipated losses.

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

**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:

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

	<u>Implicit Rate Subsidy</u>	<u>PERS RHIA Plan</u>	<u>Total OPEB on Financials</u>
Net OPEB Asset	\$ -	\$ 255,773	\$ 255,773
Deferred Outflows of Resources			
Change in Assumptions	36,369	-	36,369
Change in Proportionate Share	-	3,671	3,671
Contributions After MD	48,629	8,262	56,891
Total OPEB Liability	(1,234,727)	-	(1,234,727)
Deferred Inflows of Resources			
Difference in Expected and Actual Experience	(765,892)	(33,729)	(799,621)
Difference in Earnings	-	(15,787)	(15,787)
Change in Assumptions	(263,531)	(265)	(263,796)
Change in Proportionate Share	-	(1,787)	(1,787)
OPEB Expense/(Income)*	(9,284)	(31,665)	(40,949)

\*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, 2018, the following employees were covered by the benefit terms:

Active employees	139
Eligible retirees	8
Spouses of ineligible retirees	0
Total participants	<u>147</u>

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

The City's total OPEB liability of \$1,234,727 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

For the fiscal year ended June 30, 2020, the City recognized OPEB income from this plan of \$9,284. At June 30, 2019, 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	\$ -	\$ 765,892
Changes of assumptions	36,369	263,531
Total (prior to post-MD contributions)	<u>36,369</u>	<u>1,029,423</u>
Contributions subsequent to the MD	48,629	-
Total	<u>\$ 84,998</u>	<u>\$ 1,029,423</u>

Deferred outflows of resources related to OPEB of \$48,629 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. 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>	
2021	\$ (125,664)
2022	(125,664)
2023	(125,664)
2024	(125,664)
2025	(125,664)
Thereafter	<u>(364,734)</u>
Total	<u>\$ (993,054)</u>

**Actuarial Assumptions and Other Inputs:**

The total OPEB liability in the July 1, 2019 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Discount Rate	3.50 percent
Projected Salary Increases	3.50 percent overall payroll growth
Retiree Healthcare Participation	55% of eligible employees 60% of male members and 35% of female members will elect spouse coverage.
Mortality	<p><b>Health retirees and beneficiaries:</b> RP-2014 healthy annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on a generational basis using the Unisex Social Security Data scale.</p> <p><b>Healthcare cost trend rate:</b>            Medical and vision: 5.50 percent per year decreasing to 4.75 percent.</p> <p>Dental: 4.50 percent per year</p>

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

**Changes in Total OPEB Liability:**

Changes in assumptions is the result of the change in the discount rate from 3.87% to 3.50%.

	<b>Total OPEB Liability</b>
Balance as of June 30, 2019	\$ 1,142,750
Changes for the year:	
Service cost	70,664
Interest on Total OPEB Liability	45,716
Effect of assumptions changes or inputs	40,455
Effect of economic demographic gains or losses	-
Benefit payments	(64,858)
Balance as of June 30, 2020	<u><u>\$ 1,234,727</u></u>

**Sensitivity of the total 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.



**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

Discount Rate:

	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB Liability	\$ 1,349,352	\$ 1,234,727	\$ 1,129,871

Healthcare Cost Trend:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 1,094,609	\$ 1,234,727	\$ 1,401,930

**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/2019-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 liabilities being amortized over 20 years. The City's total for the year ended June 30, 2020 contributions was \$8,262.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

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

At June 30, 2020, the City reported an asset of \$255,773 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. 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, 2019, the City's proportionate share was 0.1324%, which is an increase from its proportion of 0.1298% as of June 30, 2018.

For the year ended June 30, 2020, the City recognized OPEB income from this plan of \$31,665. At June 30, 2019, 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	\$ -	\$ 33,729
Changes of assumptions	-	265
Net difference between projected and actual earnings on investments	-	15,787
Changes in proportionate share	3,671	1,787
Total (prior to post-MD contributions)	<u>3,671</u>	<u>51,568</u>
Contributions subsequent to the MD	<u>8,262</u>	<u>-</u>
Total	<u>\$ 11,933</u>	<u>\$ 51,568</u>

Deferred outflows of resources related to OPEB of \$8,262 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, 2021. 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>	
2021	\$ (23,822)
2022	(22,714)
2023	(2,989)
2024	1,628
2025	-
Total	<u>\$ (47,897)</u>

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

**Actuarial Methods & Assumptions:**

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study Report	2016, published July 2017
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
Mortality	<b>Health retirees and beneficiaries:</b> RP-2014 healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.
	<b>Active Members:</b> RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.
	<b>Disabled retirees:</b> RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

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

**Long-Term Expected Rate of Return:**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 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 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.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.30%	6.69%
Micro Cap US Equities	1.30%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Foreign Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-Driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	<u>100.00%</u>	

Assumed Inflation - Mean

2.50%

**Discount rate:**

The discount rate used to measure the total 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 total OPEB liability.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

**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>
Total OPEB Liability	\$ (198,290)	\$ (255,773)	\$ (304,753)

**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, 2019 measurement period that require disclosure.

**Changes in Plan Provisions Subsequent to Measurement Date:**

There were no changes subsequent to the June 30, 2019 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, 2019, the following employees were covered by the benefit terms:

Active employees	61
Retired employees	<u>8</u>
Total	<u>69</u>

**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, 2020 contributions was \$2,118.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

**Changes in Total OPEB Liability:**

	2020
BALANCE, beginning of year	\$ 1,539,551
Changes for the year:	
Service cost	38,871
Interest	59,779
Differences between expected and actual experience	-
Changes in assumptions or other inputs	42,160
Benefit payments	(173,010)
Net RHIA change	(37,320)
Net changes	(69,520)
BALANCE, end of year	\$ 1,470,031

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

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

	1% Decrease	Current Discount Rate	1% Increase
2020 Total OPEB Liability	\$ 1,675,959	\$ 1,470,031	\$ 1,450,393

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

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

	1% Decrease	Healthcare Trend	1% Increase
2020 Total OPEB Liability	\$ 1,420,018	\$ 1,470,031	\$ 1,721,561

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

For the year ended June 30, 2020, the Department recognized an OPEB expense of \$25,989. At June 30, 2020, 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, 2020**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 26,335	\$ 11,772
Changes of assumptions or other inputs	37,316	629,627
Net difference between projected and actual earnings on OPEB plan investments	-	5,510
Changes in proportionate share	186	4,258
Contributions subsequent to the measurement date	140,698	-
Total	<u>\$ 204,535</u>	<u>\$ 651,167</u>

Deferred outflows of resources related to OPEB of \$140,698 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, 2021. 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, 2021	\$ (99,707)
2022	(96,407)
2023	(88,568)
2024	(86,988)
2025	(87,556)
Thereafter	(128,104)
	<u>\$ (587,330)</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.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

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.

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.



**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

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, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. Employer contributions for the year ended June 30, 2020 were \$3,366,306, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2020 were 28.33 percent for Tier One/Tier Two General Service 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 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,

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

and retirements. As permitted, the City has opted to pick-up the contributions on behalf of employees; contributions were \$872,957 for the year ended June 30, 2020.

**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 2019. 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, 2020, the City and Department reported liabilities of \$29,066,342 and \$8,138,513, respectively for their proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2019 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 0.1680% and the Department’s proportion was 0.0470%. The City’s and Department’s proportionate share at the prior measurement date was 0.1499% and 0.0538%, respectively.

For the year ended June 30, 2020, the City and Department recognized pension expense of \$3,596,120 and \$3,170,003, respectively. The Department has elected to use regulatory accounting to recognize pension expense in conjunction with the required employer contribution rates. At June 30, 2020, the City and Department reported deferred outflows of resources and deferred inflows of resources related to pensions excluding LOSAP from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,602,923	\$ -
Changes of assumptions	3,943,181	-
Net difference between projected and actual earnings on investments	-	824,001
Changes in proportion	1,732,110	4,903,825
Differences between employer contributions and proportionate share of contributions	2,061,932	170,538
Total (prior to post-MD contributions)	9,340,146	5,898,364
Contributions subsequent to the MD	3,366,306	-
Total	\$ 12,706,452	\$ 5,898,364

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

Deferred outflow and inflow pension data for the Department:

Deferred outflows		
Difference between expected and actual experience	\$	448,815
Changes in assumptions		1,104,082
Net difference between projected and actual investment earnings		-
Changes in employer proportion		3,387,557
Differences between employer contributions and proportionate share of contributions		745,170
Contributions subsequent to measurement date		<u>1,086,161</u>
Total deferred outflows	\$	<u>6,771,785</u>
Deferred inflows		
Changes in proportion and contributions	-	\$ 884,159
Net difference between projected and actual investment earnings		230,719
Differences between employer contributions and proportionate share of contributions		<u>7,046</u>
Total deferred inflows	\$	<u>1,121,924</u>

City and Department's contributions subsequent to the measurement date of \$3,366,306 and \$1,086,161, 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	City	Department
2021	2,348,456	1,868,127
2022	(29,166)	1,215,530
2023	169,379	1,232,715
2024	826,266	262,386
2025	126,847	(15,058)
	<u>\$ 3,441,782</u>	<u>\$ 4,563,700</u>

**Actuarial Assumptions:**

The employer contribution rates effective July 1, 2017 through June 30, 2019 were set using the entry age normal actuarial cost method.

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

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

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

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, 2017 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.
- 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:

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

	1% Decrease (6.2%)	Discount Rate (7.2%)	1% Increase (8.2%)
City's proportionate share of net pension (asset)/liability	46,547,168	29,066,342	14,437,299
Department's proportionate share of net pension (asset)/liability	13,033,106	8,138,513	4,042,412

**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, 2020, the City's payable to OPERS for defined benefit contributions was approximately \$400,000. 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, 2020.

**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 \$21,876, \$24,467, and \$86,451 for fiscal years 2020, 2019, and 2018, respectively.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

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

For the year ended June 30, 2020, the LOSAP pension expense as defined by GASB 75 was \$83,126.

For the LOSAP plan, at June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>City</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 19,261	\$ 12,658
Change of assumptions	260,835	30,599
Total	\$ 280,096	\$ 43,257

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:	
2021	\$ 33,390
2022	33,390
2023	33,899
2024	37,990
2025	37,990
Thereafter	60,180
Total	\$ 236,839

**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.

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

**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:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Net LOSAP pension liability (asset)	\$ 1,597,223	\$ 1,322,467	\$ 1,110,358

**Changes in total pension liability:**

Beginning total pension liability:	\$ 1,008,827
Benefit payments	(21,876)
Service cost	27,683
Interest on total pension liability	22,053
Change in assumptions	300,356
Experience (gain)/loss	(14,576)
Change in total pension liability	313,640
Ending total pension liability	\$ 1,322,467

**E. Commitments and Contingencies**

**1. City**

At June 30, 2020, the City was committed to twelve contracts. In the major governmental funds, a total of approximately \$2,591,000 was committed for construction contracts, \$5,080,000 for street improvement projects, \$464,000 for capital leases and \$155,000 for Municipal Airport improvements to the fueling system. In the non-major fund for Emergency Communication \$198,000 was committed for communications equipment maintenance. In the Wastewater Fund, a business-type activity,

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

approximately \$826,000 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, 2020, the City had five open plan years with a total potential remaining liability of \$1,505,919. 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, 2019, 2018, and 2017 were \$267,000, \$398,000 and \$187,000, respectively.

In 2013, the City entered into a loan agreement with the Oregon Department of Transportation (ODOT) in the amount of \$3,209,600 at 2.26% interest per annum. The loan is to cover the City's portion of costs for Phase 1 of the Newberg-Dundee Bypass constructed by ODOT and will be repaid with Federal and State transportation funds. The City made a principal and interest payment on the City's share of ODOT's expended funds through February 2020. Principal and interest payments will continue until January 2036. At June 30, 2020, ODOT had expended approximately \$3,209,600 of City funds on the project and interest of approximately \$202,000 had accrued.

**2. Department**

The Department purchases power from Priest Rapids Development and Wanapum Development and is required to pay a portion of the development costs under these contracts through April 1, 2052, which coincides with the expiration of the new FERC license (unless terminated earlier under terms of the contract.) Costs associated with these contracts for the year ended June 30, 2020 were approximately \$683,000.

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

Department sales of electricity were made to one major commercial customer during the year ended June 30, 2020 in amounts exceeding ten percent of total sales. This customer accounted for approximately \$15,513,000 of revenues during the year ended June 30, 2020. At June 30, 2020, accounts receivable from this same customer amounted to approximately \$1,334,000.

Department purchases were made from one major supplier of power, including supply, transmission and distribution during the year ended June 30, 2020 in amounts exceeding ten percent of the total of such purchases. The supplier accounted for \$30,902,000 of purchases during the year ended June 30, 2020. At June 30, 2020, amounts due to this same supplier, and included in accounts payable, amounted to \$2,478,000.

**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 \$838,000 in member contributions to YCOM in fiscal year 2020. 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.



**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

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 2020 credits for 2002-2006 look back adjustments were \$272,000.

**I. McMinnville Rural Fire Protection District**

McMinnville Rural Fire Protection District (MRFPD) contracts with the City for fire protection services. For fiscal year 2020, the City received \$387,000 from MRFPD for contract services, which is included in fire department charges for services in the government-wide statement of activities and in the General Fund's Intergovernmental Revenue in the fund financial statement of revenues, expenditures, and changes in fund balances.

**J. Tax Abatement**

The City of McMinnville has entered into property tax abatement agreements whereby the assessed value of property tax has been reduced. The City's property tax revenue for the year ended June 30, 2020 has been abated under the following programs:

<b>Program and Statutory Authority</b>	<b>Amount of Abatement</b>
Housing for low income rental      ORS 307.517	\$        53,804
Historic property                      ORS 358.475 - 358.545	3,611
Total	\$        57,415

**City of McMinnville, Oregon**  
**Notes to Basic Financial Statements (Continued)**  
**Year Ended June 30, 2020**

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

The following fund had a deficit fund balance/net position at June 30, 2020. This deficit will be financed through future revenues.

<u>Fund</u>	<u>Amount</u>
Urban Renewal Debt Service Fund	\$ (1,640,797)

**L. Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 95, Postponement of the Effective Date of Certain Authoritative Guidance to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The effective dates of certain provisions and pronouncements have been postponed for either a twelve or eighteen month period, depending upon the statement or implementation guide.

**M. Subsequent Events**

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted the economic conditions in the U.S., accelerating during the first half of March, as federal, state and local governments react to the public health crisis, creating significant uncertainties in the U.S. economy. This situation is rapidly changing, and additional impacts may arise that we are not aware of currently. While the disruption is currently expected to be temporary, there is uncertainty around the duration. The ultimate impact of the pandemic on the results of operations, financial position, liquidity or capital resources cannot be reasonably estimated at this time.

