



CITY OF MCMINNVILLE, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015





CITY OF MCMINNVILLE, OREGON

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

YEAR ENDED JUNE 30, 2015

Prepared by:

Finance Department

Marcia T. Baragary, CPA
Finance Director

Rina Byrne, CPA
Technical Services Accountant

Julie M. Orth
Accountant



City of McMinnville, Oregon
Comprehensive Annual Financial Report
Year Ended June 30, 2015

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INTRODUCTORY SECTION

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





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

December 23, 2015

Mayor Rick Olson
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, 2015. The *Comprehensive Annual Financial Report (CAFR)* presents the financial position of the City of McMinnville (City) as of June 30, 2015 and the results of City operations and proprietary fund cash flows for the year then ended. The City's financial statements and schedules were prepared following accounting principles generally accepted in the United States of America (GAAP) and were audited by Talbot, Korvola & Warwick, LLP in accordance with auditing standards generally accepted in the United States of America. Talbot, Korvola & Warwick, LLP concluded the basic financial statements are free of material misstatement and issued an unmodified opinion which is presented in the second section of this report. Financial accuracy, completeness, and fairness of presentations in the *CAFR* are the responsibility of City of McMinnville's management. City management has established a comprehensive framework of internal controls to provide a reasonable basis for asserting that the financial statements are fairly presented. Since the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. City management asserts the *CAFR* is complete and reliable in all material respects.

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

Profile of the Government:

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

The City is a municipal government, incorporated as a town in 1876 and as a city in 1882, operating under a 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 inspection services; parks, recreational and cultural activities; and a municipal airport.

McMinnville Water and Light Department: In addition to the City's primary services the City has one discretely presented component unit, the McMinnville Water and Light Department (Department) that is governed by a Mayor appointed and City Council confirmed Water and Light Commission. 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.

**Transmittal Letter
Year Ended June 30, 2015**

Local Economy:

As the regional seat of government and the largest of Yamhill County's municipalities, McMinnville has a diverse economic base that blends all of the County's commercial sectors. Smaller companies with less than 50 employees are predominant, although a number of larger companies are also based in McMinnville. Primary industries are manufacturing, health and educational services, agriculture, insurance services, and tourism. McMinnville is home to more than 75 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. With the lowest electricity rates in Oregon, the lowest water rates in the region, and over 150 acres of commercial and industrial sites, McMinnville is well positioned to continue to attract diverse and globally competitive businesses.

Employment: According to Oregon Employment Department estimates, the largest share of employment in McMinnville is concentrated in two industries; the trade, transportation, and utilities sector; and the private education and health services sector. These two sectors are followed by manufacturing and local government. Over the past decade, many industries in McMinnville have shown increases in employment, especially in health services and private education. McMinnville's principal employers are listed in the Statistical Section at the end of this report.

In the past year, unemployment rates for Yamhill County have slowly but steadily trended downward, similar to the rest of the State. Unemployment rates (not seasonally adjusted) for Yamhill County were 5.4 percent in June 2015 compared to 6.6 percent in June 2014. For comparison, the unemployment rate for the state of Oregon in June 2015 was 5.5 percent.

According to a report recently released by the Oregon Office of Economic Analysis (OEA), Oregon is experiencing above average job growth. As in past economic expansions, Oregon has regained its traditional growth advantage relative to other states. Much of this advantage can be attributed to the state's industrial structure and strong in-migration flows. More important are the indications that wages for the average Oregon worker are increasing more quickly than in most states, and above the rate of inflation.

Finally, bankruptcy proceedings on the holdings of Evergreen International Airlines Inc., a former provider of air freight and transport service based in McMinnville since 1975 are coming to a close. Significant portions of the Evergreen campus property and buildings have been purchased and it is anticipated that, upon execution of the sales, the City will receive payment of past due taxes on the property.

Tourism: McMinnville is located in the heart of Oregon wine country, where an ideal combination of soil types and a mild climate enable area winemakers to produce consistently world-class wines. More than 40 wineries and 200 vineyards are showcased in the McMinnville area. The strength of the wine industry in McMinnville and surrounding area has been a significant factor in growth of the local economy. The transient lodging tax implemented in 2014 provides funding for tourism promotion and marketing of McMinnville as a premiere destination for wine and culinary tourism.

One of McMinnville's largest tourist attractions is the Evergreen Aviation and Space Museum and Wings and Waves Waterpark. These entities are not connected to Evergreen International Airlines, Inc. and are managed by independent nonprofit organizations. These attractions have strong community support and will continue to draw an estimated 150,000 to 300,000 visitors to McMinnville annually.

Population Growth: Over the last ten years, McMinnville's population has grown by seven percent. Both new employers and residents are attracted to McMinnville because of its "livability" and its close proximity to the Portland metropolitan area, Salem (the state capital), the Cascade mountain range, and the Oregon coast. Other factors contributing to the livability are the vitality of McMinnville's Historic Downtown District, Linfield College, and excellence of medical and City services. For comparison, during the same ten year period, Yamhill County's population grew 13 percent, while the State of Oregon's population grew by nine percent.

**Transmittal Letter
Year Ended June 30, 2015**

<u>Year</u>	<u>McMinnville</u>		<u>Population Estimates 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>
2006	30,900	3.1%	91,675	1.5%	3,690,505	1.7%
2011	32,270	0.1	99,850	0.4	3,857,625	0.5
2012	32,435	0.5	100,550	0.7	3,883,740	0.7
2013	32,510	0.2	101,400	0.8	3,919,020	0.9
2014	32,705	0.6	102,252	1.1	3,962,565	1.1
2015	33,080	1.1	103,630	1.1	4,013,845	1.3

Source: US Census Bureau, Portland State University Population Research Center certified yearly estimates. The current fiscal year is based on the preliminary Oregon population estimate.

According to a recent projection by Portland State University, Yamhill County’s population is expected to reach 123,897 by 2025; an increase of 20 percent from its 2015 population estimate of 103,630. For comparison, the projected increase for the state of Oregon’s population during that same timeframe is 14 percent.

Residential, Commercial, and Industrial Development: During fiscal year 2014-15, a number of projects of note were initiated or completed, including the following construction projects: a 65-unit apartment building (\$6.3 million); Toyota auto dealership (\$0.8 million); two new memory care facilities (\$11.0 million); veterinary clinic (\$1.0 million); storage units and office space (\$1.9 million); and reconstruction of an existing commercial building to accommodate a new drugstore (\$1.5 million). Several other commercial and industrial building and site improvements totaling more than \$4.5 million were also initiated or completed in 2014-15.

In addition to the above, McMinnville saw the platting and groundbreaking of four residential subdivisions. Two additional subdivisions have received tentative plat approval and are scheduled to break ground in the coming year.

Residential building permit numbers continue to reflect a steady upward trend. In 2015, the value of new residential construction permits totaled \$30.8 million, compared to \$21.6 million and \$12.7 million in 2014 and 2013, respectively. For commercial, public sector, and industrial development, 2015 permit values increased to \$27.8 million compared to \$12.2 million and \$12.0 million in 2014 and 2013, respectively.

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 grew by 46 percent over the last ten years. Maximum assessed value increases were primarily related to new construction and major commercial building improvements. From 2006 to 2015, real market value for McMinnville increased by 29 percent. Yamhill County’s real market value grew by 34 percent in the last ten years.

Although the City’s real market value declined from 2010 through 2014, real market value increased in 2015 by 4.1 percent. This compares to decreases of 0.7 percent and 1.4 percent in 2014 and 2013, respectively. Maximum assessed value as a percentage of real market value was 80 percent for 2015 compared to 81 percent for 2014.

Transmittal Letter
Year Ended June 30, 2015

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

McMinnville						Yamhill County	
<u>Fiscal Year End</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>	
2006	\$ 1,570,074	6.6%	\$ 2,215,610	9.7%	\$ 7,218,305	9.6%	
2011	2,106,858	3.6	3,193,379	(2.3)	10,403,609	(1.9)	
2012	2,140,278	1.6	2,806,089	(12.1)	9,189,327	(10.0)	
2013	2,199,145	2.7	2,767,634	(1.4)	8,911,056	(3.0)	
2014	2,233,167	1.5	2,748,715	(0.7)	9,156,128	2.8	
2015	2,304,514	3.2	2,861,726	4.1	9,699,390	5.9	

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. Generally, the City's debt service levy has continued to decrease from 2009 through 2013, primarily due to the increasing maximum assessed values.

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>
2006	\$ 5.02	\$ 0.90	\$ -	\$ 5.92	\$ 15.93
2011	5.02	0.72	-	5.74	16.49
2012	5.02	0.68	-	5.70	16.59
2013	5.02	0.63	-	5.65	16.56
2014	5.02	0.70	-	5.72	16.49
2015	5.02	0.68	0.04	5.74	16.58

Source: Yamhill County Assessor's Office

Fiscal Policy and Financial Planning:

To facilitate long-term planning, City management uses a three 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 recent recession, providing adequate levels of services to its citizens while maintaining a healthy General Fund cash reserve.

For fiscal year 2015, the City's General Fund ending fund balance is approximately 43 percent of total General Fund expenditures. This is significantly more than the minimum General Fund reserve targeted in the fund balance policy adopted by the City Council. This policy recommends that 25 percent of annual budgeted expenditures should be maintained as a cash reserve. Additional information on the City's fund balance policy is included in the notes to the financial statements, Note I.F. 14.

**Transmittal Letter
Year Ended June 30, 2015**

Several factors have been identified which will impact the financial position of the City in the future, as follows:

- Although the rate of increase in assessed property values has not returned to historically high pre-2009 levels, assessed values continue to trend upward. 2015 assessed values increased by approximately three percent compared to the prior year. For every one percent increase in assessed value, the City collects approximately \$100,000 in additional property tax revenue.
- The upward trend in assessed values is critical because property tax revenue is approximately 60 percent of all General Fund revenues and the options for increasing other revenues are limited. As in the past, the City will continue to manage the rising costs of salaries and fringe benefits, especially for police officers and firefighters, who are members of the City's two contractual bargaining units.
- To maintain an adequate General Fund reserve, the City chose to limit the amount of repair and maintenance projects on City buildings during the economic recession. These deferred maintenance projects will be prioritized and scheduled for completion in the next several years.
- In fiscal year 2015, ambulance services operating expenses exceeded operating revenues by \$0.9 million, requiring the General Fund to contribute \$0.6 million to help fund ambulance operations. Additional information on ambulance operations is included in the Management's Discussion and Analysis section titled "Economic Factors and Future Operations".

City management will continue to be forward-looking and respond proactively as opportunities and issues are identified. As in past years, the City will follow a conservative fiscal policy and make adjustments, as needed, to maintain a healthy fund balance in the General Fund and all other funds of the City.

Major Initiatives:

In 2013, City Council adopted an ordinance creating the McMinnville Urban Renewal Agency. The purpose of the Agency is to promote the development and redevelopment of the downtown core and the Northeast Gateway Area. These areas are vital to fulfilling the goals of the McMinnville Comprehensive Plan and other adopted plans that provide the vision for the development of downtown McMinnville. The Urban Renewal Agency facilitates financing of projects within the urban renewal area. The City Council serves as the Board of Directors for the Urban Renewal Agency. The Urban Renewal Agency collected \$82,000 in incremental property taxes in fiscal year 2015.

In January 2014, the City began collecting an eight percent tax on transient lodging rentals, generally defined as hotels, motels, bed and breakfast establishments, and vacation rentals. In July 2015, Visit McMinnville, a non-profit destination marketing organization (DMO) was created to promote McMinnville as a year-round visitor, convention, and event destination. City transient lodging tax will fund the organization. Total annual tax revenues for fiscal year 2016 are estimated at \$0.5 million.

During fiscal year 2015, the City invested over \$7.0 million in the first phase of a major expansion of the Water Reclamation Facility. The project will greatly increase the treatment capacity of the waste discharge with improvements to both the new and existing facility. The City also completed over \$1.0 million in projects related to reducing inflow and infiltration. These projects are a vital component in controlling wastewater system overflows and reducing demands on the Water Reclamation Facility.

In November 2014, the voters of McMinnville approved issuance of \$24 million in general obligation for construction, expansion, and improvement of City streets and sidewalks. In April 2015, the City issued \$16 million in general obligation bonds to fund these projects. In the future, up to \$8 million in bonds will be issued to complete the planned projects.

**Transmittal Letter
Year Ended June 30, 2015**

Certificate of Achievement:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of McMinnville for its *Comprehensive Annual Financial Report (CAFR)* for the fiscal year ended June 30, 2014. The City has received this recognition for 26 consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized *CAFR* and must satisfy both generally accepted accounting principles and applicable legal requirements. This award is the highest form of recognition for excellence in state and local government financial reporting.

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

Acknowledgements:

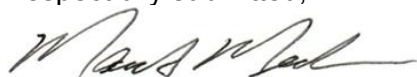
The preparation of the *Comprehensive Annual Financial Report (CAFR)* is the final step in the completion of a successful year for the City's Finance Department. We would like to thank the City's accounting staff for their day-to-day dedication to professional accounting standards and to producing accurate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

Special recognition is extended to Accountant II Julie M. Orth, who was instrumental in preparation of the *CAFR*, and to Technical Services Accountant Rina M. Byrne, CPA, who provided valuable assistance in the drafting of the *CAFR*.

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

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

Respectfully submitted,



Martha A. Meeker
City Manager



Marcia T. Baragary, CPA
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, 2014

Executive Director/CEO

CITY OF McMinnville, Oregon

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

JUNE 30, 2015

CITY COUNCIL

TERM EXPIRES

Rick Olson 1324 SW Louise Drive McMinnville Oregon 97128	Mayor	December 31, 2016
Scott Hill 1525 Gilson Court McMinnville Oregon 97128	Ward I	December 31, 2016
Kevin Jeffries 2355 SW Peggy Street McMinnville Oregon 97128	Ward I	December 31, 2018
Kellie Menke 678 NW Wintergreen McMinnville Oregon 97128	Ward II	December 31, 2016
Alan Ruden 1688 NW Emerson Drive McMinnville Oregon 97128	Ward II	December 31, 2018
Larry Yoder 565 Haven Lane McMinnville Oregon 97128	Ward III Council President	December 31, 2016
Remy Drabkin 1400 NE 17 th Street McMinnville Oregon 97128	Ward III	December 31, 2018

CITY ADMINISTRATION

Martha A. Meeker

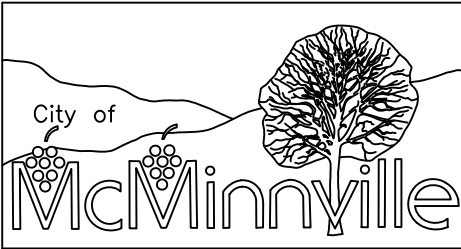
City Manager

Candace A. Haines

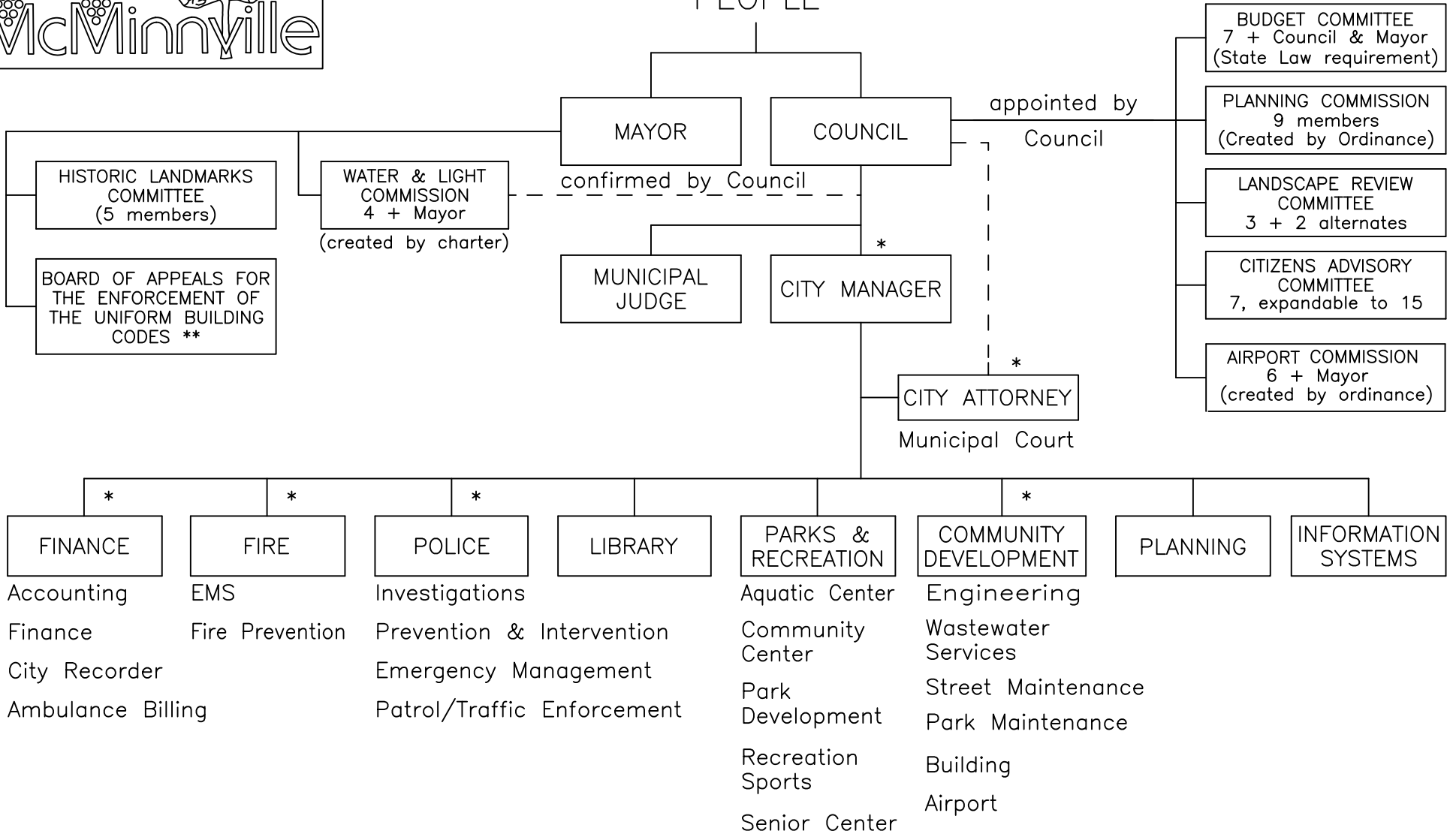
City Attorney

Marcia T. Baragary, CPA

Finance Director



PEOPLE



* Officers listed in Charter and appointed by Council upon recommendation by City Manager.
 Council serves as own Contract Review Board.
 Council serves as Library Board to meet any State Law requirements.

** Includes the BOARD OF APPEALS FOR THE ENFORCEMENT OF THE UNIFORM BUILDING CODE FOR THE ABATEMENT OF DANGEROUS BUILDINGS.

All commissions, boards, and committees (unless otherwise noted) have been created by Council action.

G:\EXHIBITS\CHARTS.dwg



FINANCIAL SECTION

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements including Notes to Basic Financial Statements
- Required Supplementary Information





Talbot, Korvola
& Warwick, LLP

Certified Public Accountants
& Consultants

ACHIEVE MORE

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of McMinnville
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 the City of McMinnville, Oregon (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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 (the Department), a discretely presented component unit of the City. 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 Department, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Honorable Mayor and City Council
City of McMinnville, Oregon

OPINIONS

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General and Airport Maintenance Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTERS

As discussed in Notes IV.J and IV.K to the financial statements, the City adopted the accounting requirements of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, which resulted in the restatement of previously reported amounts for the year ended June 30, 2014. Our opinions are not modified with respect to this matter.

As discussed in Note IV.D to the financial statements, changes in benefit terms of the Oregon Public Employees Retirement System resulting from the April 30, 2015 Oregon Supreme Court decision are not reflected in the December 31, 2012 actuarial valuation used to measure pension amounts as of and for the fiscal year ended June 30, 2015.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedules of Funding Progress for Other Postemployment Benefits Plan and the Oregon Public Employees Retirement System, the Schedules of the City's Proportionate Share of the Net Pension Liability (Asset) and the City's Contributions relating to the Oregon Public Employees Retirement System, and the Notes to Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules, and other schedules, collectively presented as Other Supplementary

INDEPENDENT AUDITOR'S REPORT (Continued)

Honorable Mayor and City Council
City of McMinnville, Oregon

OTHER MATTERS (Continued)

Other Information (Continued)

Information, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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, based on our audit, and the procedures performed as described above, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections, as listed in the Table of Contents, 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 23, 2015, on our consideration of the City'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.

TALBOT, KORVOLA & WARWICK, LLP

By 

Timothy R. Gillette, Partner

Lake Oswego, Oregon
December 23, 2015



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, 2015. 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 adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* for fiscal year 2015. The effect of implementation of the Statements is discussed in Notes IV.J. and IV.K. to the basic financial statements.
- The City recorded a long-term liability for pension debt related specifically to the City of McMinnville. This liability was not previously recorded. Refer to Notes III.G.3 and IV.K. of these financial statements for additional information regarding the debt and restatement of net position.
- The City's assets and deferred outflows of resources totaled \$194.6 million at June 30, 2015, consisting of \$129.0 million in capital assets, \$32.5 million in unrestricted cash and investments, \$21.5 million in restricted cash and investments, and \$11.6 million in other assets and deferred outflows of resources. Total assets and deferred outflows of resources increased by \$28.0 million from the previous fiscal year.
- The City's liabilities and deferred inflows of resources totaled \$51.7 million at June 30, 2015 consisting of \$37.4 million in long-term liabilities and \$6.2 million in accounts payable and other liabilities, and \$8.1 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 \$142.9 million at the close of fiscal year 2015. Unrestricted net position totaled \$4.4 million. The City's net position invested in capital assets totaled \$114.9 million and net position restricted for capital projects, building operations, and debt service totaled \$23.6 million.
- For its governmental activities, the City generated \$4.7 million in charges for services and received \$4.4 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$21.2 million for the year, resulting in net expense of \$12.1 million. In addition, \$16.9 million of general revenues received and \$0.4 million in transfers out resulted in a change in net position of \$4.4 million.
- For its business-type activities, the City generated \$13.8 million in charges for services and capital grants and contributions to fund direct expenses of \$8.6 million. In addition, \$0.4 million in transfers in resulted in a change in net position of \$5.6 million.
- The City's proprietary funds, including related internal service funds activities, report a total net position balance of \$71.6 million, an increase of \$5.6 million over the prior year, as restated
- Fund balance in the City's governmental funds was \$34.5 million at June 30, 2015, an increase of \$17.0 million from June 30, 2014. Approximately \$7.6 million is available for spending at the City's discretion (*unassigned fund balance*). Additional information regarding governmental funds ending fund balances is included in the Fund Financial Analysis section of Management's Discussion and Analysis.

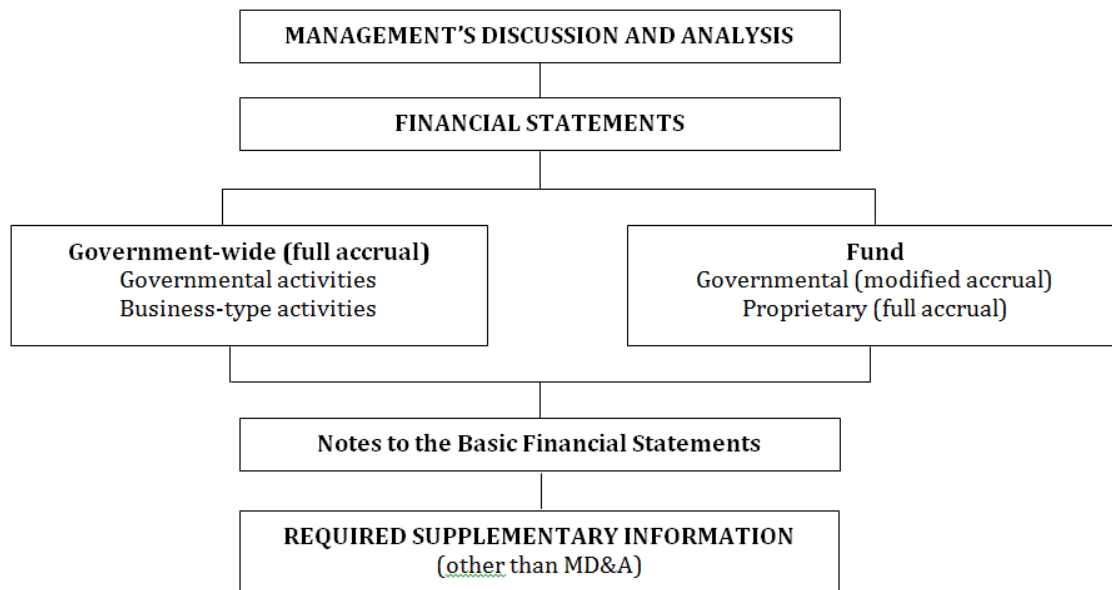
City of McMinnville - Management's Discussion and Analysis

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.

Chart 1 - Required Elements of the Comprehensive Annual Financial Report



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

- These government-wide financial statements include three reporting units; i.e., governmental activities and business-type activities that are combined for the primary government total, including the McMinnville Urban Renewal District, and the discretely presented component unit, McMinnville Water & Light Department (Department).
- Governmental activities of the City are general government, public safety, community development, culture and recreation, airport, and highways and streets. Property taxes, charges for services, and operating and capital grants and contributions fund most of these activities.
- Business-type activities of the City are Wastewater, Ambulance, and Building. The City charges fees to customers to recover the majority of the costs of these services.

City of McMinnville - Management's Discussion and Analysis

- **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.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements focus on major governmental and proprietary funds separately. The City's major governmental funds are each presented separately and the remaining non-major funds are combined in a column titled "Total Non-Major Governmental Funds." Statements for the City's proprietary funds follow the governmental statements.

- **Governmental funds:** Governmental funds are used to account for the functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. This fund reporting method may be more useful in evaluating the City's short-term financial requirements and position.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains thirteen governmental funds, three of which are considered major funds. The General Fund and Transportation Fund are major funds; the Airport Maintenance Fund is also classified as a major fund due to public interest in airport operations. The remaining governmental funds, six special revenue, two debt service and two capital projects funds, are classified as non-major funds and are aggregated for reporting in the fund financial statements. Non-major governmental funds data is provided in combining and individual fund statements and schedules.

- **Proprietary funds:** The City maintains two types of proprietary funds, enterprise funds and internal service funds.
 - Enterprise funds are used to account for Wastewater Services, Ambulance services, and Building operations. Wastewater Services and Ambulance are major funds. Enterprise funds use the full accrual method of accounting, as do the government-wide financial statements; therefore, no separate reconciliation is necessary.
 - Internal service funds are used to accumulate and allocate costs internally among the operating funds. The City's internal service funds are Information Systems & Services and Insurance Services. These funds are included with the proprietary funds in the fund financial statements and with the governmental activities in the government-wide financial statements, since the funds served are primarily governmental activities.

City of McMinnville - Management's Discussion and Analysis

Government-Wide Financial Analysis

As previously noted, the City adopted Government Accounting Standard Board (GASB) 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27* during fiscal year 2015. GASB Statement 68 established accounting and financial reporting standards for employers, including reporting of the net pension asset or liability on the statement of net position, and deferred inflows and outflows of resources associated with investment, economic and demographic gains and losses associated with pension plans. GASB Statement 68 also provides guidance related to the calculation of pension expense.

Statement of Net Position:

The following table is a summary of the City's net position compared to the prior fiscal year. Fiscal year 2014 amounts for assets, liabilities, deferred inflows and deferred outflows of resources have been restated to conform to the presentation required by the adoption of GASB Statement 68 and the inclusion of pension related debt. These restatements are discussed in Note IV.K. to the basic financial statements.