## **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
- 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, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 13,547,707	\$ 13,547,707	\$ 14,006,209	\$ 458,502
Licenses and permits	3,319,600	3,319,600	3,671,711	352,111
Intergovernmental	2,197,530	2,686,780	3,239,547	552,767
Charges for services	1,502,931	5,137,931	3,397,241	(1,740,690)
Fines and forfeitures	608,400	608,400	484,305	(124,095)
Miscellaneous	940,967	997,967	955,399	(42,568)
Total revenues	22,117,135	26,298,385	25,754,412	(543,973)
<b>EXPENDITURES:</b>				
General government:				
Administration	1,691,556	1,691,556	1,489,257	202,299
Finance	740,801	740,801	651,338	89,463
Community development:				
Engineering	1,178,759	1,178,759	952,835	225,924
Planning	1,428,287	1,428,287	1,104,533	323,754
Public safety:				
Police	9,007,017	9,397,114	8,636,846	760,268
Municipal court	601,752	601,752	526,046	75,706
Fire	4,142,612	9,523,729	8,505,443	1,018,286
Culture and recreation:				
Parks and recreation	3,175,670	3,238,670	2,639,230	599,440
Park maintenance	1,395,342	1,395,342	1,313,861	81,481
Library	1,866,005	1,866,005	1,749,014	116,991
Nondepartmental:				
Debt service:				
Principal	421,120	421,120	421,120	-
Interest	122,832	122,832	122,832	-
Special payments	-	-	57,581	(57,581)
Contingency	900,000	1,200,000	-	1,200,000
Total expenditures	26,671,753	32,805,967	28,169,936	4,636,031
Revenues over (under) expenditures	(4,554,618)	(6,507,582)	(2,415,524)	4,092,058
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund loan proceeds	-	236,600	384,142	147,542
Loan proceeds	-	153,497	-	(153,497)
Transfers in	3,397,066	3,393,879	2,418,432	(975,447)
Transfers out	(2,680,195)	(1,617,384)	(1,302,125)	315,259
Total other financing sources (uses)	716,871	2,166,592	1,500,449	(666,143)
Net change in fund balance	(3,837,747)	(4,340,990)	(915,075)	3,425,915
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	5,533,679	6,375,308	6,503,166	127,858
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ 1,695,932	\$ 2,034,318	5,588,091	\$ 3,553,773
Outstanding interfund loan receivable			1,911,240	
Outstanding interfund loan payable			(174,600)	
<b>FUND BALANCE, ENDING GAAP BASIS</b>			\$ 7,324,731	

**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, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 149,259	\$ 149,259	\$ 837,136	\$ 687,877
Charges for services	332,000	332,000	345,459	13,459
Miscellaneous	10,800	10,800	15,716	4,916
Total revenues	492,059	492,059	1,198,311	706,252
<b>EXPENDITURES:</b>				
Airport:				
Materials and services	328,278	378,278	336,501	41,777
Capital outlay	95,000	125,000	121,860	3,140
Contingency	300,000	220,000	-	220,000
Total expenditures	723,278	723,278	458,361	264,917
Revenues over (under) expenditures	(231,219)	(231,219)	739,950	971,169
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(164,938)	(164,938)	(143,258)	21,680
Total other financing sources (uses)	(164,938)	(164,938)	(143,258)	21,680
Net change in fund balance	(396,157)	(396,157)	596,692	992,849
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	724,631	724,631	(33,778)	(758,409)
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ 328,474	\$ 328,474	\$ 562,914	\$ 234,440

**CITY OF MCMINNVILLE, OREGON**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**For the Last Ten Fiscal Years<sup>1</sup>**

City	Measurement Date June 30,	(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)	Plan fiduciary net position as a percentage of the total pension liability
					City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	
	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	Measurement Date June 30,	(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)	Plan fiduciary net position as a percentage of the total pension liability
					Department's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	
	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%	83.12%
	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%
	2013	0.06292673%	3,364,338	n/a	-	91.97%

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

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

**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<sup>1</sup>**

<b>City</b>					
Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
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%

<b>Department</b>					
Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) Department's covered payroll	(b/c) Contributions as a percent of covered payroll
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%
2014	589,680	589,680	-	4,665,911	12.64%

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

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

**NOTES TO SCHEDULE**

**Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions**

Actuarial valuation:	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal	Entry Age Normal	Projected Unit Credit
Amortization method:	Level percentage of payroll	Level percentage of payroll	Level percentage of payroll
Asset valuation method:	Market value	Market value	Market value
Remaining amortization periods:	20 years	20 years	N/A
Actuarial assumptions			
Inflation rate	2.50 percent	2.75 percent	2.75 percent
Projected salary increases	3.50 percent	3.75 percent	3.75 percent
Investment rate of return	7.50 percent	7.75 percent	8.00 percent



**CITY OF MCMINNVILLE, OREGON**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF OPEB - RHIA**  
**For the Last Ten Fiscal Years<sup>1</sup>**

**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
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
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

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

**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 Years<sup>1</sup>**

**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
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
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.

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

**NOTES TO SCHEDULE**

**Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions**

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

**CITY OF MCMINNVILLE, OREGON**  
**SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS - IMPICIT RATE SUBSIDY**  
**For the Last Ten Fiscal Years<sup>1</sup>**

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

Department	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service Interest	\$ 38,871	\$ 80,853	\$ 88,568
Interest	59,779	81,690	70,010
Difference between expected and actual experience	-	34,195	-
Changes of assumptions	42,160	(699,861)	(138,226)
Benefit payment	(173,010)	(210,866)	(164,408)
Net RHIA change	(37,320)	(32,427)	(33,002)
<b>Net change in total OPEB liability</b>	<u>(69,520)</u>	<u>(746,416)</u>	<u>(177,058)</u>
<b>Total OPEB liability - beginning</b>	1,539,551	2,285,967	2,463,025
<b>Total OPEB liability - ending (a)</b>	<u><u>\$ 1,470,031</u></u>	<u><u>\$ 1,539,551</u></u>	<u><u>\$ 2,285,967</u></u>
Covered-employee payroll	\$ 5,000,050	\$ 4,865,881	\$ 4,888,677
Total OPEB liability as a percentage of covered-employee payroll	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.

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

**CITY OF MCMINNVILLE, OREGON**  
**SCHEDULE OF CONTRIBUTIONS TO OPEB - IMPLICIT RATE SUBSIDY**  
**For the Last Ten Fiscal Years<sup>1</sup>**

<b>City</b>		(b)		(c)	(b/c)
Year Ended June 30,	(a) Actuarially determined contribution	Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	City's covered payroll	Contributions as a percent of covered payroll
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**

	(a)	(b)		(c)	(b/c)
Year Ended June 30,	Actuarially determined contribution	Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	Covered payroll	Contributions as a percent of covered payroll
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.

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

**NOTES TO SCHEDULE**

**Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions**

Actuarial valuation:	July 1, 2018	July 1, 2016
Effective:	June 30, 2018 and 2019	June 30, 2016 and 2017
Actuarial cost method:	Entry Age Normal	Entry Age Normal
Amortization method:	Level percentage of payroll, closed	Level percentage of payroll, closed
Amortization period:	6.8 years	7.7 years
Asset valuation method:	Market value	Market value
Remaining amortization periods:	20 years	20 years
Actuarial assumptions		
Inflation rate	2.50 percent	2.50 percent
Projected salary increases	3.50 percent	3.50 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:

#### **Special Assessment Fund**

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

#### **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, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 201,248	\$ 201,248	\$ 201,248	\$ -
Charges for services	400,000	400,000	744,944	344,944
Miscellaneous	53,600	53,600	118,464	64,864
<b>Total revenues</b>	<b>654,848</b>	<b>654,848</b>	<b>1,064,656</b>	<b>409,808</b>
<b>EXPENDITURES:</b>				
Highways and streets:				
Materials and services	476,200	476,200	249,233	226,967
Capital outlay	4,813,000	4,813,000	1,018,195	3,794,805
Debt service:				
Principal	157,899	157,899	157,899	-
Interest	43,349	43,349	43,349	-
Contingency	300,000	300,000	-	300,000
<b>Total expenditures</b>	<b>5,790,448</b>	<b>5,790,448</b>	<b>1,468,676</b>	<b>4,321,772</b>
Revenues over (under) expenditures	(5,135,600)	(5,135,600)	(404,020)	4,731,580
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in/out debt	700,000	700,000	700,000	-
Transfers out	(191,705)	(191,705)	(191,705)	-
<b>Total other financing sources (uses)</b>	<b>508,295</b>	<b>508,295</b>	<b>508,295</b>	<b>-</b>
Net change in fund balance	(4,627,305)	(4,627,305)	104,275	4,731,580
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	<b>5,331,422</b>	<b>5,331,422</b>	<b>5,699,016</b>	<b>367,594</b>
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	<b>\$ 704,117</b>	<b>\$ 704,117</b>	<b>\$ 5,803,291</b>	<b>\$ 5,099,174</b>

**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, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 3,497,400	\$ 3,497,400	\$ 3,598,268	\$ 100,868
Miscellaneous	52,200	52,200	23,775	(28,425)
Total revenues	3,549,600	3,549,600	3,622,043	72,443
<b>EXPENDITURES:</b>				
Debt service:				
Principal	2,635,000	2,635,000	2,635,000	-
Interest	1,105,450	1,105,450	1,105,450	-
Total expenditures	3,740,450	3,740,450	3,740,450	-
Revenues over (under) expenditures	(190,850)	(190,850)	(118,407)	72,443
Net change in fund balance	(190,850)	(190,850)	(118,407)	72,443
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	1,347,647	1,347,647	1,474,641	126,994
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ 1,156,797	\$ 1,156,797	\$ 1,356,234	\$ 199,437

**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, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 310,850	\$ 310,850	\$ 346,416	\$ 35,566
Miscellaneous	6,500	6,500	4,591	(1,909)
Total revenues	<u>317,350</u>	<u>317,350</u>	<u>351,007</u>	<u>33,657</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund loan payments	-	-	(209,542)	(209,542) *
Transfers in	44,590	44,590	44,590	-
Transfers out	(539,119)	(539,119)	(146,895)	392,224 *
Total other financing sources (uses)	<u>(494,529)</u>	<u>(494,529)</u>	<u>(311,847)</u>	<u>182,682</u>
Net change in fund balance	(177,179)	(177,179)	39,160	216,339
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	<u>218,139</u>	<u>218,139</u>	<u>231,283</u>	<u>13,144</u>
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	<u>\$ 40,960</u>	<u>\$ 40,960</u>	270,443	<u>\$ 229,483</u>
Interfund loan payable			<u>(1,911,240)</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ (1,640,797)</u>	

\* Appropriated together as transfers out

**CITY OF MCMINNVILLE, OREGON**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2020**

	Special Revenue Funds			
	Special Assessment Fund	Transient Lodging Fund	Telecommu- nications Fund	Emergency Communications Fund
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 142,113	\$ -	\$ 1,933	\$ -
Accounts receivable, net	56,629	167,165	61,057	230,799
Prepays	-	-	-	71,723
Restricted cash and investments	-	-	-	-
<b>Total assets</b>	<b>\$ 198,742</b>	<b>\$ 167,165</b>	<b>\$ 62,990</b>	<b>\$ 302,522</b>
<b>LIABILITIES:</b>				
Accounts payable and accrued expenses	\$ 17,389	\$ 131,438	\$ 61,057	\$ 117,399
Accrued payroll and other payroll liabilities	-	-	-	-
Advances to other funds	-	35,727	-	73,510
<b>Total liabilities</b>	<b>17,389</b>	<b>167,165</b>	<b>61,057</b>	<b>190,909</b>
<b>DEREFED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - other	41,647	-	-	-
<b>Total deferred inflows of resources</b>	<b>41,647</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE:</b>				
Nonspendable	-	-	-	71,723
Restricted	-	-	-	-
Committed	-	-	-	39,890
Assigned	139,706	-	1,933	-
<b>Total fund balance</b>	<b>139,706</b>	<b>-</b>	<b>1,933</b>	<b>111,613</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 198,742</b>	<b>\$ 167,165</b>	<b>\$ 62,990</b>	<b>\$ 302,522</b>

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	
\$ 1,764,286	\$ 1,520,330	\$ 3,428,662	\$ -	\$ 205,387	\$ 205,387	\$ 3,634,049
148,561	2,887	667,098	-	658	658	667,756
-	-	71,723	-	-	-	71,723
-	-	-	1,475,825	-	1,475,825	1,475,825
<u>\$ 1,912,847</u>	<u>\$ 1,523,217</u>	<u>\$ 4,167,483</u>	<u>\$ 1,475,825</u>	<u>\$ 206,045</u>	<u>\$ 1,681,870</u>	<u>\$ 5,849,353</u>
\$ 116,737	\$ 3,208	\$ 447,228	\$ 613	\$ 2,759	\$ 3,372	\$ 450,600
21,992	15,240	37,232	-	-	-	37,232
-	-	109,237	-	-	-	109,237
<u>138,729</u>	<u>18,448</u>	<u>593,697</u>	<u>613</u>	<u>2,759</u>	<u>3,372</u>	<u>597,069</u>
-	-	41,647	-	-	-	41,647
-	-	41,647	-	-	-	41,647
-	-	71,723	-	-	-	71,723
1,774,118	-	1,774,118	1,475,212	203,286	1,678,498	3,452,616
-	-	39,890	-	-	-	39,890
-	1,504,769	1,646,408	-	-	-	1,646,408
<u>1,774,118</u>	<u>1,504,769</u>	<u>3,532,139</u>	<u>1,475,212</u>	<u>203,286</u>	<u>1,678,498</u>	<u>5,210,637</u>
<u>\$ 1,912,847</u>	<u>\$ 1,523,217</u>	<u>\$ 4,167,483</u>	<u>\$ 1,475,825</u>	<u>\$ 206,045</u>	<u>\$ 1,681,870</u>	<u>\$ 5,849,353</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, 2020**

	Special Revenue Funds			
	Special Assessment Fund	Transient Lodging Fund	Telecommu- nications Fund	Emergency Communications Fund
<b>REVENUES:</b>				
Special assessments	\$ 53,509	\$ -	\$ -	\$ -
Licenses and permits	-	1,059,160	242,970	25,782
Intergovernmental	15,000	-	-	7,500
Charges for services	-	-	-	15,480
Miscellaneous	2,677	7,890	47	730
	<u>71,186</u>	<u>1,067,050</u>	<u>243,017</u>	<u>49,492</u>
Total revenues				
<b>EXPENDITURES:</b>				
Current:				
General government	76,566	991,876	242,970	-
Public safety	-	-	-	1,197,560
Highways and streets	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay				
Highways and streets	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	34,538
Interest	-	-	-	2,634
	<u>76,566</u>	<u>991,876</u>	<u>242,970</u>	<u>1,234,732</u>
Total expenditures				
Revenues over (under) expenditures	<u>(5,380)</u>	<u>75,174</u>	<u>47</u>	<u>(1,185,240)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan proceeds	-	-	-	228,449
Transfers in	-	-	-	893,670
Transfers out	-	(337,659)	-	-
	<u>-</u>	<u>(337,659)</u>	<u>-</u>	<u>1,122,119</u>
Total other financing sources (uses)				
Net change in fund balance	(5,380)	(262,485)	47	(63,121)
<b>FUND BALANCE, BEGINNING</b>	<u>145,086</u>	<u>262,485</u>	<u>1,886</u>	<u>174,734</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 139,706</u>	<u>\$ -</u>	<u>\$ 1,933</u>	<u>\$ 111,613</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	
\$ -	\$ -	\$ 53,509	\$ -	\$ -	\$ -	\$ 53,509
6	866,805	2,194,723	-	-	-	2,194,723
2,359,577	1,765	2,383,842	217,980	-	217,980	2,601,822
-	-	15,480	620,594	-	620,594	636,074
59,501	42,399	113,244	160,500	7,302	167,802	281,046
<u>2,419,084</u>	<u>910,969</u>	<u>4,760,798</u>	<u>999,074</u>	<u>7,302</u>	<u>1,006,376</u>	<u>5,767,174</u>
-	677,916	1,989,328	-	-	-	1,989,328
-	-	1,197,560	-	-	-	1,197,560
2,033,903	-	2,033,903	-	162,697	162,697	2,196,600
-	-	-	78,539	-	78,539	78,539
-	-	-	-	-	-	-
531	832	1,363	-	-	-	1,363
-	-	-	661,143	-	661,143	661,143
-	-	-	-	-	-	-
-	-	34,538	-	-	-	34,538
-	-	2,634	-	-	-	2,634
<u>2,034,434</u>	<u>678,748</u>	<u>5,259,326</u>	<u>739,682</u>	<u>162,697</u>	<u>902,379</u>	<u>6,161,705</u>
<u>384,650</u>	<u>232,221</u>	<u>(498,528)</u>	<u>259,392</u>	<u>(155,395)</u>	<u>103,997</u>	<u>(394,531)</u>
-	-	228,449	-	-	-	228,449
-	1,272,548	2,166,218	-	146,895	146,895	2,313,113
(700,000)	-	(1,037,659)	-	(44,590)	(44,590)	(1,082,249)
<u>(700,000)</u>	<u>1,272,548</u>	<u>1,357,008</u>	<u>-</u>	<u>102,305</u>	<u>102,305</u>	<u>1,459,313</u>
(315,350)	1,504,769	858,480	259,392	(53,090)	206,302	1,064,782
<u>2,089,468</u>	<u>-</u>	<u>2,673,659</u>	<u>1,215,820</u>	<u>256,376</u>	<u>1,472,196</u>	<u>4,145,855</u>
<u>\$ 1,774,118</u>	<u>\$ 1,504,769</u>	<u>\$ 3,532,139</u>	<u>\$ 1,475,212</u>	<u>\$ 203,286</u>	<u>\$ 1,678,498</u>	<u>\$ 5,210,637</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
  - Special Assessment Fund
  - 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**  
**SPECIAL ASSESSMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Special assessments	\$ 73,000	\$ 73,000	\$ 53,509	\$ (19,491)
Intergovernmental	500,000	500,000	15,000	(485,000)
Miscellaneous	3,900	3,900	2,677	(1,223)
Total revenues	<u>576,900</u>	<u>576,900</u>	<u>71,186</u>	<u>(505,714)</u>
<b>EXPENDITURES:</b>				
General government:				
Materials and services	573,000	573,000	68,509	504,491
Contingency	20,000	20,000	-	20,000
Total expenditures	<u>593,000</u>	<u>593,000</u>	<u>68,509</u>	<u>524,491</u>
Revenues over (under) expenditures	<u>(16,100)</u>	<u>(16,100)</u>	<u>2,677</u>	<u>18,777</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(8,057)</u>	<u>(8,057)</u>	<u>(8,057)</u>	<u>-</u>
Total other financing sources (uses)	<u>(8,057)</u>	<u>(8,057)</u>	<u>(8,057)</u>	<u>-</u>
Net change in fund balance	(24,157)	(24,157)	(5,380)	18,777
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	<u>145,527</u>	<u>145,527</u>	<u>145,086</u>	<u>(441)</u>
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	<u>\$ 121,370</u>	<u>\$ 121,370</u>	<u>\$ 139,706</u>	<u>\$ 18,336</u>

**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, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 1,277,666	\$ 1,277,666	\$ 1,059,160	\$ (218,506)
Miscellaneous	3,500	3,500	7,890	4,390
Total revenues	1,281,166	1,281,166	1,067,050	(214,116)
<b>EXPENDITURES:</b>				
General government:				
Personnel service	860,033	1,085,033	991,876	93,157
Contingency	248,232	23,232	-	23,232
Total expenditures	1,108,265	1,108,265	991,876	116,389
Revenues over (under) expenditures	172,901	172,901	75,174	(97,727)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(402,001)	(402,001)	(337,659)	64,342
Total other financing sources (uses)	(402,001)	(402,001)	(337,659)	64,342
Net change in fund balance	(229,100)	(229,100)	(262,485)	(33,385)
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	229,100	229,100	262,485	33,385
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ -	\$ -	\$ -	\$ -

**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, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 257,000	\$ 257,000	\$ 242,970	\$ (14,030)
Miscellaneous	100	100	47	(53)
Total revenues	257,100	257,100	243,017	(14,083)
<b>EXPENDITURES:</b>				
General government:				
Materials and services	257,000	257,000	242,970	14,030
Contingency	1,500	1,500	-	1,500
Total expenditures	258,500	258,500	242,970	15,530
Revenues over (under) expenditures	(1,400)	(1,400)	47	1,447
Net change in fund balance	(1,400)	(1,400)	47	1,447
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	1,949	1,949	1,886	(63)
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ 549	\$ 549	\$ 1,933	\$ 1,384

**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, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 28,000	\$ 28,000	\$ 25,782	\$ (2,218)
Intergovernmental	7,500	7,500	7,500	-
Charges for services	15,990	15,990	15,480	(510)
Miscellaneous	3,600	3,600	730	(2,870)
Total revenues	55,090	55,090	49,492	(5,598)
<b>EXPENDITURES:</b>				
Public safety:				
Materials and services	902,316	904,116	894,111	10,005 *
Capital outlay	-	301,649	303,449	(1,800) *
Debt service:				
Principal	33,269	33,269	34,538	(1,269) *
Interest	5,000	5,000	2,634	2,366 *
Contingency	35,000	35,000	-	35,000
Total expenditures	975,585	1,279,034	1,234,732	44,302
Revenues over (under) expenditures	(920,495)	(1,223,944)	(1,185,240)	38,704
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan proceeds	-	228,449	228,449	-
Transfers in	893,670	893,670	893,670	-
Total other financing sources (uses)	893,670	1,122,119	1,122,119	-
Net change in fund balance	(26,825)	(101,825)	(63,121)	38,704
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	89,470	164,470	174,734	10,264
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ 62,645	\$ 62,645	\$ 111,613	\$ 48,968

\* Appropriated together as 911 Emergency Communications

**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, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 50	\$ 50	\$ 6	\$ (44)
Intergovernmental	2,650,000	2,650,000	2,359,577	(290,423)
Miscellaneous	51,300	51,300	38,345	(12,955)
Total revenues	<u>2,701,350</u>	<u>2,701,350</u>	<u>2,397,928</u>	<u>(303,422)</u>
<b>EXPENDITURES:</b>				
Highways and streets:				
Personnel service	981,806	981,806	921,096	60,710
Materials and services	1,027,983	1,027,983	829,987	197,996
Capital outlay	5,674	5,674	531	5,143
Contingency	250,000	250,000	-	250,000
Total expenditures	<u>2,265,463</u>	<u>2,265,463</u>	<u>1,751,614</u>	<u>513,849</u>
Revenues over (under) expenditures	<u>435,887</u>	<u>435,887</u>	<u>646,314</u>	<u>210,427</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	21,156	21,156	21,156	-
Transfers out	(983,450)	(983,450)	(982,820)	630
Total other financing sources (uses)	<u>(962,294)</u>	<u>(962,294)</u>	<u>(961,664)</u>	<u>630</u>
Net change in fund balance	(526,407)	(526,407)	(315,350)	211,057
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	<u>1,941,264</u>	<u>1,941,264</u>	<u>2,089,468</u>	<u>148,204</u>
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	<u>\$ 1,414,857</u>	<u>\$ 1,414,857</u>	<u>\$ 1,774,118</u>	<u>\$ 359,261</u>

**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, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 532,000	\$ 532,000	\$ 866,805	\$ 334,805
Intergovernmental	-	-	1,765	1,765
Miscellaneous	36,600	36,600	31,471	(5,129)
Total revenues	568,600	568,600	900,041	331,441
<b>EXPENDITURES:</b>				
Personnel service	634,670	634,670	562,624	72,046
Materials and services	114,045	114,045	74,390	39,655
Capital outlay	2,056	2,056	832	1,224
Contingency	75,000	75,000	-	75,000
Total expenditures	825,771	825,771	637,846	187,925
Revenues over (under) expenditure:	(257,171)	(257,171)	262,195	519,366
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	10,928	10,928	10,928	-
Transfers out	(88,001)	(88,001)	(40,902)	47,099
Total other financing sources (uses):	(77,073)	(77,073)	(29,974)	47,099
Net changes in fund balances	(334,244)	(334,244)	232,221	566,465
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	1,030,370	1,030,370	1,272,548	242,178
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ 696,126	\$ 696,126	\$ 1,504,769	\$ 808,643

**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, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 67,000	\$ 67,000	\$ 217,980	\$ 150,980
Charges for services	250,000	250,000	620,594	370,594
Miscellaneous	243,580	243,580	160,500	(83,080)
Total revenues	560,580	560,580	999,074	438,494
<b>EXPENDITURES:</b>				
Culture and recreation:				
Materials and services	22,400	22,400	19,530	2,870
Capital outlay	866,652	866,652	661,143	205,509
Contingency	660,390	660,390	-	660,390
Total expenditures	1,549,442	1,549,442	680,673	868,769
Revenues over (under) expenditures	(988,862)	(988,862)	318,401	1,307,263
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(59,009)	(59,009)	(59,009)	-
Total other financing sources (uses)	(59,009)	(59,009)	(59,009)	-
Net change in fund balance	(1,047,871)	(1,047,871)	259,392	1,307,263
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	1,099,535	1,099,535	1,215,820	116,285
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ 51,664	\$ 51,664	\$ 1,475,212	\$ 1,423,548

**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, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Miscellaneous	\$ 5,600	\$ 5,600	\$ 7,302	\$ 1,702
Total revenues	5,600	5,600	7,302	1,702
<b>EXPENDITURES:</b>				
Programs and improvements:				
Materials and services	335,600	335,600	96,466	239,134
Capital outlay	73,000	73,000	-	73,000
Contingency	90,354	90,354	-	90,354
Total expenditures	498,954	498,954	96,466	402,488
Revenues over (under) expenditures	(493,354)	(493,354)	(89,164)	404,190
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	351,831	351,831	146,895	(204,936)
Transfers out	(110,821)	(110,821)	(110,821)	-
Total other financing sources (uses)	241,010	241,010	36,074	(204,936)
Net changes in fund balances	(252,344)	(252,344)	(53,090)	199,254
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	252,344	252,344	256,376	4,032
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	\$ -	\$ -	\$ 203,286	\$ 203,286



## **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
  
- Ambulance Fund - Closed

**CITY OF MCMINNVILLE, OREGON  
WASTEWATER OPERATIONS COMBINED  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
For the Fiscal Year Ended June 30, 2020**

	Wastewater Services Fund	Wastewater Capital Fund	Total Wastewater Operations
<b>REVENUES:</b>			
Intergovernmental	\$ 35,419	\$ -	\$ 35,419
Charges for services	10,389,872	-	10,389,872
Miscellaneous	3,689	-	3,689
Interest revenue	31,046	544,868	575,914
System development charges	-	1,104,163	1,104,163
	<u>10,460,026</u>	<u>1,649,031</u>	<u>12,109,057</u>
Total revenues			
<b>EXPENDITURES:</b>			
Wastewater services administration	635,462	-	635,462
Plant	1,721,474	-	1,721,474
Environmental services	485,065	-	485,065
Conveyance systems	765,028	-	765,028
Capital Outlay	-	3,293,457	3,293,457
	<u>3,607,029</u>	<u>3,293,457</u>	<u>6,900,486</u>
Total expenditures			
Revenues over (under) expenditures	<u>6,852,997</u>	<u>(1,644,426)</u>	<u>5,208,571</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Interfund loan payments	-	(174,600)	(174,600)
Transfers in	55,041	5,752,934	5,807,975
Transfers out	(6,131,582)	(249,194)	(6,380,776)
	<u>(6,076,541)</u>	<u>5,329,140</u>	<u>(747,401)</u>
Total other financing sources (uses)			
Net change in fund balance	776,456	3,684,714	4,461,170
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>			
	<u>2,922,804</u>	<u>28,522,741</u>	<u>31,445,545</u>
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>			
	<u>\$ 3,699,260</u>	<u>\$ 32,207,455</u>	<u>35,906,715</u>
<b>RECONCILIATION TO NET POSITION - GAAP BASIS</b>			
Interfund loan receivable			174,600
Capital assets, net			56,189,935
Net OPEB asset			19,122
Deferred outflows related to pensions			949,969
Deferred outflows related to OPEB			7,247
Compensated absences payable			(85,752)
Net pension liability			(2,173,078)
Net OPEB liability			(92,312)
Pension related debt			(208,620)
Deferred outflows related to pensions			(440,978)
Deferred outflows related to OPEB			(80,818)
			<u>90,166,030</u>
<b>NET POSITION</b>			<u>\$ 90,166,030</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, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)
Intergovernmental	-	-	35,419	35,419
Charges for services	10,219,504	10,219,504	10,389,872	170,368
Miscellaneous	1,000	1,000	3,689	2,689
Interest revenue	33,100	33,100	31,046	(2,054)
<b>Total revenues</b>	<b>10,753,604</b>	<b>10,753,604</b>	<b>10,460,026</b>	<b>(293,578)</b>
<b>EXPENDITURES:</b>				
Wastewater services administration	750,675	750,675	635,462	115,213
Plant	1,953,748	1,953,748	1,721,474	232,274
Environmental services	511,545	511,545	485,065	26,480
Conveyance systems	846,787	846,787	765,028	81,759
Contingency	300,000	300,000	-	300,000
<b>Total expenditures</b>	<b>4,362,755</b>	<b>4,362,755</b>	<b>3,607,029</b>	<b>755,726</b>
Revenues over (under) expenditures	6,390,849	6,390,849	6,852,997	462,148
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	55,041	55,041	55,041	-
Transfers out	(6,635,373)	(6,635,373)	(6,131,582)	503,791
<b>Total other financing sources (uses)</b>	<b>(6,580,332)</b>	<b>(6,580,332)</b>	<b>(6,076,541)</b>	<b>503,791</b>
Net change in fund balance	(189,483)	(189,483)	776,456	965,939
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	<b>2,227,417</b>	<b>2,227,417</b>	<b>2,922,804</b>	<b>695,387</b>
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	<b>\$ 2,037,934</b>	<b>\$ 2,037,934</b>	<b>\$ 3,699,260</b>	<b>\$ 1,661,326</b>