Statement of Net Position June 30, 2015 and 2014 (Restated) (in millions)

	Primary Government						Component Unit	
	Governmental Activities		Business-Type Activities		Total City		Water and Light	
	(restated)		(restated)		(restated)		(restated)	
	2015	2014	2015	2014	2015	2014	2015	2014
Cash and investments	\$ 14.6	\$ 18.8	\$ 17.9	\$ 20.3	\$ 32.5	\$ 39.1	\$ 35.8	\$ 32.8
Other assets	27.4	2.5	3.1	1.5	30.5	4.0	11.3	9.1
Capital assets	73.8	73.2	55.2	48.3	129.0	121.5	121.4	118.1
Total assets	115.8	94.5	76.2	70.1	192.0	164.6	168.5	160.0
Deferred outflows of resources	2.0	1.5	0.6	0.5	2.6	2.0	0.8	0.7
Other liabilities	4.5	3.5	1.7	0.9	6.2	4.4	5.6	5.3
Non-current liabilities	36.1	25.6	1.3	3.7	37.4	29.3	2.9	6.2
Total liabilities	40.6	29.1	3.0	4.6	43.6	33.7	8.5	11.5
Deferred inflows of resources	6.0	-	2.1	-	8.1	-	2.9	-
Invested in capital assets	59.7	59.6	55.2	48.3	114.9	107.9	121.4	118.1
Restricted	23.2	5.9	0.4	0.3	23.6	6.2	-	-
Unrestricted	(11.6)	1.4	16.0	17.4	4.4	18.8	36.5	31.1
Total net position	\$ 71.3	\$ 66.9	\$ 71.6	\$ 66.0	\$ 142.9	\$ 132.9	\$ 157.9	\$ 149.2

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 \$142.9 million at the close of fiscal year 2015.

The largest portion of the City's net position, or \$114.9 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 \$23.6 million and represents amounts that are legally restricted for capital expansion, debt service, or other purposes. The remaining \$4.4 million is unrestricted, meaning it is available for meeting the City's ongoing obligations.

City of McMinnville - Management's Discussion and Analysis

For governmental activities, total net position increased by \$4.4 million compared to fiscal year 2014. Restricted net position increased by \$17.3 million and unrestricted net position decreased by \$13.0 million.

The major component of the increase in restricted net position is related to the issuance of general obligation bonds during fiscal year 2015. Bond proceeds and premium of \$18.2 million from this issuance were included in restricted cash and investments at year end. Bond proceeds are restricted for future capital improvements. As proceeds are expended on capital projects, restricted net position will decrease and the amount invested in capital assets will increase.

The decrease in unrestricted net position is primarily due to the issuance of debt and the implementation of GASB Statement 68 in fiscal year 2015. GASB Statement 68 requires that the City recognize assets, liabilities and deferred inflows and outflows of resources related to pension obligations. The effect of implementation of the Statement on the City's financial statements is discussed in Notes IV.D.1. and IV.K. of these financial statements.

In addition, the City recorded a long-term liability for pension debt related specifically to the City of McMinnville. In 2001, the City joined the state-sponsored Local Government Rate Pool (LGRP). At the time the City entered the pool, a transition liability was calculated specifically for the City. Recording the liability in the current year resulted in a decrease in net position. Refer to Notes III.G.3. and IV.K. of these financial statements for additional information.

For business-type activities, total net position increased by \$5.6 million. The favorable change is primarily due to a significant increase in capital assets related to expansion of the Water Treatment Facility.

Department - Statement of Net Position: Total net position for the Department increased by \$6.1 million. Cash and investments increased by \$3.0 million primarily due to increased revenue from electricity sales. Capital assets increased by \$3.3 million due to improvements to both the water and electric utility plants.

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. Beginning net position has been restated to reflect implementation of GASB Statement 68 and the inclusion of pension related debt.

City of McMinnville - Management's Discussion and Analysis

Statement of Activities For the Years Ended June 30, 2015 and 2014 (Restated) (in millions)

	City of McMinnville - Primary Government						Component Unit	
	Governmental Activities		Business-Type Activities		Total City		Water and Light	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues:								
Program revenues								
Charges for services	\$ 4.7	\$ 4.0	\$ 13.4	\$ 12.2	\$ 18.1	\$ 16.2	\$ 44.9	\$ 44.7
Operating grants & contributions	2.5	2.3	-	-	2.5	2.3	-	-
Capital grants & contributions	1.9	0.7	0.3	-	2.2	0.7	1.6	0.9
General revenues								
Property taxes	12.9	12.5	-	-	12.9	12.5	-	-
Franchise taxes	2.5	2.5	-	-	2.5	2.5	-	-
Other	1.5	1.1	0.1	0.1	1.6	1.2	4.3	3.4
Total revenues	26.0	23.1	13.8	12.3	39.8	35.4	50.8	49.0
Expenses:								
Governmental activities								
General government	2.1	2.0	-	-	2.1	2.0	-	-
Community development	0.9	1.2	-	-	0.9	1.2	-	-
Public safety								
Police	6.0	7.6	-	-	6.0	7.6	-	-
Fire	2.0	2.5	-	-	2.0	2.5	-	-
Emergency communications	1.1	0.8	-	-	1.1	0.8	-	-
Highways and streets	3.0	2.5	-	-	3.0	2.5	-	-
Culture and recreation								
Parks and recreation	3.8	4.1	-	-	3.8	4.1	-	-
Library	1.1	1.3	-	-	1.1	1.3	-	-
Airport	0.7	0.6	-	-	0.7	0.6	-	-
Interest on long-term debt	0.5	0.5	-	-	0.5	0.5	-	-
Business-type activities								
Wastewater	-	-	5.5	5.8	5.5	5.8	-	-
Ambulance	-	-	2.9	3.5	2.9	3.5	-	-
Building	-	-	0.2	0.3	0.2	0.3	-	-
Component unit	-	-	-	-	-	-	42.1	42.9
Total expenses	21.2	23.1	8.6	9.6	29.8	32.7	42.1	42.9
Change in net position								
before transfers	4.8	-	5.2	2.7	10.0	2.7	8.7	6.1
Transfers	(0.4)	(0.5)	0.4	0.5	-	-	-	-
Change in net position	4.4	(0.5)	5.6	3.2	10.0	2.7	8.7	6.1
Beginning net position as previously reported	66.9	75.7	66.0	65.8	132.9	141.5	149.2	147.1
Restatement	-	(8.3)	-	(3.0)	-	(11.3)	-	(4.0)
Beginning net position as restated	66.9	67.4	66.0	62.8	132.9	130.2	149.2	143.1
Ending net position	\$ 71.3	\$ 66.9	\$ 71.6	\$ 66.0	\$ 142.9	\$ 132.9	\$ 157.9	\$ 149.2

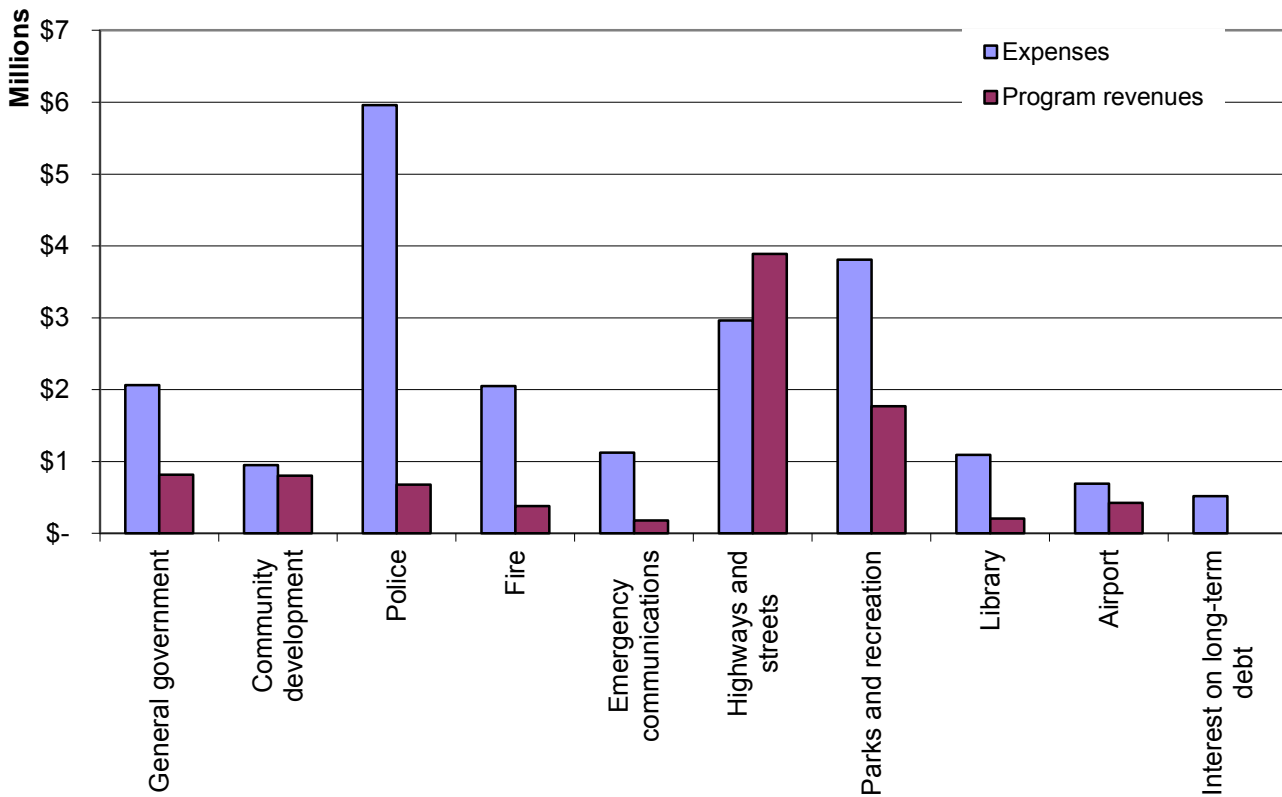
City of McMinnville - Management's Discussion and Analysis

- **For governmental activities**, program revenues increased by \$2.1 million primarily due to an increase in capital grants and contributions for highways and streets; i.e., infrastructure contributions from developers. General revenues were relatively consistent with the prior year.

Total expenses for governmental activities decreased approximately \$1.9 million compared to the prior year. This change is attributable to several factors. Due to the implementation of GASB Statement 68, a \$4.2 million reduction of pension expense was recognized in fiscal year 2015. Excluding this reduction, governmental activities expenses increased by \$2.3 million, due to higher parks and recreation expenses, bond issuance costs, Newberg-Dundee By-pass expenses, and higher costs for salaries and fringe benefits.

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.

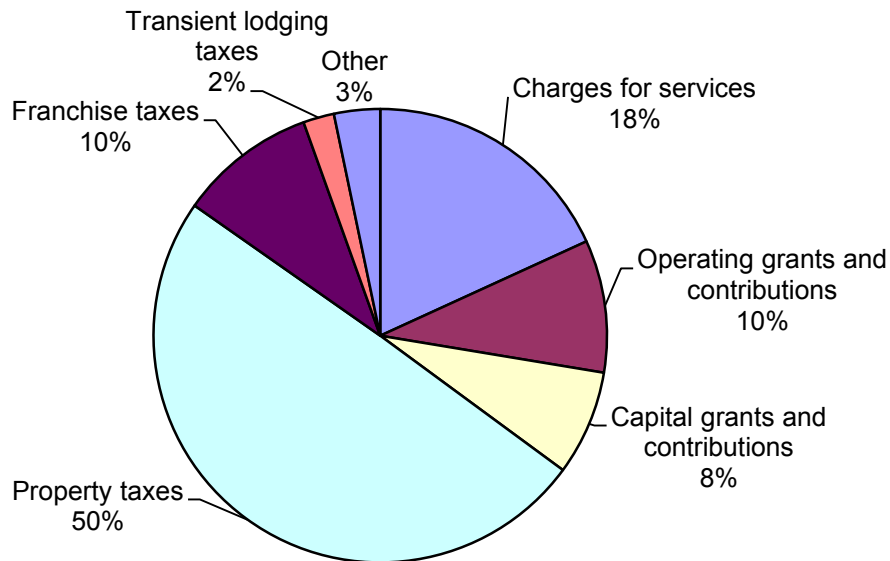
**Governmental Activities
Expenses and Program Revenues by Function
For the Year Ended June 30, 2015**



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.

**Governmental Activities
Revenues by Source
For the Year Ended June 30, 2015**



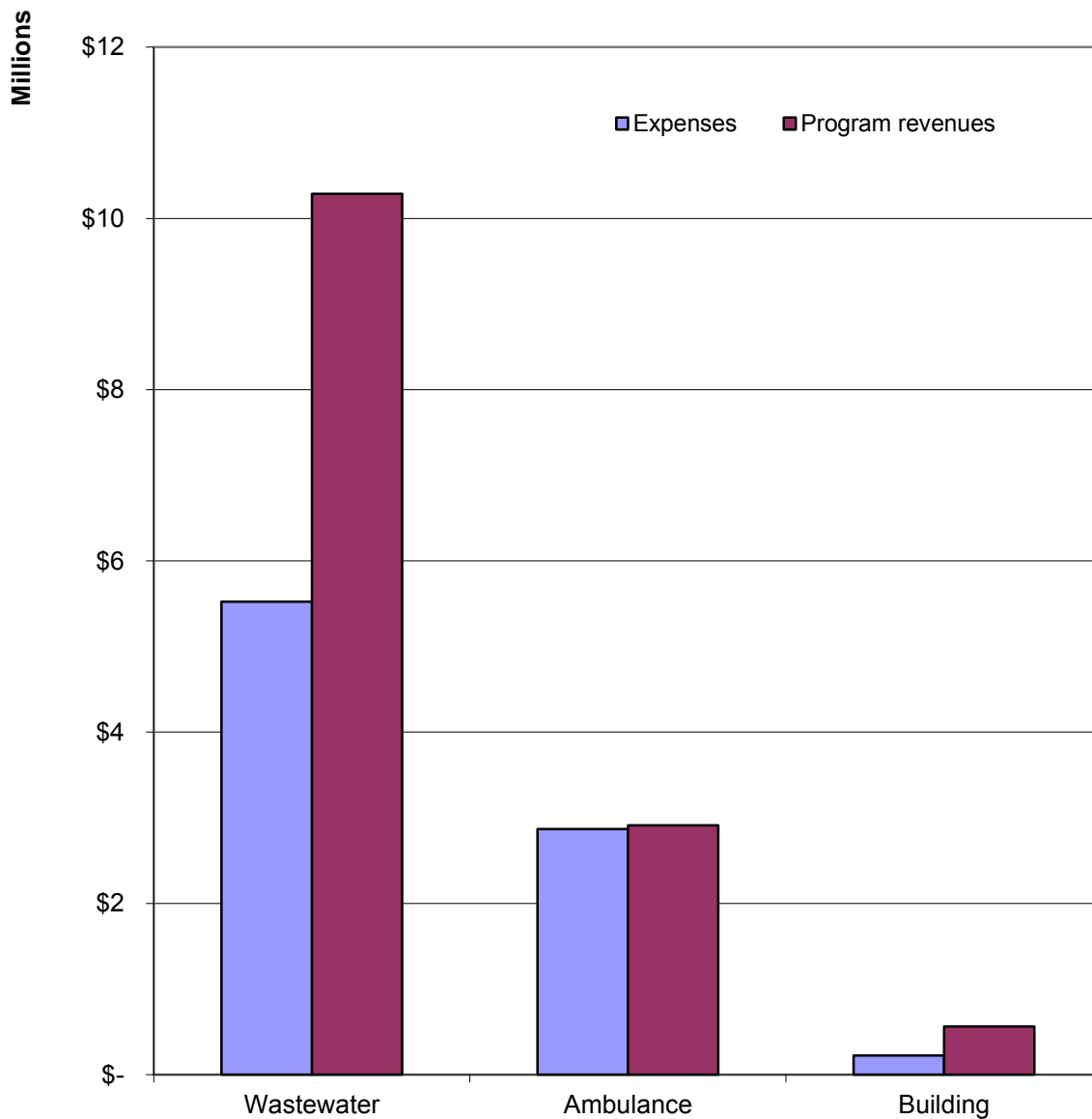
For business-type activities, revenues for business-type activities, primarily consisting of charges for services, rose by \$1.5 million compared to the prior year. For Wastewater, charges for services increased by \$0.8 million over the previous year, primarily due to an approximately three percent sewer rate increase effective July 2014 and a \$0.3 million increase in systems development charges revenue. Ambulance revenue rose by \$0.3 million due to an increase in the number of transports and a two percent rate increase effective July 2014. Building revenues increased by \$0.2 million compared to the prior year, due to increased building construction activity.

Total expenses for business-type activities decreased by approximately \$1.0 million. Due to implementation of GASB Statement 68, a \$1.5 million reduction in pension expense was recognized in fiscal year 2015. Excluding this reduction, total expenses for Wastewater and Building activities remained relatively consistent with the prior year. However, total expenses related to Ambulance services increased by \$0.5 million, primarily due to higher salaries and fringe benefits.

City of McMinnville - Management's Discussion and Analysis

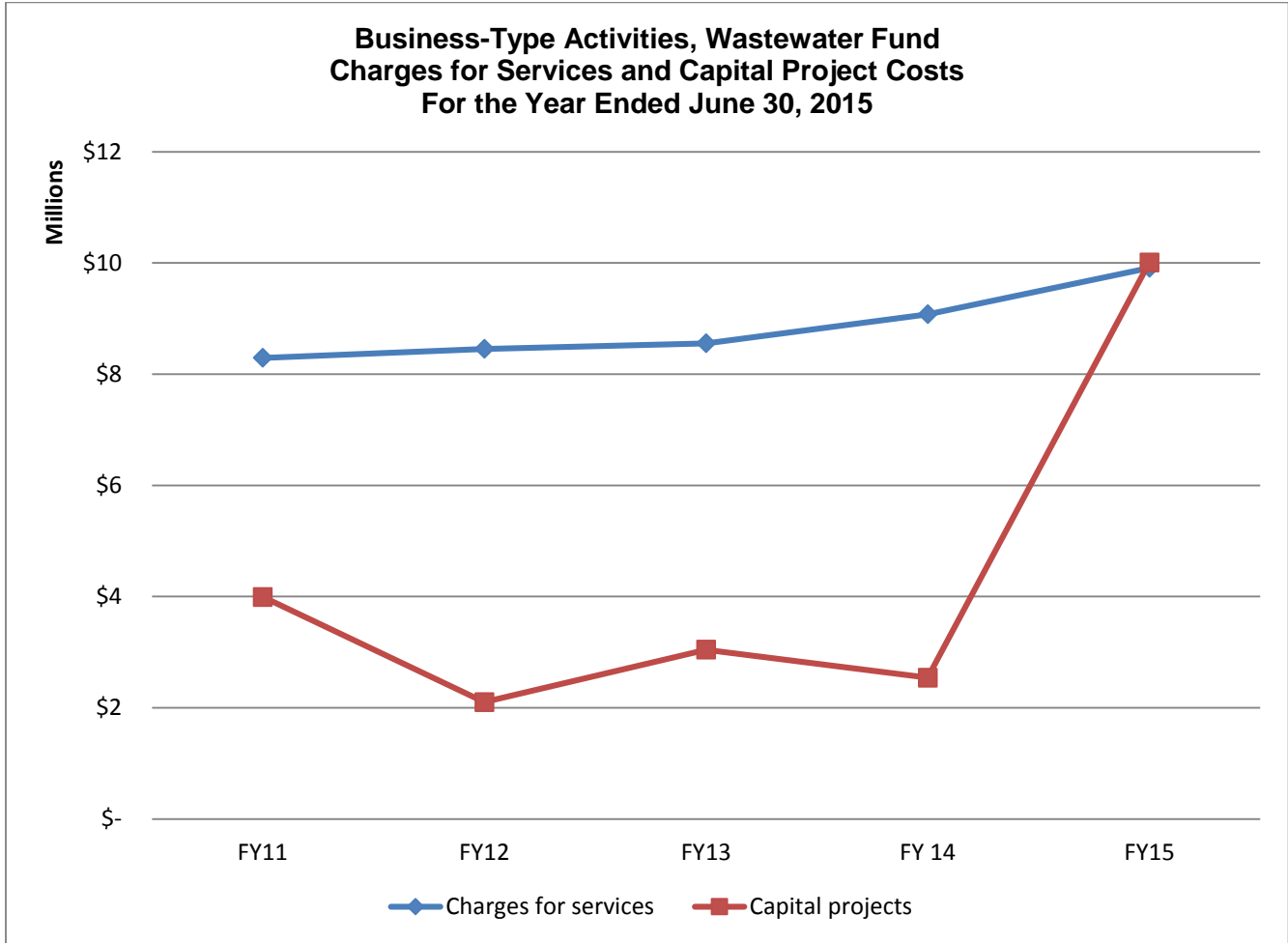
The following bar chart compares each business-type activity expense with the revenue stream for that activity. The significant difference between Wastewater revenue and expenses is due to a financial policy adopted by City Council to set sewer rates at a level sufficient to fund future capital projects on a "pay as you go" basis. The chart indicates that Ambulance program revenue slightly exceeded expenses. However, as previously noted, a credit to pension expense was recorded related to implementation to GASB Statement 68. Excluding this adjustment, Ambulance expenses actually exceeded revenues by approximately \$0.9 million. Building Department permit revenue exceeded expenses, reflecting that the number of building permits issued increased, while staffing levels for the Building Department did not.

Business-Type Activities
Net Expenses and Program Revenues by Function
For the Year Ended June 30, 2015



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 steadily increasing, while capital project costs can vary due to the number and size of projects in a given year. The graph reflects the beginning of the construction phase of the Water Reclamation Facilities expansion project in fiscal year 2015.



Department - Statement of Activities: Total revenues for the Department overall increased by \$1.8 million or four percent compared to the prior year. Revenues from charges for services for water and electricity increased \$0.2 million. However, revenue from timber sales, net of related expenses, increased by \$1.0 million. Total expenses decreased by \$0.8 million, largely due to implementation of GASB Statement 68 which resulted in a large credit to pension expense.

Fund Financial Analysis

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*.

City of McMinnville - Management's Discussion and Analysis

Governmental Funds –Ending Fund Balances June 30, 2015 and 2014 (Restated) (in thousands)

	Ending Fund Balances										
	Major Funds								Total		Net Change
	General		Airport Maintenance		Transportation		Non-major Funds		2015	2014	
	2015	2014	2015	2014	2015	2014	2015	2014			
Nonspendable	\$ 22	\$ 23	\$ -	\$ -	\$ -	\$ -	\$ 8	\$ -	\$ 30	\$ 23	\$ 7
Restricted	95	1,352	-	-	20,298	1,901	4,106	3,772	24,499	7,025	17,474
Committed	-	-	825	727	-	-	110	262	935	989	(54)
Assigned	594	557	-	-	-	-	831	814	1,425	1,371	54
Unassigned	<u>7,575</u>	<u>8,053</u>	-	-	-	-	-	-	<u>7,575</u>	<u>8,053</u>	(478)
Total ending fund balance	<u>\$ 8,286</u>	<u>\$ 9,985</u>	<u>\$ 825</u>	<u>\$ 727</u>	<u>\$ 20,298</u>	<u>\$ 1,901</u>	<u>\$ 5,055</u>	<u>\$ 4,848</u>	<u>\$ 34,464</u>	<u>\$ 17,461</u>	<u>\$ 17,003</u>

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

Total General Fund revenues increased by \$0.7 million compared to the prior year, due to several factors. Property tax revenue increased by \$0.3 million due to growth in assessed property values and new construction. Licenses and permits revenue (primarily franchise fees) and charges for services revenue (primarily Parks and Recreation program fees) combined reflect an increase of \$0.4 million. Intergovernmental revenues and fines and forfeitures remained relatively consistent with the prior year.

Total General Fund expenditures increased by \$2.5 million compared to the prior year. After adjusting total expenditures for the \$1.3 million purchase of fire vehicles, total expenditures increased by \$1.2 million. Expenditures for general government, community development, and culture and recreation increased by \$0.6 million, primarily due to higher costs for salaries and fringe benefits and building repair and maintenance projects. Excluding the purchase of fire vehicles, public safety expenditures increased by \$0.5 million, which can primarily be attributed to higher costs for salaries and fringe benefits.

In the General Fund, current fiscal year total expenditures exceeded revenues by \$0.4 million. Excluding the purchase of the fire vehicles in fiscal year 2015, revenues exceeded expenditures by \$0.9 million. The purchase of the fire vehicles was funded by \$1.3 million in loan proceeds carried over from fiscal year 2014. Spending down of these loan proceeds accounts for the significant decrease in restricted fund balance in 2015 compared to 2014.

General Fund assigned fund balance includes \$0.6 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 remained relatively consistent with the prior year.

The Airport Maintenance Fund committed balance was \$0.8 million at the end of 2015. Charges for services revenue, including rental payments for land and building leases, exceeded operating expenditures by \$0.1 million. Operating expenditures, primarily maintenance and improvements costs for buildings, taxiways, and runways, vary from year to year depending on projects. Rental property revenue is committed by City Council resolution solely for airport operations. Federal Aviation Administration (FAA) grant funds are accounted for in the Airport Maintenance Fund and are restricted for airport improvement projects. The City received \$0.2 million in FAA grant funds in the current fiscal year.

City of McMinnville - Management's Discussion and Analysis

Transportation Fund restricted balance increased by \$18.4 million in 2015. In April 2015, the City issued a total of \$23.3 million in general obligation bonds. Bond proceeds of \$16.1 million and bond premium of \$2.2 million will be used to finance expansion and improvement of City streets.

The remaining bond proceeds and premium were used to advance refund \$8.0 million of outstanding 2006 Public Safety and Civic Buildings bonds. The advance refunding of the 2006 bonds will reduce total debt service payments over 12 years by \$0.6 million.

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

Proprietary Funds – Ending Net Position June 30, 2015 and 2014 (in thousands)

	Unrestricted		Restricted		Net Investment in Capital Assets		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Fund:								
Wastewater	\$ 16,740	\$ 19,030	\$ -	\$ -	\$ 54,292	\$ 47,439	\$ 71,032	\$ 66,469
Ambulance	(532)	(1,152)	-	-	648	557	116	(595)
Building	-	-	482	130	265	279	747	409
Internal Service	985	884	-	-	572	641	1,557	1,525
Total ending net position	\$ 17,193	\$ 18,762	\$ 482	\$ 130	\$ 55,777	\$ 48,916	\$ 73,452	\$ 67,808

For proprietary funds, total ending net position for proprietary funds, including Internal Services Funds, increased by \$2.5 million compared to the prior fiscal year, largely due to a \$6.9 million increase in net investment in capital assets, which was offset by a \$4.5 million decrease in unrestricted net position. The decrease in unrestricted net position was primarily due to implementation of GASB Statement 68 in fiscal year 2015, which required the recognition of assets, liabilities, and deferred inflows and outflows of resources related to pension obligations in proprietary funds. In addition, the City recorded a long-term liability related to pension debt that resulted in a decrease in unrestricted net position.

For Wastewater, the increase in net investment in capital assets was related to a major capital project for expansion of the Water Treatment Facility.

Ambulance unrestricted net position decreased by nearly \$1.2 million, primarily due to the effect of implementation of GASB Statement 68. The impact of implementation on the Ambulance Fund was significant because components related to the statement were allocated according to fiscal year 2014 pension contributions. Ambulance exceeds all departments, other than the Police Department, in salary expense and pension contributions. In addition, expenses exceeded revenues by \$0.9 million due to increased operational costs.

The increase in Building Fund net position reflects higher building permit fee revenues resulting from growth in building construction activity.

Internal service funds include Information Systems & Services and Insurance Services Funds. Net position for both funds was consistent with the prior year. Operating departments pay premiums to the Insurance Services Fund for property, liability, and workers compensation insurance. For fiscal year 2015, the amount of premiums paid was nearly equal to the cost of claims. The City purchases property, liability, and workers compensation insurance from City County Insurance Services, a public entity risk pool.