**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, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Interest revenue	\$ 711,000	\$ 711,000	\$ 544,868	\$ (166,132)
System development charges	325,000	325,000	1,104,163	779,163
Total revenues	1,036,000	1,036,000	1,649,031	613,031
<b>EXPENDITURES:</b>				
Wastewater:				
Materials and service	2,174,000	1,937,400	390,965	1,546,435
Capital outlay	3,602,500	3,602,500	2,902,492	700,008
Contingency	500,000	500,000	-	500,000
Total expenditures	6,276,500	6,039,900	3,293,457	2,746,443
Revenues over (under) expenditures	(5,240,500)	(5,003,900)	(1,644,426)	3,359,474
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund loan payments	-	(236,600)	(174,600)	62,000
Transfers in	5,774,614	5,774,614	5,752,934	(21,680)
Transfers out	(249,194)	(249,194)	(249,194)	-
Total other financing sources (uses)	5,525,420	5,288,820	5,329,140	40,320
Net change in fund balance	284,920	284,920	3,684,714	3,399,794
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	27,855,380	27,855,380	28,522,741	667,361
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	<u>\$ 28,140,300</u>	<u>\$ 28,140,300</u>	<u>\$ 32,207,455</u>	<u>\$ 4,067,155</u>

**CITY OF MCMINNVILLE, OREGON**  
**AMBULANCE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 489,250	\$ -	\$ -	\$ -
Charges for services	3,640,000	-	-	-
Miscellaneous	52,000	-	-	-
<b>Total revenues</b>	<b>4,181,250</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Ambulance:				
Personnel service	4,049,709	-	-	-
Materials and services	1,068,391	-	-	-
Capital outlay	263,017	-	-	-
Contingency	300,000	-	-	-
<b>Total expenditures</b>	<b>5,681,117</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues over (under) expenditures	(1,499,867)	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,235,711	-	-	-
Transfers out	(239,087)	(174,483)	(174,483)	-
<b>Total other financing sources (uses)</b>	<b>996,624</b>	<b>(174,483)</b>	<b>(174,483)</b>	<b>-</b>
Net change in fund balance	(503,243)	(174,483)	(174,483)	-
<b>FUND BALANCE, BEGINNING - BUDGETARY BASIS</b>	<b>841,629</b>	<b>174,483</b>	<b>174,483</b>	<b>-</b>
<b>FUND BALANCE, ENDING - BUDGETARY BASIS</b>	<b>\$ 338,386</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**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 MC MINNVILLE, OREGON  
INTERNAL SERVICE FUNDS  
COMBINING SCHEDULE OF NET POSITION  
June 30, 2020

	Governmental Activities - Internal Service Funds		
	Informational Systems & Services Fund	Insurance Services Fund	Total
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 204,628	\$ 678,904	\$ 883,532
Accounts receivable, net	36,984	42,179	79,163
Prepaid expenses	15,819	762,556	778,375
Total current assets	257,431	1,483,639	1,741,070
Noncurrent assets:			
Capital assets, net	375,841	-	375,841
Net OPEB asset	4,771	-	4,771
Total noncurrent assets	380,612	-	380,612
Total assets	638,043	1,483,639	2,121,682
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows related to pensions	237,005	-	237,005
Deferred outflows related to OPEB	1,808	-	1,808
Total deferred outflows of resources	238,813	-	238,813
Total assets	\$ 876,856	\$ 1,483,639	\$ 2,360,495
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	\$ 35,269	\$ 17,870	\$ 53,139
Accrued payroll and other payroll liabilities	10,390	-	10,390
Claims payable	-	254,780	254,780
Pension related liabilities - due in one year	5,906	-	5,906
Accrued compensated absences	8,814	-	8,814
Total current liabilities	60,379	272,650	333,029
Noncurrent liabilities:			
Accrued compensated absences	31,893	-	31,893
Net pension liability	542,154	-	542,154
Net OPEB liability	23,030	-	23,030
Pension related liabilities	49,726	-	49,726
Total noncurrent liabilities	646,803	-	646,803
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows related to pensions	110,018	-	110,018
Deferred inflows related to OPEB	20,163	-	20,163
Total deferred inflows of resources	130,181	-	130,181
<b>NET POSITION:</b>			
Net investment in capital assets	375,841	-	375,841
Restricted for:			
OPEB benefits	4,771	-	4,771
Unrestricted	(341,119)	1,210,989	869,870
Total net position	39,493	1,210,989	1,250,482
Total liabilities and net position	\$ 876,856	\$ 1,483,639	\$ 2,360,495

**CITY OF MCMINNVILLE, OREGON**  
**INTERNAL SERVICE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**For the Fiscal Year Ended June 30, 2020**

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Informational Systems &amp; Services Fund</u>	<u>Insurance Services Fund</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 1,139,336	\$ 1,101,054	\$ 2,240,390
Intergovernmental	56,183	-	56,183
Miscellaneous	46	138,516	138,562
	<u>1,195,565</u>	<u>1,239,570</u>	<u>2,435,135</u>
Total operating revenues			
<b>OPERATING EXPENSES:</b>			
Personnel service	610,820	-	610,820
Materials and service	689,129	1,758,044	2,447,173
Depreciation	38,240	-	38,240
	<u>1,338,189</u>	<u>1,758,044</u>	<u>3,096,233</u>
Total operating expenses			
Operating income (loss)	(142,624)	(518,474)	(661,098)
<b>NON-OPERATING REVENUES (EXPENSE):</b>			
Interest income	3,924	27,302	31,226
	<u>3,924</u>	<u>27,302</u>	<u>31,226</u>
Total non-operating income (expenses)			
Net change in fund balance	(138,700)	(491,172)	(629,872)
<b>NET POSITION, BEGINNING</b>	<u>178,193</u>	<u>1,702,161</u>	<u>1,880,354</u>
<b>NET POSITION, ENDING</b>	<u>\$ 39,493</u>	<u>\$ 1,210,989</u>	<u>\$ 1,250,482</u>



**CITY OF MCMINNVILLE, OREGON**  
**INTERNAL SERVICE FUNDS**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2020**

	Governmental Activities - Internal Service Funds		
	Informational	Insurance Services	Total
	Systems & Services Fund	Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from interfund services provided	\$ 1,158,581	\$ 1,058,875	\$ 2,217,456
Cash received from other operating sources - insurance reimbursements	-	138,516	138,516
Cash paid to employees and others for salaries and benefits	(506,883)	-	(506,883)
Cash paid to suppliers and others	(689,280)	(2,453,785)	(3,143,065)
Net cash provided by (used for) operating activities	(37,582)	(1,256,394)	(1,293,976)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Principal paid on pension-related obligations	4,219	-	4,219
Net cash provided by (used for) non-capital financing activities	4,219	-	4,219
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	3,924	27,302	31,226
Net cash provided by investing activities	3,924	27,302	31,226
Net increase (decrease) in cash and cash equivalents	(29,439)	(1,229,092)	(1,258,531)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	234,067	1,907,996	2,142,063
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ 204,628	\$ 678,904	\$ 883,532
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating Income	\$ (142,624)	\$ (518,474)	\$ (661,098)
Adjustments:			
Depreciation and amortization	38,240	-	38,240
Decrease (increase) in:			
Accounts receivable and due from other funds	(36,984)	(42,179)	(79,163)
Prepays	(15,819)	(762,556)	(778,375)
Increase (decrease) in:			
Accounts payable	15,668	(81,026)	(65,358)
Accrued payroll and other payroll liabilities	383	-	383
Unearned revenue	-	(15,091)	(15,091)
Compensated absences	423	-	423
Net other post employment benefits	1,940	-	1,940
Net pension benefits	101,191	-	101,191
Other liabilities	-	162,932	162,932
Net cash provided by (used for) operating activities	\$ (37,582)	\$ (1,256,394)	\$ (1,293,976)

**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, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 56,183	\$ 56,183
Charges for services	802,150	802,150	664,424	(137,726)
Miscellaneous	5,500	5,500	3,970	(1,530)
<b>Total revenues</b>	<b>807,650</b>	<b>807,650</b>	<b>724,577</b>	<b>(83,073)</b>
<b>EXPENDITURES:</b>				
Information technology services:				
Personal services	506,391	506,391	503,047	3,344
Material services	692,750	692,750	605,475	87,275
Capital outlay	109,400	109,400	83,654	25,746
Contingency	50,000	50,000	-	50,000
<b>Total expenditures</b>	<b>1,358,541</b>	<b>1,358,541</b>	<b>1,192,176</b>	<b>166,365</b>
Revenues over (under) expenditures	(550,891)	(550,891)	(467,599)	83,292
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	506,391	506,391	474,912	(31,479)
<b>Total other financing sources (uses)</b>	<b>506,391</b>	<b>506,391</b>	<b>474,912</b>	<b>(31,479)</b>
Net change in fund balance	(44,500)	(44,500)	7,313	51,813
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<b>201,218</b>	<b>201,218</b>	<b>204,459</b>	<b>3,241</b>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<b>\$ 156,718</b>	<b>\$ 156,718</b>	<b>211,772</b>	<b>\$ 55,054</b>
Add (deduct):				
Capital assets, net			375,841	
Net OPEB Asset			4,771	
Deferred outflows - pensions			237,005	
Deferred outflows - OPEB			1,808	
Pension Related Debt			(55,632)	
Accrued compensated absence			(40,707)	
Net pension liability			(542,154)	
Net OPEB liability			(23,030)	
Deferred inflows - Pensions			(110,018)	
Deferred inflows - OPEB			(20,163)	
Net Position, full accrual - ending			<u>\$ 39,493</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, 2020**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 1,175,567	\$ 1,175,567	\$ 1,101,054	\$ (74,513)
Miscellaneous	155,400	155,400	165,818	10,418
Total revenues	1,330,967	1,330,967	1,266,872	(64,095)
<b>EXPENDITURES:</b>				
Insurance services:				
Materials and services	1,228,409	1,203,409	932,464	270,945
Capital outlay	-	25,000	22,600	2,400
Contingency	150,000	150,000	-	150,000
Total expenditures	1,378,409	1,378,409	955,064	423,345
Revenues over (under) expenditures	(47,442)	(47,442)	311,808	359,250
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers to other funds	(640,048)	(640,048)	(640,048)	-
Total other financing sources (uses)	(640,048)	(640,048)	(640,048)	-
Net changes in fund balances	(687,490)	(687,490)	(328,240)	359,250
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	1,906,368	1,906,368	1,794,009	(112,359)
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ 1,218,878</u>	<u>\$ 1,218,878</u>	1,465,769	<u>\$ 246,891</u>
Add (deduct):				
Insurance claims payable			(254,780)	
Net Position, full accrual - endin;			<u>\$ 1,210,989</u>	