City of McMinnville - Management's Discussion and Analysis

General Fund Budgetary Highlights

During the fiscal year, two supplemental budgets were adopted by the City Council amending the General Fund budget. The first supplemental budget amended appropriations by \$1.3 million to allow for the purchase of three fire vehicles. Loan proceeds, which were used to pay for the vehicles, were carried forward from fiscal year 2014 to fiscal year 2015. The second supplemental budget amended appropriations to allow payment of issuance costs related to the advance refunding of the 2006 Public Safety and Civic Buildings general obligation bonds. The expenditure for issuance costs was offset by bond issuance premium. Several other appropriation transfers were adopted by the City Council to allow for unanticipated building repair and maintenance projects.

General Fund revenues exceeded budgeted revenues by \$0.2 million, primarily due to higher than anticipated property tax collections. Total expenditures were approximately \$1.0 million less than budgeted. This favorable variance was due to management's conservative fiscal policies and prudent management of General Fund resources. All departments in the General Fund achieved significant savings, spending three to five percent less than budgeted.

Capital Assets

Capital Assets June 30, 2015 and 2014 (in millions)

	Governmental Activities		Business-Type Activities		Total City	
	2015	2014	2015	2014	2015	2014
Land	\$ 28.4	\$ 27.7	\$ 0.8	\$ 0.8	\$ 29.2	\$ 28.5
Easements	1.5	1.5	0.2	0.2	1.7	1.7
Public art	0.2	0.2	-	-	0.2	0.2
Land improvements	18.6	18.6	0.1	0.1	18.7	18.7
Buildings	32.7	32.7	41.9	41.9	74.6	74.6
Machinery and equipment	6.0	6.0	2.3	1.9	8.3	7.9
Vehicles	4.5	3.5	1.9	1.8	6.4	5.3
Infrastructure	52.5	50.7	42.1	40.4	94.6	91.1
Construction in progress	0.5	-	9.1	1.9	9.6	1.9
Total capital assets	144.9	140.9	98.4	89.0	243.3	229.9
Accumulated depreciation	(71.0)	(67.7)	(43.2)	(40.7)	(114.2)	(108.4)
Net capital assets	\$ 73.9	\$ 73.2	\$ 55.2	\$ 48.3	\$ 129.1	\$ 121.5

Capital Assets: The City's total net capital assets increased \$7.6 million from the prior fiscal year. An increase of \$13.4 million in total capital assets was offset by \$5.8 million in depreciation.

- Governmental activities total capital assets increased by \$4.0 million, due to an increase in street infrastructure of \$1.8 million, \$1.0 million in vehicles and \$1.2 million in non-depreciable capital assets. This increase was offset by \$3.3 million increase in depreciation expense.
- For business-type activities, total capital assets increased \$9.4 million. Construction in progress of \$9.1 million is primarily related to expansion of the Water Reclamation Facility. The increase in total capital assets was offset by a \$2.5 million increase in depreciation, resulting in an overall increase of \$6.9 million in net capital assets.

City of McMinnville - Management's Discussion and Analysis

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

Debt Administration

Outstanding Debt June 30, 2015 and 2014 (in millions)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total City</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General obligation bonds	\$ 32.1	\$ 14.7	\$ -	\$ -	\$ 32.1	\$ 14.7
Full Faith and Credit	1.8	1.4	-	-	1.8	1.4
Pension related debt	<u>2.8</u>	<u>2.8</u>	<u>1.0</u>	<u>1.0</u>	<u>3.8</u>	<u>3.8</u>
Total	<u>\$ 36.7</u>	<u>\$ 18.9</u>	<u>\$ 1.0</u>	<u>\$ 1.0</u>	<u>\$ 37.7</u>	<u>\$ 19.9</u>

Outstanding Debt: At June 30, 2015, the City had \$37.7 million in outstanding debt compared to \$19.9 million in the prior year, an increase of \$17.8 million. This can be attributed to several factors. Governmental debt increased by \$17.8 million, as the City issued \$16.0 million in general obligations bonds to fund transportation system improvement projects. Premium for the bonds issued was \$3.4 million and is included in the table above.

In addition, the City recorded pension related debt of \$3.8 million as a restatement of long-term liabilities beginning balance and net position. When the City and Department joined the PERS Local Government Rate Pool in 2001, a transition liability or surplus was calculated for each employer entering the pool. The City's total transition liability was estimated to be \$3.8 million at June 30, 2015. The amount of pension related debt for governmental activities is \$2.8 million.

For business-type activities, the total debt outstanding of \$1.0 million at June 30, 2015 is related to the PERS transition liability, as described in the preceding paragraph.

General obligation debt is entirely payable from property taxes levied specifically for that purpose. The full faith and credit obligation and pension related debt will be repaid from general revenues. City and Department outstanding debt are described in more detail in the notes to the financial statements, Note III. G.

Bond Ratings: The City received an Aa3 rating from Moody's Investor's Services, Inc. for the 2015 General Obligation and Refunding bonds sold in April 2015. At that time Moody's Investor's Services, Inc. affirmed the Aa3 rating on the City's other outstanding general obligation debt.

Economic Factors and Future Operations

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

- In 2015, taxable assessed property values increased by 2.9 percent compared to the prior year. Real market values increased by 4.1 percent, compared to five previous years of negative real market value change. For the 2015 fiscal year, assessed property values are 80 percent of real market value.
- In 2015, the value of commercial, industrial and residential building permits increased by 73 percent compared to 2014. The value of building permits increased by 37 percent when comparing 2014 to 2013.
- Unemployment rates in Yamhill County are trending downward and are consistent with unemployment rate trends for the State of Oregon. Unemployment rates (not seasonally adjusted) for Yamhill County were 5.5 percent in June 2015 and 6.3 percent in June 2014.

City of McMinnville - Management's Discussion and Analysis

- The closure of Evergreen International Airlines, Inc. in 2013 was followed by Evergreen filing for bankruptcy in 2014. The six buildings constituting the former Evergreen south campus are in the final stages of liquidation and the City expects payment of some or all of the past due property taxes in the coming year. Sale of other Evergreen properties is pending.
- In 2013, the City Council created an Urban Renewal Agency and adopted an Urban Renewal Plan. The purpose of the Plan is to foster economic growth and revitalization within a nearly 175 acre area that includes the historic downtown and neighboring properties. Funding for these projects will be provided through a combination of private and public resources, with the primary source being tax increment financing. The Agency began collecting incremental taxes in fiscal year 2015.
- The cost of employee fringe benefits, including health insurance premiums, continues to rise. However, general services and firefighters agreed to changes in health insurance plans that resulted in savings for both the City and the employee. General services employees pay 17 percent of the premium for a copay plan. Firefighters pay 10 percent of the total premium for a high deductible plan and the City contributes a negotiated amount into the firefighters' VEBA (a benefit plan that reimburses employees for healthcare expenses.) The City's contractual bargaining agreement with the police officers association includes a low deductible, high premium health insurance plan. Police officers pay five percent of the premium for this plan.
- Employer contributions paid to the Oregon Public Employee Retirement System (PERS) were expected to increase significantly in July 2013. However, legislation enacted by the State of Oregon changed several actuarial assumptions and the method used to calculate the employer contribution rate. As a result, the City's contribution rate for 2013 through 2015 was substantially the same as the City's contribution rate for 2011 through 2013. However, in 2014, the Oregon Supreme Court overturned portions of the prior legislation. This is expected to have a significant impact on the City's PERS contribution rates in the future. PERS has projected that most PERS employers will see a 20 percent increase in contribution rates in every biennium in the foreseeable future. Higher PERS contribution rates directly impact the City's ability to provide public safety and other government services to citizens.

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 projects 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 plans to complete wastewater system and facilities upgrades of approximately \$31 million in the next five years.
- **Ambulance operations:** Ambulance transport net revenues increased by seven percent in fiscal year 2015 compared to the prior year. This increase can be attributed to several factors. Due to the Affordable Care Act, more individuals are covered by health insurance, primarily Oregon Medicaid. As a result of the increase in Medicaid transports, the number of transports billed as "private pay" has decreased, with a corresponding decrease in accounts written off and sent to collections. In addition, the number of adult care facilities has increased significantly, resulting in a three percent increase in transports billed to federal Medicare. The City is currently considering options to address the increase in transports and the increasing costs of providing emergency medical services to the community.
- **Building operations:** Building permit revenues increased by 42 percent compared to the prior year, reflecting significant increases in commercial / industrial and residential building construction activity. For comparison, building permit revenue increased 36 percent in 2014, and was relatively flat for the prior two years.

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

City of McMinnville - Management's Discussion and Analysis

Information Requests

The City's *Comprehensive Annual Financial Report* has been prepared to provide a general overview of the City of McMinnville's finances. Questions concerning any of the information provided in this report or requests for additional information may be directed to the City's Finance Department at 230 NE Second Street, McMinnville, OR 97128. The Finance Director may be contacted at 503-434-2350, or at Marcia.Baragary@ci.mcminnville.or.us.

BASIC FINANCIAL STATEMENTS

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



GOVERNMENT-WIDE FINANCIAL STATEMENTS

- Statement of Net Position
- Statement of Activities



City of McMinnville, Oregon
Statement of Net Position
June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Water and Light
Assets				
Cash and investments	\$ 14,574,872	\$ 17,944,538	\$ 32,519,410	\$ 35,780,176
Receivables, net of allowances for uncollectables	2,451,791	1,440,391	3,892,182	4,775,260
Due from component unit	101,545	721,527	823,072	-
Internal balances	258,913	(258,913)	-	-
Other current assets	-	-	-	572,442
Inventories	-	-	-	811,597
Prepays	30,760	6,188	36,948	-
Note receivable	-	-	-	551,237
Renewable energy certificates	-	-	-	888,789
Regulatory asset - conservation charges	-	-	-	2,202,058
Restricted cash and investments	21,462,315	-	21,462,315	-
Net pension asset	3,097,026	1,105,895	4,202,921	1,494,371
Capital assets:				
Non-depreciable capital assets	30,583,296	10,151,652	40,734,948	12,739,919
Depreciable capital assets	114,280,394	88,293,676	202,574,070	155,792,519
Accumulated depreciation	(71,008,454)	(43,239,654)	(114,248,108)	(47,085,976)
Total assets	115,832,458	76,165,300	191,997,758	168,522,392
Deferred outflows of resources				
Deferred outflow of resources - pension	1,606,817	573,765	2,180,582	775,317
Deferred charge on refunding	432,692	-	432,692	-
Total deferred outflows of resources	2,039,509	573,765	2,613,274	775,317
Liabilities				
Accounts payable	361,839	1,260,977	1,622,816	3,428,212
Accrued payroll and other payroll liabilities	955,446	100,289	1,055,735	279,796
Due to primary government	-	-	-	823,072
Accrued interest payable	294,282	-	294,282	-
Advances and deposits	144,338	-	144,338	506,924
Other liabilities	161,502	-	161,502	102,356
Unearned revenue	119,856	1,300	121,156	-
Compensated absences	827,048	286,634	1,113,682	455,808
Liabilities payable from restricted assets:				
Accounts payable	9,428	-	9,428	-
Non-current liabilities:				
Due within one year	1,652,673	14,522	1,667,195	-
Due in more than one year	36,092,565	1,304,499	37,397,064	2,855,724
Total liabilities	40,618,977	2,968,221	43,587,198	8,451,892
Deferred inflow of resources				
Deferred inflow of resources - pension	5,976,004	2,133,929	8,109,933	2,883,531
Net Position				
Net investment in capital assets	59,688,968	55,205,674	114,894,642	121,446,462
Restricted for:				
Capital projects	18,110,675	-	18,110,675	-
Debt service	1,298,971	-	1,298,971	-
System expansion	2,049,290	-	2,049,290	-
Building division	-	482,442	482,442	-
Highways and streets	1,697,189	-	1,697,189	-
Unrestricted	(11,568,107)	15,948,799	4,380,692	36,515,824
Total net position	\$ 71,276,986	\$ 71,636,915	\$ 142,913,901	\$ 157,962,286

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

City of McMinnville, Oregon
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ 2,065,497	\$ 719,791	\$ 7,500	\$ 87,541
Community development	949,452	743,044	62,379	-
Public Safety:				
Police	5,959,530	661,192	15,465	-
Fire	2,048,332	378,028	1,210	1,967
Emergency Communications	1,124,854	12,480	150,000	17,947
Highways and streets	2,964,608	344,459	1,884,072	1,660,898
Culture and recreation:				
Parks and recreation	3,810,278	1,574,113	188,163	5,648
Library	1,092,515	55,294	151,695	-
Airport	692,357	247,965	-	175,415
Interest on long-term debt	519,917	-	-	-
Total governmental activities	21,227,340	4,736,366	2,460,484	1,949,416
Business-Type Activities:				
Wastewater	5,523,163	9,911,181	-	377,475
Ambulance	2,868,982	2,911,613	76	-
Building	225,229	561,441	-	-
Total business-type activities	8,617,374	13,384,235	76	377,475
Total primary government	\$ 29,844,714	\$ 18,120,601	\$ 2,460,560	\$ 2,326,891
Component Unit				
Water and Light	\$ 42,099,300	\$ 44,944,442	\$ -	\$ 1,560,929

General Revenues:

Taxes:

Property taxes

Franchise taxes

Transient lodging taxes

Unrestricted state shared revenues

Unrestricted investment earnings

Timber sales, net of related expenses

Other, net

Loss on disposal of assets

Interest expense

Transfers

Total general revenues and transfers

Change in net position

Net position as previously reported

Restatement (see Note IV.K.)