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

	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Primary Government:</b>			
Governmental activities:			
Invested in capital assets (c)	\$ 62,431,482	\$ 59,774,579	\$ 60,826,806
Restricted (d)	3,745,053	4,034,072	4,139,865
Unrestricted (a)	<u>9,436,731</u>	<u>9,748,354</u>	<u>10,719,116</u>
Total governmental activities net position (b)	<u>\$ 75,613,266</u>	<u>\$ 73,557,005</u>	<u>\$ 75,685,787</u>
Business-type activities:			
Invested in capital assets	\$ 41,736,064	\$ 44,032,172	\$ 45,568,283
Restricted	183,776	148,044	178,933
Unrestricted	<u>18,683,904</u>	<u>18,976,324</u>	<u>20,057,090</u>
Total business-type activities net position (b)	<u>\$ 60,603,744</u>	<u>\$ 63,156,540</u>	<u>\$ 65,804,306</u>
Primary government:			
Invested in capital assets	\$ 104,167,546	\$ 103,806,751	\$ 106,395,089
Restricted	3,928,829	4,182,116	4,318,798
Unrestricted (f) (g)	<u>28,120,635</u>	<u>28,724,678</u>	<u>30,776,206</u>
Total primary government net position (b)	<u>\$ 136,217,010</u>	<u>\$ 136,713,545</u>	<u>\$ 141,490,093</u>
<b>Component unit:</b>			
Water and Light:			
Invested in capital assets (e)	\$ 103,521,631	\$ 106,683,105	\$ 115,135,213
Restricted	-	-	-
Unrestricted (f) (g) (h)	<u>32,006,301</u>	<u>33,671,841</u>	<u>31,952,469</u>
Total component unit	<u>\$ 135,527,932</u>	<u>\$ 140,354,946</u>	<u>\$ 147,087,682</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>2014 Restated</u>	<u>2015 Restated</u>	<u>2016</u>	<u>2017</u>	<u>2018 Restated</u>	<u>2019</u>	<u>2020</u>
\$ 59,579,789	\$ 59,688,968	\$ 60,243,871	\$ 66,165,718	\$ 72,977,099	\$ 75,161,026	\$ 69,862,297
5,932,257	23,156,125	22,841,795	16,277,620	15,270,498	10,997,806	11,411,706
<u>9,663,248</u>	<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>\$ 75,175,294</u>	<u>\$ 71,276,986</u>	<u>\$ 62,410,147</u>	<u>\$ 62,276,634</u>	<u>\$ 69,447,514</u>	<u>\$ 69,021,848</u>	<u>\$ 64,098,001</u>
\$ 48,275,891	\$ 55,205,674	\$ 58,125,477	\$ 56,791,990	\$ 55,036,414	\$ 56,285,132	\$ 56,189,935
299,781	482,442	437,036	707,615	1,132,758	1,094,349	19,122
<u>20,417,335</u>	<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>\$ 68,993,007</u>	<u>\$ 71,636,915</u>	<u>\$ 73,295,790</u>	<u>\$ 75,880,165</u>	<u>\$ 79,429,564</u>	<u>\$ 82,406,939</u>	<u>\$ 90,166,030</u>
\$ 107,855,680	\$ 114,894,642	\$ 118,369,348	\$ 122,957,708	\$ 128,013,513	\$ 131,446,158	\$ 126,052,232
6,232,038	23,638,567	23,278,831	16,985,235	16,403,256	12,092,155	11,430,828
<u>30,080,583</u>	<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>\$ 144,168,301</u>	<u>\$ 142,913,901</u>	<u>\$ 135,705,937</u>	<u>\$ 138,156,799</u>	<u>\$ 148,877,078</u>	<u>\$ 151,428,787</u>	<u>\$ 154,264,031</u>
\$ 118,079,561	\$ 121,446,462	\$ 123,113,177	\$ 123,366,419	\$ 124,776,038	\$ 128,423,468	\$ 136,687,073
-	-	-	-	-	-	89,267
<u>35,154,147</u>	<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>\$ 153,233,708</u>	<u>\$ 157,962,286</u>	<u>\$ 159,529,031</u>	<u>\$ 163,651,182</u>	<u>\$ 170,088,307</u>	<u>\$ 177,882,805</u>	<u>\$ 185,192,567</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	2011	2012	2013
<b>Expenses</b>			
Primary government:			
Governmental activities:			
General government	\$ 2,158,145	\$ 1,918,406	\$ 1,869,910
Community development (e)	1,328,719	1,289,638	1,283,292
Public safety: (d)			
Police	7,137,485	7,800,297	7,710,365
Fire	2,686,012	2,466,866	2,534,766
Highways and streets	3,453,560	3,347,084	3,839,179
Culture and recreation: (f)			
Parks and recreation	4,095,241	4,174,915	4,074,988
Library	1,469,682	1,507,964	1,416,283
Airport	784,816	552,179	553,974
Interest on long-term debt	786,277	613,154	525,129
Total governmental activities expenses	<u>23,899,937</u>	<u>23,670,503</u>	<u>23,807,886</u>
Business-type activities:			
Wastewater	5,753,542	5,853,298	5,818,847
Ambulance (d)	2,532,569	3,068,413	3,395,105
Building (e)	415,676	406,630	277,561
Total business-type activities expenses	<u>8,701,787</u>	<u>9,328,341</u>	<u>9,491,513</u>
Total primary government expenses	<u>\$ 32,601,724</u>	<u>\$ 32,998,844</u>	<u>\$ 33,299,399</u>
Component unit:			
Water and Light	<u>\$ 37,802,141</u>	<u>\$ 40,626,635</u>	<u>\$ 41,583,845</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,**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 2,031,927	\$ 2,065,497	\$ 7,389,396	\$ 3,233,556	\$ 3,103,821	\$ 3,952,533	\$ 5,012,227
1,215,961	949,452	1,341,282	1,536,152	1,631,905	2,473,857	2,679,541
						19,336,814
8,370,060	7,084,384	11,604,781	9,664,865	9,126,532	11,783,861	
2,537,593	2,048,332	2,766,437	3,155,530	3,135,785	4,341,851	
2,443,173	2,964,608	4,804,574	3,539,224	3,224,152	3,996,504	5,935,410
						7,446,256
4,113,605	3,810,278	5,103,934	4,246,590	4,018,893	5,291,479	
1,343,265	1,092,515	1,448,885	1,581,460	1,466,633	1,980,816	
560,272	692,357	1,147,840	598,401	697,787	364,338	629,796
484,383	519,917	614,253	1,229,866	1,028,859	1,274,644	1,075,895
<u>23,100,239</u>	<u>21,227,340</u>	<u>36,221,382</u>	<u>28,785,644</u>	<u>27,434,367</u>	<u>35,459,883</u>	<u>42,115,939</u>
5,808,434	5,523,163	7,811,354	7,039,396	6,846,447	7,797,715	7,162,265
3,508,377	2,868,982	5,125,215	4,934,709	4,377,101	6,375,039	-
283,842	225,229	453,557	361,604	428,003	786,701	-
<u>9,600,653</u>	<u>8,617,374</u>	<u>13,390,126</u>	<u>12,335,709</u>	<u>11,651,551</u>	<u>14,959,455</u>	<u>7,162,265</u>
<u>\$ 32,700,892</u>	<u>\$ 29,844,714</u>	<u>\$ 49,611,508</u>	<u>\$ 41,121,353</u>	<u>\$ 39,085,918</u>	<u>\$ 50,419,338</u>	<u>\$ 49,278,204</u>
<u>\$ 43,187,324</u>	<u>\$ 42,099,300</u>	<u>\$ 44,911,690</u>	<u>\$ 46,506,252</u>	<u>\$ 46,597,185</u>	<u>\$ 48,180,704</u>	<u>\$ 51,186,359</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>2011</u>	<u>2012</u>	<u>2013</u>
<b>Program revenues</b>			
Primary government:			
Governmental activities:			
Charges for services:			
General government	\$ 485,866	\$ 482,333	\$ 477,936
Community development (e)	515,582	524,366	571,421
Public safety: (d)			
Police	817,709	824,755	905,505
Fire	323,276	313,154	340,253
Highways and streets (a)	324,786	194,534	190,481
Culture and recreation: (f)			
Parks and recreation	1,217,185	1,223,292	1,248,255
Library	55,200	56,719	69,482
Airport	233,651	237,082	239,436
Operating grants and contributions	2,174,634	2,263,584	2,234,195
Capital grants and contributions (b)	1,935,658	674,099	761,169
Total governmental activities program revenues	<u>8,083,547</u>	<u>6,793,918</u>	<u>7,038,133</u>
Business-type activities:			
Charges for services:			
Wastewater	8,292,062	8,453,886	8,554,156
Ambulance (d)	2,275,122	2,739,983	2,846,540
Building (e)	295,934	297,204	290,537
Operating grants and contributions	-	-	564
Capital grants and contributions (b)	-	24,943	106,632
Total business-type activities program revenues	<u>10,863,118</u>	<u>11,516,016</u>	<u>11,798,429</u>
Total primary government program revenues	<u>\$ 18,946,665</u>	<u>\$ 18,309,934</u>	<u>\$ 18,836,562</u>
Component unit:			
Water and Light:			
Charges for services	\$ 36,534,385	\$ 41,122,520	\$ 43,030,261
Operating grants and contributions	187,233	400,388	-
Capital grants and contributions	334,413	242,183	474,900
Total component unit program revenues	<u>\$ 37,056,031</u>	<u>\$ 41,765,091</u>	<u>\$ 43,505,161</u>
<b>Net revenue (expense)</b>			
Primary government:			
Governmental activities	\$ (15,816,390)	\$ (16,876,585)	\$ (16,769,753)
Business-type activities	2,161,331	2,187,675	2,306,916
Total primary government net revenue (expense)	<u>\$ (13,655,059)</u>	<u>\$ (14,688,910)</u>	<u>\$ (14,462,837)</u>
Component unit:			
Water and Light	<u>\$ (746,110)</u>	<u>\$ 1,138,456</u>	<u>\$ 1,921,316</u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 569,633	\$ 719,791	\$ 1,074,482	\$ 1,102,898	\$ 853,756	\$ 1,553,039	\$ 1,480,347
611,380	743,044	770,042	128,813	198,648	199,146	1,090,486
						3,923,646
730,264	673,672	751,326	688,349	451,940	652,721	
347,407	378,028	419,445	562,245	593,475	728,544	
160,383	344,459	253,342	14	5,737	243,182	744,950
						1,485,238
1,317,763	1,574,113	1,525,952	1,116,841	1,449,251	840,295	
45,433	55,294	44,693	38,658	39,914	73,010	
244,969	247,965	260,293	256,854	313,680	341,479	355,515
2,281,464	2,460,484	2,654,786	2,364,801	3,097,992	3,614,762	1,553,655
679,849	1,949,416	2,542,985	2,686,710	6,938,770	4,185,240	2,418,349
<u>6,988,545</u>	<u>9,146,266</u>	<u>10,297,346</u>	<u>8,946,183</u>	<u>13,943,163</u>	<u>12,431,418</u>	<u>13,052,186</u>
9,076,321	9,911,181	9,166,543	9,323,139	9,775,061	10,316,187	10,460,859
2,646,881	2,911,613	3,373,134	3,494,130	3,247,282	3,709,176	-
390,852	561,441	393,079	612,659	832,010	728,107	-
-	76	-	-	-	-	-
37,206	377,475	650,082	617,329	411,498	1,854,802	1,483,355
<u>12,151,260</u>	<u>13,761,786</u>	<u>13,582,838</u>	<u>14,047,257</u>	<u>14,265,851</u>	<u>16,608,272</u>	<u>11,944,214</u>
<u>\$ 19,139,805</u>	<u>\$ 22,908,052</u>	<u>\$ 23,880,184</u>	<u>\$ 22,993,440</u>	<u>\$ 28,209,014</u>	<u>\$ 29,039,690</u>	<u>\$ 24,996,400</u>
\$ 44,662,133	\$ 44,944,442	\$ 45,275,019	\$ 46,246,552	\$ 46,994,299	\$ 47,502,181	\$ 50,182,362
-	-	-	-	-	-	-
909,683	1,560,929	974,832	1,076,976	1,660,556	2,300,239	1,934,815
<u>\$ 45,571,816</u>	<u>\$ 46,505,371</u>	<u>\$ 46,249,851</u>	<u>\$ 47,323,528</u>	<u>\$ 48,654,855</u>	<u>\$ 49,802,420</u>	<u>\$ 52,117,177</u>
\$ (16,111,694)	\$ (12,081,074)	\$ (25,924,036)	\$ (19,839,461)	\$ (13,491,204)	\$ (23,028,465)	\$ (29,063,753)
2,550,607	5,144,412	192,712	1,711,548	2,614,300	1,648,817	4,781,949
<u>\$ (13,561,087)</u>	<u>\$ (6,936,662)</u>	<u>\$ (25,731,324)</u>	<u>\$ (18,127,913)</u>	<u>\$ (10,876,904)</u>	<u>\$ (21,379,648)</u>	<u>\$ (24,281,804)</u>
<u>\$ 2,384,492</u>	<u>\$ 4,406,071</u>	<u>\$ 1,338,161</u>	<u>\$ 817,276</u>	<u>\$ 2,057,670</u>	<u>\$ 1,621,716</u>	<u>\$ 930,818</u>

(Continued)

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

<u>Functions/Programs</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>General revenues and other changes in net position</b>			
Primary government:			
Governmental activities:			
Taxes			
Property taxes	\$ 11,860,485	\$ 11,880,645	\$ 12,145,519
Franchise taxes	2,202,237	2,441,291	2,486,923
Transient lodging taxes	-	-	-
Unrestricted state shared revenues	692,662	683,388	760,551
Unrestricted investment earnings (c)	60,685	85,988	95,507
Gain (loss) on disposal of capital assets	4,858	3,475	3,300
Other, net	-	-	-
Transfers	(74,148)	(274,463)	(239,644)
Total governmental activities	<u>14,746,779</u>	<u>14,820,324</u>	<u>15,252,156</u>
Business-type activities:			
Unrestricted investment earnings (c)	66,086	90,657	101,206
Gain (loss) on disposal of capital assets	-	-	-
Other, net	-	-	-
Transfers	74,148	274,463	239,644
Total business-type activities	<u>140,234</u>	<u>365,120</u>	<u>340,850</u>
Total primary government	<u>\$ 14,887,013</u>	<u>\$ 15,185,444</u>	<u>\$ 15,593,006</u>
Component unit:			
Water and Light:			
Unrestricted investment earnings (c)	\$ 425,450	\$ 422,467	\$ 182,845
Gain (loss) on disposal of capital assets	-	-	-
Timber sales, net of related expenses	1,355,475	2,605,898	3,962,482
Other, net	1,787,505	660,193	666,093
Interest expense	-	-	-
Total component unit	<u>\$ 3,568,430</u>	<u>\$ 3,688,558</u>	<u>\$ 4,811,420</u>
<b>Change in net position</b>			
Primary government:			
Governmental activities	\$ (1,069,611)	\$ (2,056,261)	\$ (1,517,597)
Business-type activities	2,301,565	2,552,795	2,647,766
Total primary government	<u>\$ 1,231,954</u>	<u>\$ 496,534</u>	<u>\$ 1,130,169</u>
Component unit:			
Water and Light	<u>\$ 2,822,320</u>	<u>\$ 4,827,014</u>	<u>\$ 6,732,736</u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 12,457,511	\$ 12,937,499	\$ 14,751,884	\$ 15,028,217	\$ 16,228,026	\$ 17,509,832	\$ 17,802,972
2,538,348	2,548,881	2,504,237	2,420,309	2,541,802	2,688,775	3,543,906
235,874	574,911	644,878	691,102	947,467	1,274,661	1,059,160
807,749	834,087	825,156	913,376	1,114,681	1,428,732	3,706,953
97,482	78,040	86,079	317,994	377,589	151,605	127,503
1,637	(56,454)	-	-	-	-	-
-	-	617,243	483,825	551,665	260,194	277,478
<u>(537,400)</u>	<u>(389,542)</u>	<u>(1,327,911)</u>	<u>(715,800)</u>	<u>(713,500)</u>	<u>(711,000)</u>	<u>(2,378,066)</u>
<u>15,601,201</u>	<u>16,527,422</u>	<u>18,101,566</u>	<u>19,139,023</u>	<u>21,047,730</u>	<u>22,602,799</u>	<u>24,139,906</u>
100,694	89,688	76,170	157,027	332,672	591,066	575,914
-	-	(50,308)	-	-	-	-
-	-	112,390	-	22,528	26,492	23,162
<u>537,400</u>	<u>389,542</u>	<u>1,327,911</u>	<u>715,800</u>	<u>713,500</u>	<u>711,000</u>	<u>2,378,066</u>
<u>638,094</u>	<u>479,230</u>	<u>1,466,163</u>	<u>872,827</u>	<u>1,068,700</u>	<u>1,328,558</u>	<u>2,977,142</u>
<u>\$ 16,239,295</u>	<u>\$ 17,006,652</u>	<u>\$ 19,567,729</u>	<u>\$ 20,011,850</u>	<u>\$ 22,116,430</u>	<u>\$ 23,931,357</u>	<u>\$ 27,117,048</u>
\$ 199,400	\$ 167,244	\$ 264,782	\$ 469,319	\$ 803,958	\$ 1,195,165	\$ 1,046,203
	(199,620)	(913,815)	-	-	-	-
2,243,586	3,324,530	2,364,804	1,837,271	2,721,512	3,500,751	3,483,180
1,318,548	1,019,342	1,304,702	998,285	2,041,960	1,476,866	1,849,561
-	37,424	(60,735)	-	-	-	-
<u>\$ 3,761,534</u>	<u>\$ 4,348,920</u>	<u>\$ 2,959,738</u>	<u>\$ 3,304,875</u>	<u>\$ 5,567,430</u>	<u>\$ 6,172,782</u>	<u>\$ 6,378,944</u>
\$ (510,493)	\$ 4,446,348	\$ (7,822,470)	\$ (700,438)	\$ 7,556,526	\$ (425,666)	\$ (4,923,847)
3,188,701	5,623,642	1,658,875	2,584,375	3,683,000	2,977,375	7,759,091
<u>\$ 2,678,208</u>	<u>\$ 10,069,990</u>	<u>\$ (6,163,595)</u>	<u>\$ 1,883,937</u>	<u>\$ 11,239,526</u>	<u>\$ 2,551,709</u>	<u>\$ 2,835,244</u>
<u>\$ 6,146,026</u>	<u>\$ 8,754,991</u>	<u>\$ 4,297,899</u>	<u>\$ 4,122,151</u>	<u>\$ 7,625,100</u>	<u>\$ 7,794,498</u>	<u>\$ 7,309,762</u>



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

(modified accrual basis of accounting)

	<u>June 30,</u> <u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>General Fund:</b>				
Reserved	n/a	n/a	n/a	n/a
Unreserved (a)	n/a	n/a	n/a	n/a
Nonspendable	\$ 126,335	\$ 43,590	\$ 21,603	\$ 22,722
Restricted	-	-	-	1,351,766
Assigned	801,368	968,301	1,162,639	557,316
Unassigned (c)	6,403,635	6,465,935	7,117,669	8,053,592
Total General Fund	<u>\$ 7,331,338</u>	<u>\$ 7,477,826</u>	<u>\$ 8,301,911</u>	<u>\$ 9,985,396</u>
<b>Airport Maintenance Fund:</b>				
Reserved	n/a	n/a	n/a	n/a
Unreserved (a)	n/a	n/a	n/a	n/a
Nonspendable	\$ -	\$ 5,788	\$ -	\$ -
Restricted	-	-	-	-
Committed (c)	564,391	663,499	679,749	726,852
Total Airport Maintenance Fund	<u>\$ 564,391</u>	<u>\$ 669,287</u>	<u>\$ 679,749</u>	<u>\$ 726,852</u>
<b>Transportation Fund: (b)</b>				
Reserved	n/a	n/a	n/a	n/a
Unreserved, reported in (a):				
Capital projects funds	n/a	n/a	n/a	n/a
Restricted (e)	\$ 1,393,538	\$ 1,351,185	\$ 1,750,620	\$ 1,900,683
Assigned		124,636	-	-
Unassigned	(41,474)	-	-	-
Total Transportation Fund	<u>\$ 1,352,064</u>	<u>\$ 1,475,821</u>	<u>\$ 1,750,620</u>	<u>\$ 1,900,683</u>
<b>All other governmental funds: (a) (b) (c)</b>				
Reserved	n/a	n/a	n/a	n/a
Unreserved, reported in:				
Special revenue funds	n/a	n/a	n/a	n/a
Capital projects funds	n/a	n/a	n/a	n/a
Nonspendable	\$ 5	\$ 49	\$ 45	\$ 4
Restricted	3,121,369	3,289,500	3,343,808	3,771,285
Committed	-	-	-	262,238
Assigned	1,122,826	1,101,847	1,158,861	814,162
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 4,244,200</u>	<u>\$ 4,391,396</u>	<u>\$ 4,502,714</u>	<u>\$ 4,847,689</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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
\$ 22,056	\$ 68,332	\$ 2,245,416	\$ 2,183,574	\$ 2,113,747	\$ 10,700
94,897	-	-	-	-	-
593,735	647,141	673,696	606,790	655,396	711,883
7,575,581	6,768,660	6,444,745	6,179,445	5,813,577	6,602,148
<u>\$ 8,286,269</u>	<u>\$ 7,484,133</u>	<u>\$ 9,363,857</u>	<u>\$ 8,969,809</u>	<u>\$ 8,582,720</u>	<u>\$ 7,324,731</u>
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
\$ 247	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	562,914
824,777	868,723	635,411	(185,123)	(33,778)	-
<u>\$ 825,024</u>	<u>\$ 868,723</u>	<u>\$ 635,411</u>	<u>\$ (185,123)</u>	<u>\$ (33,778)</u>	<u>\$ 562,914</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
\$ 20,298,178	\$ 17,445,877	\$ 11,576,985	\$ 10,370,473	\$ 5,699,016	\$ 5,803,291
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 20,298,178</u>	<u>\$ 17,445,877</u>	<u>\$ 11,576,985</u>	<u>\$ 10,370,473</u>	<u>\$ 5,699,016</u>	<u>\$ 5,803,291</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
\$ 7,920	\$ 4	\$ 45	\$ -	\$ 48,793	\$ 71,723
4,106,209	5,395,914	4,700,635	4,888,829	5,249,997	4,808,850
109,721	117,120	136,238	156,197	174,734	39,890
831,013	156,556	151,909	150,482	146,972	1,646,408
-	(188,784)	(836,157)	(1,883,542)	(1,848,271)	(1,640,797)
<u>\$ 5,054,863</u>	<u>\$ 5,480,810</u>	<u>\$ 4,152,670</u>	<u>\$ 3,311,966</u>	<u>\$ 3,772,225</u>	<u>\$ 4,926,074</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Revenues:</b>				
Property taxes	\$ 11,841,678	\$ 11,944,449	\$ 12,041,594	\$ 12,435,395
Special assessments	54,810	51,121	53,608	59,515
Licenses and permits (d)	2,305,008	2,551,413	2,591,208	2,872,975
Intergovernmental (c) (g)	4,859,494	3,658,577	3,626,937	3,683,458
Charges for services	2,565,362	2,615,582	2,729,936	2,854,528
Fines and forfeitures	761,389	761,046	748,677	608,740
Miscellaneous (a)	439,118	243,314	334,355	358,783
Total revenues	<u>22,826,859</u>	<u>21,825,502</u>	<u>22,126,315</u>	<u>22,873,394</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government (d)	1,803,989	1,703,755	1,664,094	1,804,140
Community development	1,249,944	1,236,352	1,226,600	1,165,511
Public safety	9,262,859	9,658,834	9,670,602	10,223,535
Highways and streets	1,331,764	1,471,788	1,431,792	1,485,187
Culture and recreation	4,456,751	4,737,874	4,419,442	4,427,361
Airport (c)	1,597,357	136,289	242,727	201,804
<b>Capital outlay:</b>				
General government	-	-	-	-
Public safety (b)	-	-	-	-
Highways and streets	510,243	503,781	479,459	527,054
Culture and recreation	991,098	-	1,621	40,751
<b>Debt service:</b>				
Principal	910,000	950,000	1,075,000	1,070,000
Interest	802,340	716,608	575,375	535,025
Bond refunding (h)	-	5,835,000	-	-
Total expenditures	<u>22,916,345</u>	<u>26,950,281</u>	<u>20,786,712</u>	<u>21,480,368</u>
<b>Other financing sources (uses):</b>				
Bond proceeds - par/premium (f) (h)	-	-	-	-
Refunding bonds issued - par/premium (d) (f)	-	5,926,316	-	-
Payment to refunded bond escrow agent (f)	-	-	-	-
Interfund loan proceeds (i)	-	-	-	-
Interfund loan payments (i)	-	-	-	-
Proceeds from full faith and credit obligation (e) (g)	-	-	-	1,370,000
Transfers from other funds (d)	1,075,400	1,469,044	1,111,637	874,500
Police vehicles - lease purchase	-	-	-	-
Transfers to other funds (d)	(1,164,400)	(1,748,244)	(1,613,737)	(1,411,900)
Total other financing sources (uses)	<u>(89,000)</u>	<u>5,647,116</u>	<u>(502,100)</u>	<u>832,600</u>
Net change in fund balances	<u>\$ (178,486)</u>	<u>\$ 522,337</u>	<u>\$ 837,503</u>	<u>\$ 2,225,626</u>
<b>Non-capital expenditures:</b>				
Total expenditures	\$ 22,916,345	\$ 26,950,281	\$ 20,786,712	\$ 21,480,368
Less: capital asset expenditures	<u>(2,896,576)</u>	<u>(929,903)</u>	<u>(781,819)</u>	<u>(790,400)</u>
Non-capital expenditures	<u>\$ 20,019,769</u>	<u>\$ 26,020,378</u>	<u>\$ 20,004,893</u>	<u>\$ 20,689,968</u>
Debt service as a percentage of non-capital expenditures	8.6%	6.4%	8.2%	7.8%

**Fiscal Year Ended June 30,**

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 12,866,111	\$ 14,688,381	\$ 15,097,552	\$ 16,165,021	\$ 17,863,899	\$ 17,950,893
54,328	57,151	53,265	59,565	53,718	53,509
3,225,701	3,247,694	3,461,315	3,975,367	4,682,788	5,866,434
3,846,363	4,340,890	5,969,106	9,704,144	5,456,340	6,879,753
3,613,848	3,327,315	3,501,405	3,748,962	4,709,392	7,030,008
522,900	580,010	566,537	638,281	628,167	484,305
425,410	523,785	455,973	1,137,878	1,258,385	1,440,219
<u>24,554,661</u>	<u>26,765,226</u>	<u>29,105,153</u>	<u>35,429,218</u>	<u>34,652,689</u>	<u>39,705,121</u>
2,298,268	3,245,287	3,020,757	3,110,103	3,645,620	4,595,959
1,221,604	1,295,680	1,352,798	1,681,015	2,046,261	2,057,368
12,215,631	11,044,821	11,388,862	12,329,098	12,875,329	18,865,896
1,775,502	3,364,488	4,180,581	3,011,186	2,653,285	3,468,228
4,698,934	4,855,542	4,916,702	5,306,436	5,719,811	5,780,644
328,733	784,495	2,258,610	6,142,718	849,991	601,619
-	-	-	-	-	-
-	-	-	-	-	-
502,116	1,735,138	5,601,383	10,557,967	5,622,190	1,019,558
410,867	4,650	142,519	1,141	512,264	661,143
1,173,594	1,600,529	6,025,848	2,889,141	3,065,189	3,248,557
540,023	950,387	1,153,618	1,289,328	1,398,691	1,315,493
32,000	-	-	-	-	-
<u>25,197,272</u>	<u>28,881,017</u>	<u>40,041,678</u>	<u>46,318,133</u>	<u>38,388,631</u>	<u>41,614,465</u>
18,238,688	-	-	8,204,575	-	-
8,493,436	-	-	-	-	-
(8,414,899)	-	-	-	-	-
-	-	-	-	-	146,895
-	-	-	-	-	(146,895)
-	-	6,101,705	-	-	1,059,139
1,026,200	1,148,148	1,717,161	1,709,953	1,962,551	3,569,845
-	-	-	136,045	-	-
(1,697,100)	(2,217,148)	(2,432,961)	(2,423,454)	(2,673,551)	(2,122,814)
<u>17,646,325</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>\$ 17,003,714</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>
\$ 25,197,272	\$ 28,881,017	\$ 40,041,678	\$ 46,318,133	\$ 38,388,631	\$ 41,614,465
(2,609,978)	(3,554,796)	(9,534,993)	(17,372,112)	(10,427,948)	(3,157,478)
<u>\$ 22,587,294</u>	<u>\$ 25,326,221</u>	<u>\$ 30,506,685</u>	<u>\$ 28,946,021</u>	<u>\$ 27,960,683</u>	<u>\$ 38,456,987</u>
7.6%	10.1%	23.5%	14.4%	16.0%	11.9%

**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.
- (h) During fiscal year 2019-20, the City engaged in interfund loan activity with the Wastewater Capital Fund for several various capital projects and purchases to reduce interest and issuance cost.



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

<b>Functions/Programs</b>	<b>Fiscal Year Ended June 30,</b>					
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 626,400	\$ 639,086	\$ 635,997	\$ 668,316	\$ 814,832	\$ 1,074,482
Community development (g)	583,847	576,426	638,007	666,128	805,423	770,042
Public safety: (f)						
Police	1,053,124	1,011,817	1,050,176	758,739	857,084	786,951
Fire	333,420	313,471	340,253	351,282	381,205	434,106
Highways and streets (a) (b) (c) (e)	2,417,477	2,463,150	2,504,676	2,573,312	3,889,429	4,058,810
Culture and recreation: (d) (h)						
Parks and recreation (b)	1,385,067	1,349,716	1,420,302	1,522,760	1,767,924	1,710,213
Library	196,990	203,170	209,286	203,039	206,989	204,017
Airport (c)	1,487,222	237,082	239,436	244,969	423,380	824,717
Total governmental activities	<u>8,083,547</u>	<u>6,793,918</u>	<u>7,038,133</u>	<u>6,988,545</u>	<u>9,146,266</u>	<u>9,863,338</u>
Business-type activities:						
Wastewater (b)	8,292,062	8,478,806	8,660,788	9,113,527	10,288,656	9,816,625
Ambulance (f)	2,275,122	2,740,006	2,847,104	2,646,881	2,911,689	3,373,134
Building (g)	295,934	297,204	290,537	390,852	561,441	393,079
Total business-type activities	<u>10,863,118</u>	<u>11,516,016</u>	<u>11,798,429</u>	<u>12,151,260</u>	<u>13,761,786</u>	<u>13,582,838</u>
Total primary government	<u>\$ 18,946,665</u>	<u>\$ 18,309,934</u>	<u>\$ 18,836,562</u>	<u>\$ 19,139,805</u>	<u>\$ 22,908,052</u>	<u>\$ 23,446,176</u>
<b>Component unit:</b>						
Water and light	<u>\$ 37,056,031</u>	<u>\$ 41,765,091</u>	<u>\$ 43,505,161</u>	<u>\$ 45,571,816</u>	<u>\$ 46,505,371</u>	<u>\$ 45,275,019</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
- (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.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 1,125,530	\$ 1,102,966	\$ 1,972,840	\$ 2,144,988
128,813	198,648	199,146	1,101,821
			4,432,537
693,864	785,721	873,325	
581,430	604,240	730,522	
2,728,669	3,040,293	6,052,010	2,009,823
			2,170,366
1,460,744	1,717,003	1,353,565	
220,229	232,476	248,674	
<u>2,006,904</u>	<u>6,261,816</u>	<u>1,001,336</u>	<u>1,192,651</u>
<u>8,946,183</u>	<u>13,943,163</u>	<u>12,431,418</u>	<u>13,052,186</u>
9,940,468	10,186,559	12,170,989	11,944,214
3,494,130	3,247,282	3,709,176	-
<u>612,659</u>	<u>832,010</u>	<u>728,107</u>	<u>-</u>
<u>14,047,257</u>	<u>14,265,851</u>	<u>16,608,272</u>	<u>11,944,214</u>
<u>\$ 22,993,440</u>	<u>\$ 28,209,014</u>	<u>\$ 29,039,690</u>	<u>\$ 24,996,400</u>
<u>\$ 47,323,528</u>	<u>\$ 48,654,855</u>	<u>\$ 49,802,420</u>	<u>\$ 52,117,177</u>



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

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Fiscal Year Ended June 30,	Real Property	Mobile Home Property	Personal Property	Utilities (a)
2011	1,933,641,622	39,086,424	83,890,083	50,239,949
2012	1,976,637,138	32,062,303	80,942,534	50,636,473
2013	2,044,959,775	33,514,726	80,238,487	40,432,100
2014	2,079,603,829	34,025,542	78,234,266	41,303,400
2015	2,152,656,982	29,389,640	82,315,868	40,151,340
2016	2,297,104,909	33,465,952	80,930,768	38,880,800
2017	2,324,209,411	34,381,495	84,909,545	44,490,351
2018	2,425,373,589	35,322,954	81,535,244	41,793,532
2019	2,470,785,684	46,428,107	83,393,071	33,831,500
2020	2,591,423,947	49,112,143	93,395,821	33,608,680

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.