Net position - beginning as restated

Net position - ending

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Water and Light
\$ (1,250,665)	\$ -	\$ (1,250,665)	\$ -
(144,029)	-	(144,029)	-
(5,282,873)	-	(5,282,873)	-
(1,667,127)	-	(1,667,127)	-
(944,427)	-	(944,427)	-
924,821	-	924,821	-
(2,042,354)	-	(2,042,354)	-
(885,526)	-	(885,526)	-
(268,977)	-	(268,977)	-
(519,917)	-	(519,917)	-
<u>(12,081,074)</u>	<u>-</u>	<u>(12,081,074)</u>	<u>-</u>
-	4,765,493	4,765,493	-
-	42,707	42,707	-
-	336,212	336,212	-
-	5,144,412	5,144,412	-
<u>(12,081,074)</u>	<u>5,144,412</u>	<u>(6,936,662)</u>	<u>-</u>
			<u>4,406,071</u>
12,937,499	-	12,937,499	-
2,548,881	-	2,548,881	-
574,911	-	574,911	-
834,087	-	834,087	-
78,040	89,688	167,728	167,244
-	-	-	3,324,530
-	-	-	1,019,342
(56,454)	-	(56,454)	(199,620)
-	-	-	37,424
<u>(389,542)</u>	<u>389,542</u>	<u>-</u>	<u>-</u>
<u>16,527,422</u>	<u>479,230</u>	<u>17,006,652</u>	<u>4,348,920</u>
<u>4,446,348</u>	<u>5,623,642</u>	<u>10,069,990</u>	<u>8,754,991</u>
<u>75,175,294</u>	<u>68,993,007</u>	<u>144,168,301</u>	<u>153,233,708</u>
<u>(8,344,656)</u>	<u>(2,979,734)</u>	<u>(11,324,390)</u>	<u>(4,026,413)</u>
<u>66,830,638</u>	<u>66,013,273</u>	<u>132,843,911</u>	<u>149,207,295</u>
<u>\$ 71,276,986</u>	<u>\$ 71,636,915</u>	<u>\$ 142,913,901</u>	<u>\$ 157,962,286</u>



FUND FINANCIAL STATEMENTS

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



City of McMinnville, Oregon
Balance Sheet
Governmental Funds
June 30, 2015

	<u>General</u>	<u>Airport Maintenance</u>	<u>Transportation</u>	<u>Total Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and investments	\$ 8,748,804	\$ 859,257	\$ -	\$ 3,650,912	\$ 13,258,973
Receivables	1,736,230	38,440	-	677,122	2,451,792
Due from component unit	111,373	-	-	-	111,373
Prepays	22,056	247	-	7,920	30,223
Advances to other funds	30,000	-	-	-	30,000
Restricted cash and investments	94,897	-	20,313,762	1,053,656	21,462,315
Total assets	\$ 10,743,360	\$ 897,944	\$ 20,313,762	\$ 5,389,610	\$ 37,344,676
Liabilities					
Accounts payable	\$ 168,907	\$ 28,246	\$ 12,409	\$ 114,929	\$ 324,491
Accrued payroll and other payroll liabilities	932,254	-	-	15,130	947,384
Due to component unit	-	-	-	4,159	4,159
Advances from other funds	-	-	-	30,000	30,000
Advances and deposits	144,338	-	-	-	144,338
Unearned revenue	68,083	44,674	-	7,100	119,857
Liabilities payable from restricted assets:					
Accounts payable	-	-	3,175	6,253	9,428
Total liabilities	1,313,582	72,920	15,584	177,571	1,579,657
Deferred inflows of resources:					
Deferred revenue taxes	1,096,381	-	-	119,618	1,215,999
Deferred revenue other	47,128	-	-	37,558	84,686
Total deferred inflows of resources	1,143,509	-	-	157,176	1,300,685
Fund Balances					
Nonspendable	22,056	247	-	7,920	30,223
Restricted	94,897	-	20,298,178	4,106,209	24,499,284
Committed	-	824,777	-	109,721	934,498
Assigned	593,735	-	-	831,013	1,424,748
Unassigned	7,575,581	-	-	-	7,575,581
Total fund balances	8,286,269	825,024	20,298,178	5,054,863	34,464,334
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,743,360	\$ 897,944	\$ 20,313,762	\$ 5,389,610	\$ 37,344,676

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

City of McMinnville, Oregon
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

Total fund balances - governmental funds \$ 34,464,334

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

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

Capital assets	\$ 142,647,930	
Accumulated depreciation	<u>(69,364,465)</u>	73,283,465

The net pension asset is not an available resource and, therefore, is not reported in the funds. 3,033,537

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	1,215,999	
Other receivables earned but not available	84,686	
Deferred outflows of resources - pension	<u>1,573,877</u>	2,874,562

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

Bonds payable	(30,346,095)	
Bonds premium	(3,560,210)	
Deferred amount on bond refunding	432,692	
Pension related debt	(2,787,465)	
Rebatable arbitrage	(11,476)	
Interest payable	(294,282)	
Other post employment benefits payable	(960,741)	
Compensated absences payable	(813,041)	
Deferred inflows of resources - pension	<u>(5,853,497)</u>	(44,194,115)

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. 1,815,203

Total net position - governmental activities \$ 71,276,986

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

City of McMinnville, Oregon
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	General	Airport Maintenance	Transportation	Total Non-major Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 11,253,504	\$ -	\$ -	\$ 1,612,607	\$ 12,866,111
Special assessments	-	-	-	54,328	54,328
Licenses and permits	2,384,709	-	-	840,992	3,225,701
Intergovernmental	1,422,567	175,415	346,362	1,902,019	3,846,363
Charges for services	2,643,785	241,400	336,637	392,026	3,613,848
Fines and forfeitures	522,900	-	-	-	522,900
Miscellaneous	342,320	10,090	27,479	45,521	425,410
Total revenues	<u>18,569,785</u>	<u>426,905</u>	<u>710,478</u>	<u>4,847,493</u>	<u>24,554,661</u>
Expenditures					
Current:					
General government	1,689,132	-	-	609,136	2,298,268
Community development	1,221,604	-	-	-	1,221,604
Public Safety	11,273,911	-	-	941,720	12,215,631
Highways and streets	-	-	249,555	1,525,947	1,775,502
Culture and recreation	4,644,967	-	-	53,967	4,698,934
Airport	-	328,733	-	-	328,733
Capital outlay:					
Highways and streets	-	-	502,116	-	502,116
Culture and recreation	-	-	-	410,867	410,867
Debt service:					
Principal	68,594	-	-	1,105,000	1,173,594
Interest	46,698	-	-	493,325	540,023
Bond refunding	-	-	-	32,000	32,000
Total expenditures	<u>18,944,906</u>	<u>328,733</u>	<u>751,671</u>	<u>5,171,962</u>	<u>25,197,272</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(375,121)</u>	<u>98,172</u>	<u>(41,193)</u>	<u>(324,469)</u>	<u>(642,611)</u>
Other Financing Sources (Uses)					
Refunding bonds issued	-	-	-	7,235,000	7,235,000
Premium on refunding bonds issued	73,094	-	-	1,185,342	1,258,436
General obligation bonds issued	-	-	16,085,000	-	16,085,000
Premium on general obligation bonds issued	-	-	2,153,688	-	2,153,688
Payment to refunded bond escrow agent	-	-	-	(8,414,899)	(8,414,899)
Transfers from other funds	-	-	200,000	826,200	1,026,200
Transfers to other funds	(1,397,100)	-	-	(300,000)	(1,697,100)
Total other financing sources (uses)	<u>(1,324,006)</u>	<u>-</u>	<u>18,438,688</u>	<u>531,643</u>	<u>17,646,325</u>
Net change in fund balances	(1,699,127)	98,172	18,397,495	207,174	17,003,714
Fund balances - beginning	9,985,396	726,852	1,900,683	4,847,689	17,460,620
Fund balances - ending	<u>\$ 8,286,269</u>	<u>\$ 825,024</u>	<u>\$ 20,298,178</u>	<u>\$ 5,054,863</u>	<u>\$ 34,464,334</u>

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

City of McMinnville, Oregon
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015

Net change in fund balances - governmental funds \$ 17,003,714

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is the difference between capital outlays and depreciation in the current period.

Capital asset expenditures	\$ 2,609,978	
Current year depreciation expense	(3,251,075)	(641,097)

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

Capital asset transfers from business type activities	281,358
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Donations of capital assets	1,181,288	
Change in property taxes earned but not available	71,389	
Change in other revenues earned but not available	22,574	1,275,251

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

Cost	(113,030)	
Accumulated depreciation	56,576	(56,454)

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

Principal repayments:		
General obligation bonds	1,105,000	
Full faith and credit obligations	68,594	
Payment to refunded bond escrow agent	8,414,899	
Bond refunding payment from debt service reserve	32,000	
Debt issued or incurred:		
General obligation bonds	(23,320,000)	
Full faith and credit obligations	(464,689)	
Bond premium	(3,412,124)	
Amortization of premium - general obligation bonds	216,711	
Amortization of deferred charge on bond refunding	(9,206)	(17,368,815)

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

Change in compensated absences	(4,465)	
Change in other post employment benefits	(128,905)	
Change in pension related debt	(11,901)	
Change in pension liability (asset)	4,151,944	
Change in accrued interest	(75,140)	3,931,533

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

Net revenue	20,858
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Change in net position - governmental activities \$ 4,446,348

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

City of McMinnville, Oregon
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 10,836,000	\$ 10,836,000	\$ 11,253,504	\$ 417,504
Licenses and permits	2,367,750	2,367,750	2,384,709	16,959
Intergovernmental	1,397,003	1,397,003	1,422,567	25,564
Charges for services	1,183,960	1,183,960	1,273,251	89,291
Fines and forfeitures	731,850	731,850	522,900	(208,950)
Miscellaneous	434,687	434,687	337,320	(97,367)
Interagency loan repayment	31,200	31,200	5,000	(26,200)
Total revenues	16,982,450	16,982,450	17,199,251	216,801
Expenditures				
General government:				
Administration	942,880	949,080	874,242	74,838
Finance	690,986	690,986	670,305	20,681
Community development:				
Engineering	811,101	811,101	732,455	78,646
Planning	478,480	478,480	415,495	62,985
Public safety:				
Police	7,090,708	7,090,708	6,919,051	171,657
Municipal court	446,549	446,549	415,555	30,994
Fire	2,650,445	4,001,645	3,800,000	201,645
Culture and recreation:				
Parks and recreation	2,464,484	2,487,984	2,314,758	173,226
Park maintenance	971,767	971,767	905,838	65,929
Library	1,326,694	1,326,694	1,278,370	48,324
Non-departmental	26,000	103,298	73,094	30,204
Contingencies	750,000	720,300	-	720,300
Total expenditures	18,650,094	20,078,592	18,399,163	1,679,429
Excess (deficiency) of revenues over (under) expenditures	(1,667,644)	(3,096,142)	(1,199,912)	1,896,230
Other Financing Sources (Uses)				
Premium on general obligation bonds issued	-	77,298	73,094	(4,204)
Transfers from other funds	1,340,461	1,340,461	1,370,534	30,073
Transfers to other funds	(1,669,903)	(1,669,903)	(1,643,995)	25,908
Total other financing sources (uses)	(329,442)	(252,144)	(200,367)	51,777
Net change in fund balances	(1,997,086)	(3,348,286)	(1,400,279)	1,948,007
Fund balances - beginning	9,319,900	9,319,900	9,985,396	665,496
Fund balances, budgetary basis - ending	\$ 7,322,814	\$ 5,971,614	8,585,117	\$ 2,613,503
Add (deduct):				
Accrued payroll and other payroll liabilities			(298,848)	
Fund balance			\$ 8,286,269	
Reconciliation:				
Charges for services, budgetary basis			\$ 1,273,251	
Transfers from other funds - services provided			1,370,534	
Charges for services			\$ 2,643,785	
Expenditures, budgetary basis			\$ 18,399,163	
Change in accrued payroll and other payroll liabilities			298,848	
Transfers to other funds - services provided			246,895	
Expenditures			\$ 18,944,906	
Other financing sources (uses), budgetary basis			\$ (200,367)	
Transfers from other funds - services provided			(1,370,534)	
Transfers to other funds - services provided			246,895	
Other financing sources (uses)			\$ (1,324,006)	

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

City of McMinnville, Oregon
Airport Maintenance Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 239,177	\$ 239,177	\$ 185,647	\$ (53,530)
Charges for services	243,300	243,300	241,400	(1,900)
Miscellaneous	11,300	11,300	10,090	(1,210)
Total revenues	<u>493,777</u>	<u>493,777</u>	<u>437,137</u>	<u>(56,640)</u>
Expenditures				
Airport:				
Materials and services	418,053	418,053	258,031	160,022
Contingencies	300,000	300,000	-	300,000
Total expenditures	<u>718,053</u>	<u>718,053</u>	<u>258,031</u>	<u>460,022</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(224,276)</u>	<u>(224,276)</u>	<u>179,106</u>	<u>403,382</u>
Other Financing Sources (Uses)				
Transfers to other funds	(70,702)	(70,702)	(70,702)	-
Total other financing sources (uses)	<u>(70,702)</u>	<u>(70,702)</u>	<u>(70,702)</u>	<u>-</u>
Net change in fund balances	(294,978)	(294,978)	108,404	403,382
Fund balances, budgetary basis - beginning	415,472	415,472	726,852	311,380
Fund balances, budgetary basis - ending	<u>\$ 120,494</u>	<u>\$ 120,494</u>	<u>835,256</u>	<u>\$ 714,762</u>
Add (deduct):				
Unearned revenue - grants			(10,232)	
Total fund balance			<u>\$ 825,024</u>	
Reconciliation:				
Intergovernmental, budgetary basis			\$ 185,647	
Unearned revenue - grants			(10,232)	
Intergovernmental			<u>\$ 175,415</u>	
Expenditures, budgetary basis			\$ 258,031	
Transfers to other funds - services provided			70,702	
Expenditures			<u>\$ 328,733</u>	
Other financing sources (uses), budgetary basis			\$ (70,702)	
Transfers to other funds - services provided			70,702	
Other financing sources (uses)			<u>\$ -</u>	