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Total Taxable Assessed Value (b)	Total Direct Tax Rate	Estimated Real Market Value	Total Taxable Assessed Value as a Percentage of Estimated Real Market Value
2,106,858,078	5.74	3,193,379,293	66.0
2,140,278,448	5.70	2,806,089,205	76.3
2,199,145,088	5.65	2,767,634,640	79.5
2,233,167,037	5.72	2,748,715,501	81.2
2,304,513,830	5.74	2,861,726,286	80.5
2,450,382,429	6.23	3,119,905,725	78.5
2,487,990,802	6.18	3,418,882,530	72.8
2,591,403,059	6.44	3,722,887,719	69.6
2,634,438,362	6.51	3,930,001,020	67.0
2,767,540,591	6.33	4,191,800,158	66.0

**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
2011	5.02	0.72	-	5.74	2.57	-	2.57
2012	5.02	0.68	-	5.70	2.57	-	2.57
2013	5.02	0.63	-	5.65	2.57	-	2.57
2014	5.02	0.70	-	5.72	2.57	-	2.57
2015	5.02	0.68	0.04	5.74	2.57	-	2.57
2016	5.02	1.16	0.05	6.23	2.58	-	2.58
2017	5.02	1.08	0.07	6.18	2.58	-	2.58
2018	5.02	1.34	0.08	6.44	2.58	-	2.58
2019	5.02	1.45	0.04	6.51	2.58	-	2.58
2020	5.02	1.29	0.03	6.33	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	2.77	6.92	1.09	0.17	1.26	16.49
4.15	2.83	6.98	1.08	0.25	1.34	16.59
4.15	2.83	6.98	1.08	0.27	1.36	16.55
4.15	2.72	6.87	1.08	0.23	1.32	16.48
4.15	2.79	6.94	1.08	0.27	1.35	16.61
4.15	2.72	6.87	1.08	0.28	1.36	17.04
4.15	2.74	6.89	1.08	0.28	1.36	17.00
4.15	2.60	6.75	1.08	0.27	1.35	17.12
4.15	2.59	6.74	1.08	0.27	1.35	17.18
4.15	2.60	6.75	1.08	0.26	1.34	17.00

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

Taxpayer	Type of Business	Fiscal Year Ended June 30, 2020			Fiscal Year Ended June 30, 2011		
		Assessed Value	Percentage	Rank	Assessed Value	Percentage	Rank
Cascade Steel Rolling Mills, Inc.	Steel production	\$ 72,896,317	2.63 %	1	\$ 62,871,217	2.98 %	1
Willamette Valley Medical Center, LLC (a)	Health care	58,671,645	2.12	2	56,612,115	2.69	2
The Falls at McMinnville LLC (b)	Developer/event center	23,934,750	0.86	3	-	-	
HCP SH ELP1 Properties LLC (c)	Retirement community	20,558,698	0.74	4	-	-	
Lafayette Place Apartments LLC	Residential real estate management	18,612,004	0.67	5	-	-	
Jackson Family Wines INC (d)	Commercial wine producer	17,267,035	0.62	6	-	-	
Lowes Home Improvement Warehouse, Inc.	Home improvement retail store	13,758,898	0.50	7	14,358,124	0.68	6
March Hare LLC & McMincenter, LLC (e)	Commercial real estate management	13,337,149	0.48	8	-	-	
Comcast Corporation	Cable television	10,673,000	0.39	9	11,923,500	0.57	8
Jackson Family Wines (d)	Commercial wine producer	10,653,780	0.38	10	-	-	
Air Liquide Industrial U S, LP	Liquid oxygen, nitrogen, argon	-	-		9,098,638	0.43	10
BRE/SW Hillside LLC (c)	Retirement community	-	-		17,535,646	0.83	5
NBS-McMinnville Plaza OPCO, LLC (e)	Commercial real estate management	-	-		10,175,206	0.48	9
Evergreen Vintage Aircraft Inc. (b)	Museum/water park	-	-		21,717,465	1.03	3
Frontier Communications	Telephone communication	-	-		18,982,400	0.90	4
Northwest Natural Gas Co.	Natural gas distributor	-	-		12,417,200	0.59	7
Total principal property tax payers		260,363,276	9.41		235,691,511	11.19	
All other property tax payers		<u>2,507,177,315</u>	<u>90.59</u>		<u>1,871,166,567</u>	<u>88.81</u>	
Total		<u>\$ 2,767,540,591</u>	<u>100.00 %</u>		<u>\$ 2,106,858,078</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 The Falls at McMinnville LLC, although the property and facilities are the same
- (c) BRE/SW Hillside LLC dba Hillside Senior Living Community & Brookdale Senior Living INC have been acquired by another company, 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, 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
2011	12,105,863	(301,340)	11,804,523	11,193,766	92.5
2012	12,215,194	(319,177)	11,896,017	11,323,050	92.7
2013	12,457,781	(361,195)	12,096,586	11,507,271	92.4
2014	12,783,321	(338,882)	12,444,439	11,893,500	93.0
2015	13,220,677	(357,861)	12,862,816	12,320,010	93.2
2016	15,205,508	(499,925)	14,705,583	14,162,369	93.1
2017	15,439,224	(452,492)	14,986,732	14,670,232	95.0
2018	16,679,694	(437,197)	16,242,497	15,545,247	93.2
2019	18,016,281	(569,453)	17,446,828	17,113,839	95.0
2020	18,424,097	(556,905)	17,867,191	17,513,626	95.1

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
620,833	11,814,599	100.09
601,708	11,924,758	100.24
612,647	12,119,918	100.19
570,904	12,464,404	100.16
560,895	12,880,905	100.14
470,542	14,632,911	99.51
401,828	15,072,060	100.57
489,166	16,034,413	98.72
201,081	17,314,920	99.24
-	17,513,626	98.02



**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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Water consumption (e):				
Residential	\$ 74,859,499	\$ 75,685,450	\$ 75,773,900	\$ 75,498,100
Commercial - no average (b)	53,747,000	50,717,903	56,242,500	53,151,400
Commercial - with average (c)	<u>9,363,800</u>	<u>8,999,000</u>	<u>7,882,400</u>	<u>5,879,700</u>
 Total	 <u>137,970,299</u>	 <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	\$ 17.05	\$ 17.25
Volume charge per 100 cubic feet of water used (d)	4.47	4.59	4.77	4.94
Commercial and industrial sewer rates:				
Service charge per account	17.05	17.05	17.05	17.25
Volume charge per 100 cubic feet of water used	5.46	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>
\$ 75,212,200	\$ 75,670,000	\$ 75,912,502	\$ 75,958,939	\$ 74,939,700	\$ 75,446,000
51,733,900	53,543,500	44,729,900	43,761,700	45,964,700	44,991,500
<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>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>

\$ 17.73	\$ 18.60	\$ 19.25	\$ 20.00	\$ 20.73	\$ 22.38
5.08	5.22	5.36	5.49	5.62	6.07
17.73	18.60	19.25	20.00	20.73	22.38
6.30	6.48	6.65	6.81	6.96	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		
2011	17.05	4.47	17.05	5.46	7,940,854	1.17
2012	17.05	4.59	17.05	5.62	7,993,971	0.67
2013	17.05	4.77	17.05	5.89	8,233,885	3.00
2014	17.25	4.94	17.25	6.13	8,601,036	4.46
2015	17.73	5.08	17.73	6.30	9,166,951	6.58
2016	18.60	5.22	18.60	6.48	9,166,543	(0.00)
2017	19.25	5.36	19.25	6.65	9,287,932	1.32
2018	20.00	5.49	20.00	6.81	9,764,579	5.13
2019	20.73	5.62	20.73	6.96	10,270,936	5.19
2020	22.38	6.07	22.38	7.51	10,460,859	1.85

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
2011	11,768	1,246	13,014
2012	11,664	1,170	12,834
2013	11,784	1,164	12,948
2014	12,042	1,097	13,139
2015	12,280	1,157	13,437
2016	12,121	1,083	13,204
2017	12,493	1,113	13,606
2018	12,770	1,151	13,921
2019	12,869	1,158	14,027
2020	13,267	1,152	14,419

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
2011	17,860,292	950,000	16,910,292	0.53	524	-
2012	16,966,610	1,075,000	15,891,610	0.57	490	-
2013	15,848,203	1,070,000	14,778,203	0.53	455	-
2014	14,734,796	1,105,000	13,629,796	0.50	417	1,370,000
2015	32,140,210	1,525,000	30,615,210	1.07	925	1,766,096
2016	30,333,129	1,850,000	28,483,129	0.91	853	3,221,241
2017	27,761,049	1,228,000	26,533,049	0.78	788	8,136,901
2018	33,216,319	1,268,000	31,948,319	0.86	945	7,714,829
2019	30,363,737	1,474,640	28,889,097	0.74	851	7,190,921
2020	25,085,000	1,109,475	23,975,525	0.57	693	7,974,534

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

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

n/a - not available

<u>Governmental Activities Debt</u>		<u>Business-Type Activities</u>			<u>Total Primary Government (d)</u>	<u>Percentage of Personal Income (e)</u>	<u>Per Capita (c)</u>
<u>Notes Payable</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Full Faith &amp; Credit Bank Loan</u>	<u>Notes Payable</u>			
-	-	8,486,315	-	-	26,346,607	2.46	816
-	-	5,731,528	-	-	22,698,138	2.03	700
-	-	2,891,742	-	-	18,739,945	1.64	576
-	-	-	-	-	16,104,796	1.34	492
-	-	-	-	-	33,906,306	2.60	1,025
-	-	-	-	-	33,554,370	2.51	1,004
-	-	-	952,758	-	36,850,708	2.51	1,095
-	105,333	-	895,092	-	41,931,573	2.71	1,240
-	74,621	-	817,167	-	38,446,446	2.39	1,133
-	370,282	-	208,620	-	33,638,436	n/a	972

**City of McMinnville, Oregon**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2020**

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
<b>Direct:</b>			
General obligation bonded debt - City	\$ 27,415,655	100.00 %	\$ 27,415,655
Other governmental activities debt - City	8,344,816	100.00 %	<u>8,344,816</u>
Total direct debt			<u>35,760,471</u>
<b>Overlapping:</b>			
General obligation bonded debt:			
Chemeketa Community College	55,550,000	6.69	3,715,795
McMinnville School District No. 40	116,160,000	76.36	88,699,893
Other governmental activities debt:			
Chemeketa Community College	36,974,210	6.69	2,473,242
Willamette Education Service District	19,489,455	6.08	1,185,407
Yamhill County	7,039,273	27.27	1,919,307
McMinnville School District No. 40	22,770,721	76.36	<u>17,387,745</u>
Total overlapping debt			<u>115,381,389</u>
Total direct and overlapping debt			<u>\$ 151,141,860</u>

Source: Oregon State Treasury Debt Management Division

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

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





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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total estimated real market value	\$ 3,193,379,293	\$ 2,806,089,205	\$ 2,767,634,640	\$ 2,748,715,501
Debt limitation:				
3% of estimated real market value	95,801,379	84,182,676	83,029,039	82,461,465
Debt applicable to limitation:				
Total general obligation bonded debt	17,710,000	16,515,000	15,440,000	14,370,000
Less amount available for payment of general obligation principal	<u>(950,000)</u>	<u>(1,075,000)</u>	<u>(1,070,000)</u>	<u>(1,105,000)</u>
Net debt applicable to limitation	<u>16,760,000</u>	<u>15,440,000</u>	<u>14,370,000</u>	<u>13,265,000</u>
Total remaining debt limit	<u>\$ 79,041,379</u>	<u>\$ 68,742,676</u>	<u>\$ 68,659,039</u>	<u>\$ 69,196,465</u>
Total net debt applicable to limitation as a percentage of debt limit	17.49%	18.34%	17.31%	16.09%

**Fiscal Year Ended June 30,**

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 2,861,726,286	\$ 3,119,905,725	\$ 3,418,882,530	\$ 3,722,887,719	\$ 3,930,001,020	\$ 4,191,800,158
85,851,789	93,597,172	102,566,476	111,686,632	117,900,031	125,754,005
28,580,000	27,055,000	24,765,000	30,275,000	27,720,000	25,085,000
<u>(1,525,000)</u>	<u>(2,290,000)</u>	<u>(1,228,300)</u>	<u>(1,267,785)</u>	<u>(1,474,640)</u>	<u>(1,109,475)</u>
<u>27,055,000</u>	<u>24,765,000</u>	<u>23,536,700</u>	<u>29,007,215</u>	<u>26,245,360</u>	<u>23,975,525</u>
<u>\$ 58,796,789</u>	<u>\$ 68,832,172</u>	<u>\$ 79,029,776</u>	<u>\$ 82,679,417</u>	<u>\$ 91,654,671</u>	<u>\$ 101,778,480</u>
31.51%	26.46%	22.95%	25.97%	22.26%	19.07%

**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)
2011	32,270	1,071,138,110	33,193	6,490	8.8
2012	32,435	1,117,515,490	34,454	6,464	8.5
2013	32,510	1,139,442,990	35,049	6,606	8.1
2014	32,705	1,198,703,660	36,652	6,620	6.6
2015	33,080	1,303,054,280	39,391	6,734	5.4
2016	33,405	1,335,331,470	39,974	6,794	5.1
2017	33,665	1,465,875,095	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	34,615	n/a	n/a	6,342	11.1

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

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

n/a - not available

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

Employer	Type of Business	Fiscal Year Ended June 30, 2020			Fiscal Year Ended June 30, 2011		
		Number of Employees	Percentage	Rank	Number of Employees	Percentage	Rank
McMinnville School District #40	Education	794	5.14 %	1	743	5.34 %	1
Yamhill County	County government	638	4.13	2	389	2.79	4
Willamette Valley Medical Center, LLC	Health care	574	3.71	3	452	3.25	2
Linfield College	Higher education - liberal arts	401	2.59	4	350	2.51	6
Cascade Steel Rolling Mills, Inc.	Steel production	390	2.52	5	430	3.09	3
Betty Lou's Inc	Snack manufacturer	250	1.62	6	-	-	
City of McMinnville	City government	232	1.50	7	203	1.46	9
Meggitt Polymer	Sealing solutions manufacturing	222	1.44	8	297	2.13	7
Oregon Mutual Insurance Company	Insurance products and services	199	1.29	9	236	1.69	8
Wal-Mart Stores, Inc.	Retail merchandise	183	1.18	10	180	1.29	10
Evergreen Enterprises, Inc.	Air freight, helicopters, agriculture	-	-		361	2.59	5
Total principal employers		3,883	25.11		3,641	26.15	
All other employers (estimated)		11,579	74.89		10,284	73.85	
Total		15,462	100.00 %		13,925	100.00 %	

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

**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
2011	125	29,802,629	128	11,586,050
2012	113	29,242,652	101	11,698,859
2013	112	12,025,990	116	12,698,093
2014	141	12,233,453	173	21,608,492
2015	169	27,786,301	189	30,794,301
2016	124	8,342,488	197	29,861,929
2017	160	53,721,846	148	17,227,703
2018	144	67,534,920	168	25,020,298
2019	120	31,043,637	170	55,509,974
2020	99	19,675,592	225	61,702,997

Source: City of McMinnville Building Division

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



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

<b>Functions/Programs</b>	<b>Fiscal Year Ended June 30,</b>					
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Primary government:</b>						
Governmental activities:						
General government	14.84	14.49	13.38	13.31	13.71	14.11
Community development (b)	11.35	10.35	9.60	9.39	9.83	10.54
Public safety:						
Police:						
Sworn	34.00	35.00	34.00	37.00	37.00	37.00
Non-sworn	13.45	13.57	14.77	11.18	13.39	12.73
Fire (a) (c)	16.40	14.95	14.03	14.48	14.47	14.75
Highways and streets	8.83	8.90	8.90	8.66	8.68	8.71
Culture and recreation:						
Parks and recreation:						
Full-time	15.00	15.00	14.00	14.00	14.00	17.00
Part-time	29.26	29.18	28.67	27.94	29.94	27.00
Library	17.31	17.01	15.55	15.38	15.52	15.45
Total governmental activities	<u>160.44</u>	<u>158.45</u>	<u>152.90</u>	<u>151.34</u>	<u>156.54</u>	<u>157.29</u>
Business-type activities:						
Wastewater	19.46	20.46	22.40	20.46	21.46	21.46
Ambulance (a) (c)	16.32	20.72	20.46	22.65	22.65	22.95
Building (b)	3.65	3.65	2.00	1.90	2.00	3.25
Total business-type activities	<u>39.43</u>	<u>44.83</u>	<u>44.86</u>	<u>45.01</u>	<u>46.11</u>	<u>47.66</u>
<b>Total primary government</b>	<u><b>199.87</b></u>	<u><b>203.28</b></u>	<u><b>197.76</b></u>	<u><b>196.35</b></u>	<u><b>202.65</b></u>	<u><b>204.95</b></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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
14.65	14.78	15.70	13.80
11.25	11.57	15.92	21.35
41.00	41.00	43.00	43.66
13.73	13.73	13.72	13.72
15.40	15.57	16.88	43.77
7.07	8.82	9.01	9.76
17.85	15.00	17.95	19.45
27.59	30.44	28.03	28.03
15.31	15.42	15.84	16.78
<u>163.85</u>	<u>166.33</u>	<u>176.05</u>	<u>210.32</u>
20.50	21.37	21.34	21.34
25.02	25.02	25.89	-
3.75	3.75	5.00	-
<u>49.27</u>	<u>50.14</u>	<u>52.23</u>	<u>21.34</u>
<u>213.12</u>	<u>216.47</u>	<u>228.28</u>	<u>231.66</u>



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

<u>Functions/Programs</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Primary government:</b>				
Police:				
Calls for service (a) (c)	27,848	32,153	29,419	29,823
Crimes: (a)				
Part I Crimes Against Persons	1,404	1,206	1,251	1,132
Part II Crimes Against Property	2,949	2,873	2,677	2,418
Part III Behavioral Crimes	1,032	1,107	1,133	1,287
Total crimes	<u>5,385</u>	<u>5,186</u>	<u>5,061</u>	<u>4,837</u>
Traffic crashes	265	276	235	334
Traffic citations/warnings	5,754	10,581	8,522	8,003
Fire:				
Self fire inspections conducted	-	-	-	-
On-site fire inspections conducted (f)	375	450	512	562
Fire responses	800	923	650	786
Fire/rescue responses	3,303	2,823	2,912	2,932
Level of insurance service	Class 3	Class 3	Class 3	Class 3
Parks and recreation: (f)				
Aquatic center attendance:				
General recreation programs	84,094	70,629	70,500	73,729
Fitness classes	19,852	19,487	18,586	18,229
Swim instruction	15,318	15,312	16,016	16,862
School district #40 programs	6,179	5,323	4,953	6,454
Rental attendance	13,857	24,245	24,730	18,789
Total attendance	<u>139,300</u>	<u>134,996</u>	<u>134,785</u>	<u>134,063</u>

**Fiscal Year Ended June 30,**

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
31,047	29,059	33,342	36,284	34,043	na
1,234	998	1,130	1,321	983	na
2,442	2,014	2,075	2,387	2,352	na
1,364	1,317	1,290	1,237	1,124	na
<u>5,040</u>	<u>4,329</u>	<u>4,495</u>	<u>4,945</u>	<u>4,459</u>	<u>na</u>
284	373	268	355	281	na
8,838	6,038	10,852	11,384	9,195	na
-	-	-	-	-	-
484	375	300	577	612	357
856	866	817	967	1,008	1,497
2,996	3,024	3,018	2,989	2,699	1,777
Class 3	Class 3	Class 3	Class 3	Class 3	Class 3
84,301	85,715	77,399	62,723	61,682	40,962
19,989	25,790	23,377	23,876	26,050	18,329
16,523	15,333	13,604	13,523	13,230	8,984
6,177	7,263	7,350	6,108	6,070	3,893
14,794	12,608	13,804	14,058	14,550	9,502
<u>141,784</u>	<u>146,709</u>	<u>135,534</u>	<u>120,288</u>	<u>121,582</u>	<u>81,670</u>

(Continued)

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

<b>Functions/Programs</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Community center and recreation programs:				
Facility reservations	1,944	1,960	2,559	2,698
Children's programs (children per session):				
Kids on the block (after school)	950	594	682	694
STARS (summer)	60	60	55	62
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	1,907	2,054	1,837	1,694
Teams	169	173	147	140
Matches	910	857	787	730
Baseball/softball:				
Participants	1,188	1,067	1,162	1,042
Teams	105	89	91	83
Games	588	577	600	506
Other sports:				
Participants	560	486	492	554
Games/matches	394	378	331	346
Senior center:				
Attendance (b)	16,838	27,782	29,001	27,779
Facility rentals	208	327	269	194
Senior meals served	19,500	19,250	24,574	27,997
Day trips taken	24	16	19	19
Day trip attendance	276	163	207	265
Overnight trips taken	9	16	11	12
Overnight trip attendance	70	50	69	37
Park maintenance:				
Picnic reservations (a)	145	160	155	154
Library:				
Items circulated	381,814	382,344	352,211	351,672
Items in collections / resources	117,016	192,766	136,629	87,995
Service hours per week	51	51	45	45

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
2,051	1,848	2,796	2,595	2,992	2,184
449	447	407	373	295	271
65	65	71	75	76	28
n/a	2,144	3,313	4,091	4,071	2,626
n/a	392	423	392	238	227
n/a	5,941	7,215	9,026	7,379	6,080
1,683	1,606	1,634	1,555	1,439	755
173	155	158	150	142	70
824	780	731	748	683	352
1,120	1,100	950	978	1,096	-
93	97	78	82	93	-
535	513	427	437	568	-
598	615	571	492	532	514
357	333	305	254	297	257
27,610	28,558	30,866	33,400	34,006	22,561
203	212	190	175	177	119
19,920	23,164	24,801	24,818	27,291	4,690
15	18	11	10	11	6
221	249	153	131	153	93
6	8	5	2	-	1
34	18	10	5	-	2
160	160	179	180	138	85
359,093	384,347	371,872	360,300	374,451	349,347
142,904	152,121	160,363	162,807	168,595	222,060
45	45	45	45	50	50

(Continued)

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

<b>Functions/Programs</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Community development:				
Building division:				
Building permits issued	192	119	201	282
Plumbing permits issued	298	132	243	275
Mechanical permits issued	197	103	173	232
Demolition permits issued	5	5	12	4
Fire life safety permits issued	33	12	29	40
Miscellaneous permits issued	40	28	26	44
Manufactured home permits issued	17	4	2	8
Total permits issued	<u>782</u>	<u>403</u>	<u>686</u>	<u>885</u>
Wastewater Services:				
Daily average treatment in gallons	3,461,000	2,960,000	2,740,000	3,240,000
Service connections:				
Residential	11,768	11,664	11,784	12,042
General services/commercial	1,246	1,170	1,164	1,097
Ambulance:				
Emergency Medical Service (EMS) calls	5,603	5,713	5,795	5,879
EMS patients transported	4,100	4,204	4,388	4,385
<b>Component unit:</b>				
Water and light:				
Water system:				
Daily average consumption in gallons	4,400,000	4,324,000	5,020,000	4,500,000
Service connections:				
Residential	12,063	11,886	12,006	12,192
General services/commercial	1,521	1,479	1,485	1,511
Electric system:				
Type	public power	public power	public power	public power
Service connections:				
Residential	13,051	13,116	13,160	13,260
General services/small industrial	2,182	2,184	2,206	2,189
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 2011, calls for service data includes officer-initiated activity, in previous years the call for service data was the actual requests for police officer service from the community.

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

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
270	261	250	358	349	349
184	233	227	246	238	296
245	301	309	310	302	388
6	10	15	17	4	7
60	37	43	49	28	25
44	56	43	67	52	50
21	15	5	5	5	7
<u>830</u>	<u>913</u>	<u>892</u>	<u>1,052</u>	<u>978</u>	<u>1,122</u>
2,950,000	3,310,000	2,758,000	2,735,000	4,160,000	2,830,000
12,280	12,121	12,493	12,770	12,869	13,267
1,157	1,083	1,113	1,151	1,158	1,152
6,211	7,248	7,028	7,000	6,423	6,296
4,546	5,156	5,234	4,902	4,753	4,440
4,700,000	4,800,000	4,300,000	4,500,000	4,500,000	3,900,000
12,431	12,238	12,619	12,882	13,021	13,268
1,551	1,475	1,479	1,542	1,628	1,592
public power	public power	public power	public power	public power	public power
13,526	13,616	13,807	13,909	14,084	14,560
2,002	2,293	2,224	2,247	2,254	2,282
2	2	2	2	2	2

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

(f) During fiscal year 2019-20, 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 through the remainder of the fiscal year.

n/a - not available

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

Functions/Programs	2011	2012	2013
<b>Primary government:</b>			
General government:			
Computers - desktops and laptops (e)	264	264	267
Computers - physical servers	21	14	17
Police:			
Station	1	1	1
Off-site evidence facility	1	1	1
Training facility	1	1	1
Patrol units	15	16	14
Command vehicle	1	2	2
Motorcycles	2	2	2
Fire:			
Stations	1	1	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	75	76
Number of street lights	2,677	2,684	2,684
Parks and recreation:			
Aquatic center	1	1	1
Community center	1	1	1
Senior citizen center	1	1	1
Parks:			
Neighborhood parks (a)	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,**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
285	280	285	291	290	290	327
17	17	12	12	12	12	11
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
14	15	15	15	15	16	16
2	2	2	2	2	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
103	104	104	104	105	107	108
76	77	77	78	79	83	84
2,679	2,679	2,679	2,697	2,719	2,762	2,816
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
3	3	3	3	3	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
353	357	357	357	357	357	357
4	4	4	4	2	2	2
-	-	-	-	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	2011	2012	2013
<b>Primary government (continued):</b>			
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
FAA automated flight service station	-	-	-
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	152
Ambulance:			
Vehicles	4	5	5
<b>Component unit:</b>			
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	172
Fire hydrants	1,023	1,023	1,024
Electric system:			
Substations	7	7	7
Miles of distribution	314	320	323

Source: City of McMinnville departments

(a) In fiscal year 2009-10, land for an addition to a linear park was purchased and land was repurposed for a dog park. In fiscal year 2014-15, NW Neighborhood (Jay Pearson) park land was purchased.

(b) In fiscal year 2010-11, Water & Light completed Scott Water Treatment Plant expansion construction.

(c) In fiscal year 2017-18, six pickleball courts replaced two tennis courts in lower city park.

n/a - not available

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
2	2	2	2	2	2	2
2	2	2	2	2	2	2
1	1	1	1	1	1	1
1	1	1	1	1	1	1
2	2	2	2	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	2	3
1	1	1	1	1	1	1
5,600,000	5,600,000	5,600,000	6,100,000	6,100,000	6,100,000	6,100,000
153	155	155	156	157	157	157
5	6	6	7	7	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
175	176	177	177	178	179	181
1,044	1,055	1,061	1,068	1,068	1,106	1,115
7	7	7	7	7	7	7
325	326	329	332	331	333	330

(d) 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.

(f) 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.



## **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, as of and for the year ended June 30, 2020 and have issued our report thereon dated March 26, 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. 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.

**Compliance**

As part of obtaining reasonable assurance about whether City of McMinnville'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 162-10-000 through 162-10-330 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 of McMinnville does not have any elected officials collecting or receiving money.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. 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*.

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

In planning and performing our audit of the financial statements, we considered City of McMinnville'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's internal control. Accordingly, we do not express an opinion on the effectiveness of City of McMinnville'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 and the other auditors 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  
March 26, 2021