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

City of McMinnville, Oregon
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-Type Activities				Governmental Activities
	Enterprise Funds				Internal Service Funds
	Wastewater	Ambulance	Non-major Building	Total	
Assets					
Current assets:					
Cash and investments	\$ 17,167,152	\$ 170,732	\$ 606,654	\$ 17,944,538	\$ 1,315,898
Receivables, net of allowance for uncollectibles	857,277	582,999	115	1,440,391	-
Due from component unit	721,527	-	-	721,527	-
Prepays	2,589	3,599	-	6,188	537
Total current assets	18,748,545	757,330	606,769	20,112,644	1,316,435
Non-current assets:					
Pension asset	378,214	664,502	63,179	1,105,895	63,489
Capital assets:					
Non-depreciable capital assets	10,148,526	3,126	-	10,151,652	-
Depreciable capital assets	86,645,425	1,266,364	381,887	88,293,676	2,215,760
Accumulated depreciation	(42,502,058)	(621,220)	(116,377)	(43,239,655)	(1,643,990)
Total non-current assets	54,670,107	1,312,772	328,689	56,311,568	635,259
Total assets	73,418,652	2,070,102	935,458	76,424,212	1,951,694
Deferred outflow of resources					
Deferred outflow of resources - pension	196,227	344,760	32,778	573,765	32,940
Liabilities					
Current liabilities:					
Accounts payable	1,245,063	14,802	1,113	1,260,978	37,348
Accrued payroll and other payroll liabilities	37,320	57,686	5,283	100,289	8,062
Due to component unit	-	-	-	-	5,669
Other liabilities	-	-	-	-	161,502
Unearned revenue	1,300	-	-	1,300	-
Compensated absences	107,602	166,911	12,121	286,634	14,007
Total current liabilities	1,391,285	239,399	18,517	1,649,201	226,588
Non-current liabilities:					
Pension related debt	347,534	610,600	58,054	1,016,188	58,339
Other post employment benefits	114,243	166,787	21,803	302,833	20,914
Total non-current liabilities	461,777	777,387	79,857	1,319,021	79,253
Total liabilities	1,853,062	1,016,786	98,374	2,968,222	305,841
Deferred inflow of resources					
Deferred inflow of resources - pension	729,799	1,282,220	121,910	2,133,929	122,507
Net Position					
Net investment in capital assets	54,291,893	648,270	265,510	55,205,673	571,770
Restricted for:					
Building	-	-	482,442	482,442	-
Unrestricted	16,740,125	(532,414)	-	16,207,711	984,517
Total net position	\$ 71,032,018	\$ 115,856	\$ 747,952	71,895,826	\$ 1,556,287
Deduct:					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(258,911)	
Total net position, business-type activities				\$ 71,636,915	

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

City of McMinnville, Oregon
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Business-Type Activities				Governmental Activities
	Enterprise Funds				Internal Service Funds
	Wastewater	Ambulance	Non-major Building	Total	
Operating Revenues					
Charges for services	\$ 9,166,951	\$ 2,850,873	\$ 555,521	\$ 12,573,345	\$ 1,742,445
Miscellaneous	-	-	-	-	97,198
Total operating revenues	<u>9,166,951</u>	<u>2,850,873</u>	<u>555,521</u>	<u>12,573,345</u>	<u>1,839,643</u>
Operating Expenses					
Personnel services	1,258,909	2,056,215	135,697	3,450,821	253,016
Materials and services	1,675,576	721,707	76,229	2,473,512	1,457,704
Depreciation	2,594,252	95,336	13,624	2,703,212	103,120
Total operating expenses	<u>5,528,737</u>	<u>2,873,258</u>	<u>225,550</u>	<u>8,627,545</u>	<u>1,813,840</u>
Operating income (loss)	<u>3,638,214</u>	<u>(22,385)</u>	<u>329,971</u>	<u>3,945,800</u>	<u>25,803</u>
Nonoperating Revenues (Expenses)					
Investment earnings	84,347	1,965	3,376	89,688	5,225
Development charges and fees	715,204	-	-	715,204	-
Other revenue	29,026	60,816	5,920	95,762	-
Total nonoperating revenues (expenses)	<u>828,577</u>	<u>62,781</u>	<u>9,296</u>	<u>900,654</u>	<u>5,225</u>
Income (loss) before contributions and transfers	<u>4,466,791</u>	<u>40,396</u>	<u>339,267</u>	<u>4,846,454</u>	<u>31,028</u>
Capital Contributions and Transfers					
Capital contributions	377,475	-	-	377,475	-
Capital assets transferred to other funds	(281,358)	-	-	(281,358)	-
Transfers from other funds	-	750,000	-	750,000	-
Transfers to other funds	-	(79,100)	-	(79,100)	-
Total capital contributions and transfers	<u>96,117</u>	<u>670,900</u>	<u>-</u>	<u>767,017</u>	<u>-</u>
Change in net position	<u>4,562,908</u>	<u>711,296</u>	<u>339,267</u>	<u>5,613,471</u>	<u>31,028</u>
Net position as previously reported	67,488,172	1,195,002	578,915		1,696,322
Restatement (see Note IV.K.)	(1,019,062)	(1,790,442)	(170,230)		(171,063)
Net position - beginning as restated	<u>66,469,110</u>	<u>(595,440)</u>	<u>408,685</u>		<u>1,525,259</u>
Net position - ending	<u>\$ 71,032,018</u>	<u>\$ 115,856</u>	<u>\$ 747,952</u>		<u>\$ 1,556,287</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				10,171	
Change in net position, business-type activities				<u>\$ 5,623,642</u>	

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

City of McMinnville, Oregon
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Business-Type Activities				Governmental
	Enterprise Funds				Activities
	Wastewater	Ambulance	Non-Major Building	Total	Internal Service Funds
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 8,862,394	\$ 2,807,766	\$ 555,406	\$ 12,225,566	\$ -
Receipts from interfund services provided	-	-	-	-	1,742,445
Other operating receipts	-	(76)	-	(76)	112,736
Payments to suppliers	(1,367,130)	(629,058)	(60,198)	(2,056,386)	(1,371,889)
Payments to employees	(1,654,625)	(2,806,691)	(209,649)	(4,670,965)	(323,361)
Payments for interfund services used	(185,585)	(180,295)	(21,149)	(387,029)	-
Net cash from operating activities	<u>5,655,054</u>	<u>(808,354)</u>	<u>264,410</u>	<u>5,111,110</u>	<u>159,931</u>
Cash Flows From Non-Capital Financing Activities					
Other receipts	29,026	60,816	5,920	95,762	-
Transfers from other funds	-	750,000	-	750,000	-
Transfers to other funds	-	(79,100)	-	(79,100)	-
Net cash from non-capital financing activities	<u>29,026</u>	<u>731,716</u>	<u>5,920</u>	<u>766,662</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities					
Additions to capital assets	(8,866,898)	(186,332)	-	(9,053,230)	(33,230)
Development charges and fees	715,204	-	-	715,204	-
Net cash from capital and related financing activities	<u>(8,151,694)</u>	<u>(186,332)</u>	<u>-</u>	<u>(8,338,026)</u>	<u>(33,230)</u>
Cash Flows From Investing Activities					
Interest received	84,347	1,965	3,376	89,688	5,225
Increase (decrease) in cash and investments	(2,383,267)	(261,005)	273,706	(2,370,566)	131,926
Cash and investments - beginning	19,550,419	431,737	332,948	20,315,104	1,183,972
Cash and investments - ending	<u>\$ 17,167,152</u>	<u>\$ 170,732</u>	<u>\$ 606,654</u>	<u>\$ 17,944,538</u>	<u>\$ 1,315,898</u>
Reconciliation of Operating Income (Loss) to					
Net Cash From Operating Activities					
Operating income (loss)	\$ 3,638,214	\$ (22,385)	\$ 329,971	\$ 3,945,800	\$ 25,803
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	2,594,252	95,336	13,624	2,703,212	103,120
Pension expense	(516,170)	(906,884)	(86,223)	(1,509,277)	(86,646)
Change in current assets and liabilities:					
Receivables	(270,217)	(43,107)	(115)	(313,439)	129
Due from component unit	(34,340)	-	-	(34,340)	15,409
Prepays	(257)	(649)	1	(905)	7,890
Accounts payable	176,108	(13,615)	(2,609)	159,884	(20,260)
Due to component unit	-	-	-	-	5,669
Compensated absences	14,448	(1,132)	2,528	15,844	5,268
Other post employment benefits	15,696	26,472	1,950	44,118	2,972
Accrued payroll and other payroll liabilities	37,320	57,686	5,283	100,289	8,061
Other liabilities	-	-	-	-	92,516
Unearned revenue	-	(76)	-	(76)	-
Net cash from operating activities	<u>\$ 5,655,054</u>	<u>\$ (808,354)</u>	<u>\$ 264,410</u>	<u>\$ 5,111,110</u>	<u>\$ 159,931</u>
Non-Cash Investing, Capital, and Financing Activities					
Capital asset contributions from developers	\$ 377,475	\$ -	\$ -	\$ 377,475	\$ -
Capital assets accrued in accounts payable	991,502	-	-	991,502	-
Capital assets transferred to other funds	(281,358)	-	-	(281,358)	-

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



NOTES TO BASIC FINANCIAL STATEMENTS

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City of McMinnville, Oregon
Notes to Basic Financial Statements
Year Ended June 30, 2015

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 non-fiduciary 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, forms a management team to lead and direct the administrative and service functions of the City and carry out City Council policy.

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

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

2. Blended Component Unit

In accordance with GASB Statement No. 61, the activities of the McMinnville Urban Renewal Agency (the Agency) are included in the City's financial statements as a blended component unit. The Agency is a legally separate entity, created in July 2013, which is governed by a board comprised of the City Council, as stipulated in the bylaws. The Council has the ability to impose its will on the Agency as determined on the basis of budget adoption, taxing authority, and funding. The purpose of the Agency is to undertake urban renewal projects and activities pursuant to the City's downtown and NE Gateway District redevelopment plans. The financial results of the Agency are reported herein as one debt service fund and one special revenue 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, 2015

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 and reimbursements 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, 2015

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

E. Financial Statement Presentation

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

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

The City reports the following major governmental funds:

- General Fund – is the City’s primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund. Principal sources of revenue are property taxes; licenses and permits, which includes franchise fees; and intergovernmental revenues. Expenditures are for police, municipal court, fire, parks and recreation, park maintenance, library, engineering, planning, administration, and finance.
- Airport Maintenance Fund – is a special revenue fund which accounts for airport property rental income committed for operations and Federal Aviation Administration (FAA) grants restricted for airport improvement projects.
- 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.
- Debt Service Funds – account for the City’s debt service property tax levied for payment of principal and interest on general obligation and urban renewal debt.

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

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

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

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

1. Cash and Investments

Cash and investments, including restricted cash and investments, consist of cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition, and the State of Oregon Local Government Investment Pool 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.

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

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

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

Capital assets are defined by the City as assets with an initial cost of \$5,000 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. 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 fair market value at the date of donation.

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

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

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

6. Renewable Energy Certificates

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

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

7. Compensated Absences

The City's and Department's policies permit employees to accumulate earned but unused vacation, compensatory time, and sick leave benefits. No liability is reported for unpaid accumulated sick leave benefits as sick leave benefits do not vest. In the government-wide and proprietary fund financial statements, all vacation and compensatory time is accrued when incurred. Historically, compensated absences used during the year exceed the year-end balance; therefore management considers all compensated absences to be current liabilities. For governmental activities, compensated absences are generally liquidated by the fund that incurred the liability. The significant fund incurring these liabilities is the General Fund. In the governmental fund financial statements, a liability for compensated absences is reported only if they have matured and thus become due.

8. Pension Obligations

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

9. Other Postemployment Benefit Obligations

In accordance with GASB Statement 45, *Accounting and Financial Reporting by Employers for the Postemployment Benefits Other Than Pensions* (OPEB), the City's net OPEB obligation is recognized as a long-term liability in the government-wide financial statements, the amount of which is actuarially determined. The annual required contribution is recognized on an accrual basis in accordance with actuarial standards.

10. Long-Term Debt

In the government-wide and proprietary fund type financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Premiums, discounts and deferred amounts on refunding are amortized over the life of the related debt issue. Long-term debt payable is reported net of the related unamortized premium or discount. Issuance costs are reported as period costs in the year of issue.

In the governmental fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums are also reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

11. Pension Related Debt

Pension related debt 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.

12. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports 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. Employer contributions to the City's pension plan after the measurement date are classified as deferred outflows.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two types of deferred inflows, one of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the deferred inflow, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and donations where a timing requirement has not been met. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

In the statement of net position, deferred outflows related to pensions and deferred charges on refunding bonds are recognized. Deferred inflows of resources related to the City's pension plan are also recognized. This consists of differences between projected and actual investment earnings and changes in employer proportion and differences between employer contributions and the City's proportionate share of contributions.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

13. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government wide and proprietary fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the City's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

14. Fund Balance

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

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

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

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

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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

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

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

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

All changes and amendments to the budget require the approval of the City Council. Supplemental budgets less than 10 percent of a fund's original budget may be adopted by the City Council at a regular City Council meeting. A supplemental budget greater than 10 percent of a fund's original budget requires publication, a hearing before the public, and approval by the City Council. Five supplemental budgets were approved by the City Council during fiscal year ending June 30, 2015. 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 several appropriation transfers during the fiscal year ending June 30, 2015. 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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

III. Detailed Notes on Accounts

A. Cash and Investments

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

The State of Oregon Local Government Investment Pool (Pool) is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested, and the investments managed as a prudent investor would, exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board which establishes diversification percentages and specifies the types and maturities of investments. The Oregon Audits Division audits the Pool annually. The Division's report on the Pool as of and for the year ended June 30, 2015 was unmodified. The fair value of the City's position in the Pool at June 30, 2015 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 \$12,655,648 and the bank balance was \$12,742,446. The City's bank balances were covered by \$250,000 Federal Depository Insurance. At year end, the Department's book balance for deposits with financial institutions was \$511,451 and the bank balance was \$770,273. 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, 2015, the City's cash and investment balances were as follows:

Cash held in city offices	\$ 3,385
Deposits with financial institutions	12,655,648
Cash with fiscal agent	593,735
Oregon State Local Government Investment Pool - City's general account	21,730,046
Oregon State Local Government Investment Pool - Park System Improvement Bond proceeds	885,061
Oregon State Local Government Investment Pool - Transportation Bond proceeds	18,113,850
Total City cash and investments	\$ 53,981,725

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

	Governmental Activities	Business-type Activities	Total
Cash and investments			
Unrestricted	\$ 14,574,872	\$ 17,944,538	\$ 32,519,410
Restricted	21,462,315	-	21,462,315
Total cash and investments	\$ 36,037,187	\$ 17,944,538	\$ 53,981,725

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

At June 30, 2015, the Department's cash and investment balances were as follows:

	Fair Value
Cash on hand	\$ 1,700
Deposits with financial institutions	511,451
Oregon State Local Government Investment Pool	35,267,025
Total Department cash and investments	\$ 35,780,176

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, 2015, 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 in the aggregate and internal service funds are as follows:

		Airport	Total Non-	Total	Governmental
Receivables:	<u>General</u>	<u>Maintenance</u>	<u>Major</u>	<u>Funds</u>	<u>Activities</u>
Accounts	\$ 375,401	\$ 38,440	\$ 484,056	\$ 897,897	\$ 897,897
Property Taxes	1,163,392	-	129,044	1,292,436	1,292,436
Cash with county treasurer	195,608	-	27,281	222,889	222,889
Assessments	1,829	-	36,740	38,569	38,569
Total	\$ 1,736,230	\$ 38,440	\$ 677,121	\$ 2,451,791	\$ 2,451,791

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

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

2. Business-Type Activities

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

	Wastewater	Ambulance	Building	Business-type Activities
Accounts receivable	\$ 857,277	\$ 654,664	115	\$ 1,512,056
Less: allowance for uncollectable accounts	-	(71,665)	-	(71,665)
Net receivables	\$ 857,277	\$ 582,999	\$ 115	\$ 1,440,391

3. Non-Cancellable Leases

The City leases certain property with an approximate net capital cost of \$1,686,000 under long-term operating leases. For fiscal year ended June 30, 2015 total depreciation expense was \$52,450. As of June 30, 2015, accumulated depreciation was \$1,194,800. The minimum future payments to be received under these non-cancellable leases are approximately as follows:

Year Ending June 30		
2016	\$	199,000
2017		179,600
2018		182,900
2019		150,500
2020		42,900
Thereafter		723,700
Total		\$ 1,478,600

4. Department

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

Accounts receivable	\$	4,810,428
Less: allowance for uncollectibles		(35,168)
Net receivables		\$ 4,775,260

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

C. Capital Assets

In the government-wide financial statements, the City's governmental activities' capital asset activity for the year ended June 30, 2015 is illustrated in the following table. Activity includes additions, dispositions, annual depreciation expense and adjustments.

	Beginning Balance	Increases	Decreases	Ending Balance
Non-depreciable:				
Land	\$ 27,723,245	\$ 696,101	\$ (45,000)	\$ 28,374,346
Easements	1,501,779	18,569	-	1,520,348
Public Art	185,735	7,500	-	193,235
Construction in progress	11,720	484,609	(962)	495,367
Total non-depreciable	<u>29,422,479</u>	<u>1,206,779</u>	<u>(45,962)</u>	<u>30,583,296</u>
Depreciable:				
Land Improvements	18,520,919	-	-	18,520,919
Buildings	32,732,084	-	(20,500)	32,711,584
Machinery and equipmen	6,006,748	90,324	(41,421)	6,055,651
Vehicles	3,449,602	1,038,060	(14,877)	4,472,785
Infrastructure	50,724,157	1,801,407	(6,109)	52,519,455
Total depreciable	<u>111,433,510</u>	<u>2,929,791</u>	<u>(82,907)</u>	<u>114,280,394</u>
Accumulated depreciation:				
Land Improvements	(8,650,028)	(787,560)	-	(9,437,588)
Buildings	(16,644,283)	(946,327)	18,344	(17,572,266)
Machinery and equipmen	(4,328,465)	(475,594)	32,123	(4,771,936)
Vehicles	(2,929,542)	(170,678)	14,877	(3,085,343)
Infrastructure	(35,143,641)	(1,003,789)	6,109	(36,141,321)
Total accumulated depreciation	<u>(67,695,959)</u>	<u>(3,383,948)</u>	<u>71,453</u>	<u>(71,008,454)</u>
Governmental activities capital assets, net	<u>\$ 73,160,030</u>	<u>\$ 752,622</u>	<u>\$ (57,416)</u>	<u>\$ 73,855,236</u>

At June 30, 2015, the City's government-wide governmental activities construction in progress consisted of costs related to park system improvement bond projects and fire equipment.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

Depreciation expense was charged to governmental activities functions as follows:

General government	\$ 154,647
Community development	38,802
Public safety:	
Police	491,162
Fire	146,382
Emergency communications	58,690
Highways and streets	1,009,917
Culture and recreation:	
Parks and recreation	932,618
Library	54,603
Airport	364,255
Internal service fund capital asset depreciation in the government- wide financial statements is charged to the various functions based on their usage of the assets.	<u>103,120</u>
Total governmental activities depreciation expense	<u>\$ 3,354,196</u>

Depreciation charged to governmental activities differs from the increase in accumulated depreciation due to the effect of transferring a vehicle from business-type to governmental activities.

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, 2015 is illustrated in the following table. Activity includes additions, dispositions, annual depreciation expense, and adjustments.

	Beginning Balance	Increases	Decreases	Ending Balance
Non-depreciable:				
Land	\$ 785,223	\$ -	\$ -	\$ 785,223
Easements	240,237	1,207	-	241,444
Construction in progress	1,903,523	7,781,956	(560,494)	9,124,985
Total non-depreciable	<u>2,928,983</u>	<u>7,783,163</u>	<u>(560,494)</u>	<u>10,151,652</u>
Depreciable:				
Land Improvements	84,445	-	-	84,445
Buildings	41,862,272	-	-	41,862,272
Machinery and equipment	1,893,900	442,143	-	2,336,043
Vehicles	1,760,314	172,156	(14,877)	1,917,593
Infrastructure	40,414,218	1,796,027	(116,922)	42,093,323
Total depreciable	<u>86,015,149</u>	<u>2,410,326</u>	<u>(131,799)</u>	<u>88,293,676</u>
Accumulated depreciation:				
Land Improvements	(62,868)	(4,198)	-	(67,066)
Buildings	(28,410,032)	(1,594,865)	-	(30,004,897)
Machinery and equipment	(1,149,353)	(120,190)	-	(1,269,543)
Vehicles	(1,014,222)	(137,649)	14,877	(1,136,994)
Infrastructure	(10,031,766)	(846,310)	116,922	(10,761,154)
Total accumulated depreciation	<u>(40,668,241)</u>	<u>(2,703,212)</u>	<u>131,799</u>	<u>(43,239,654)</u>
Business-type activities capital assets, net	<u>\$ 48,275,891</u>	<u>\$ 7,490,277</u>	<u>\$ (560,494)</u>	<u>\$ 55,205,674</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

At June 30, 2015, the City's business-type activities construction in progress primarily consisted of costs related to the Wastewater Reclamation Facilities secondary treatment expansion.

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

Wastewater	\$ 2,594,252
Ambulance	95,336
Building	<u>13,624</u>
Total business-type activities depreciation expense	<u>\$ 2,703,212</u>

The Department's capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Non-depreciable:				
Land	\$ 4,428,946	\$ 73	\$ -	\$ 4,429,019
Construction in progress	<u>4,751,918</u>	<u>6,429,587</u>	<u>(2,870,605)</u>	<u>8,310,900</u>
Total non-depreciable	<u>9,180,864</u>	<u>6,429,660</u>	<u>(2,870,605)</u>	<u>12,739,919</u>
Depreciable:				
Structures and improvements	8,734,030	141,761	-	8,875,791
Water treatment plant	34,720,492	15,504	-	34,735,996
Supply and distribution system	104,565,524	2,766,319	(695,732)	106,636,111
Furniture and equipment	2,531,926	56,529	-	2,588,455
Transportation equipment	<u>2,793,664</u>	<u>283,745</u>	<u>(121,243)</u>	<u>2,956,166</u>
Total depreciable	<u>153,345,636</u>	<u>3,263,858</u>	<u>(816,975)</u>	<u>155,792,519</u>
Accumulated depreciation:				
Electric plant	(21,160,563)	(1,763,125)	691,266	(22,232,422)
Water plant	(21,649,923)	(1,594,006)	26,828	(23,217,101)
Vehicles	<u>(1,636,453)</u>	<u>-</u>	<u>-</u>	<u>(1,636,453)</u>
Total accumulated depreciation	<u>(44,446,939)</u>	<u>(3,357,131)</u>	<u>718,094</u>	<u>(47,085,976)</u>
Governmental activities capital assets, net	<u>\$ 118,079,561</u>	<u>\$ 6,336,387</u>	<u>\$ (2,969,486)</u>	<u>\$ 121,446,462</u>

D. Interfund Balances and Transfers

During the course of operations, activities between funds of the City occur for various purposes. Elimination of certain internal services funds activities between business-type activities and governmental activities resulted in a cumulative internal balance of \$258,913.

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

The following due to/due from balances between the primary government and its component unit resulted from the routine monthly cycle timing between the dates that payments between entities were made and received:

Receivable Entity	Payable Entity	Amount
Major governmental fund - General Fund	Department	\$ 111,373
Major enterprise fund - Wastewater Fund	Department	721,527
		\$ 832,900

Receivable Entity	Payable Entity	Amount
Department	Non-major governmental fund	\$ 4,159
Department	Internal service fund	5,669
		\$ 9,828

Interfund transfers for the year ended June 30, 2015, consisted of the following:

Transfers to Transportation from:		
Non-major governmental funds	\$ 200,000	
Total transfers to Transportation Fund	\$ 200,000	
Transfers to non-major governmental funds from:		
General Fund	\$ 647,100	
Ambulance Fund	79,100	
Other non-major governmental funds	100,000	
Total transfers to non-major governmental funds	\$ 826,200	
Transfer to Ambulance Fund from:		
General Fund	\$ 750,000	
Total transfer to Ambulance Fund	\$ 750,000	

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

Advances to/from other funds

Receivable Fund	Payable fund	
General Fund	Non major governmental funds	\$30,000

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

The amount payable to the General Fund relates to preliminary costs in the Urban Renewal Debt Service Fund and is expected to be repaid over four years, as follows:

Year ending June 30		
2016	\$	5,000
2017		5,000
2018		10,000
2019		10,000
	<u>\$</u>	<u>30,000</u>

E. Renewable Energy Certificates (REC) – Department

As of June 30, 2015, the Department has 134,516 RECs banked in its Western Renewable Energy Generation Information System (WREGIS) account, valued at \$6.75 per REC, for a total value of \$888,789. The value of these RECs is based on management’s estimate of fair value.

The Department also holds 180,462 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, 2015.

F. 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.

G. 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, 2015 related to these bonds.

The Public Safety and Civic Buildings Bonds are subject to federal arbitrage rebate calculations. The contingent rebatable arbitrage liability as of June 30, 2015 is \$11,476.

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

Debt Issuance and Advance Refunding

In April, 2015 the City issued \$23,320,000 in general obligation bonds with interest rates ranging from 2.5% to 5.0%. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

Proceeds of \$16,085,000 and premium of \$2,153,688 are to be used to finance the construction, expansion and improvement of streets within the City.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

The remaining proceeds were used to advance refund \$8,005,000 of outstanding 2006 Public Safety and Civic Buildings bonds which had interest rates ranging from 3.75% to 5.50%. The net proceeds related to the refunding of \$8,414,899, including \$1,258,436 in premium and after \$73,094 in underwriting fees and other issuance costs, were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded debt. As a result, the 2006 Public Safety and Civic Buildings bonds are considered partially defeased and the liability for that portion has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$441,898. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The City advanced refunded the 2006 Public Safety and Civic Buildings bonds to reduce its total debt service payments over 12 years by \$603,411 and to obtain an economic gain (difference between the present value of the debt service payments on old and new debt) of \$540,896.

2. Full Faith and Credit Obligations

Full Faith and Credit obligations consist of a loan to purchase fire equipment and a loan from Oregon Department of Transportation related to the Newberg-Dundee Bypass. The fire equipment 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. The loan agreement with the Oregon Department of Transportation (ODOT) in the amount of \$3,209,600 is to cover the City's portion of costs for Phase 1 of the Newberg-Dundee Bypass. The July 2013 loan agreement is at 2.26% interest per annum.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	1,600,529	953,018
2017	2,558,814	1,116,855
2018	2,680,562	1,053,257
2019	2,276,353	979,586
2020	2,280,418	899,023
2021-2025	10,809,419	3,198,111
2026-2030	<u>8,140,000</u>	<u>893,550</u>
Total	<u>\$ 30,346,095</u>	<u>\$ 9,093,400</u>

3. Pension Related Debt

In 2001 the City and Department became members of OPERS Local Government Rate Pool (LGRP). Pooling allows separate employers to be part of one group for the purpose of determining employer pension costs and contribution rates. 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 transition liability is maintained separately from the SLGRP, and is reduced by contributions and increased by interest charges at an assumed interest rate, originally 8%, which was reduced to 7.75% in 2013 and to 7.5% in 2015. PERS establishes the contribution rates, currently 2.92 %, based on covered payroll.

The transition liability is being amortized over twenty-five years, ending in December 2027. The City and Department can elect to pay the transition liability at any time.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

The table below includes activity for the City and Department since the liability was established through December 31, 2013, the date of the last valuation from OPERS:

	<u>Balance</u> <u>January 1</u>	<u>Interest</u>	<u>Payment</u>	<u>Balance</u> <u>December</u> <u>31</u>
2003	\$ 5,245,271	\$ 416,934	\$ -	\$ 5,662,205
2004	5,662,205	431,329	(347,351)	5,746,183
2005	5,746,183	429,755	(374,250)	5,801,688
2006	5,801,688	432,949	(389,825)	5,844,812
2007	5,844,812	432,480	(438,806)	5,838,486
2008	5,838,486	426,056	(512,786)	5,751,756
2009	5,751,756	417,359	(534,773)	5,634,342
2010	5,634,342	408,162	(532,313)	5,510,191
2011	5,510,191	400,427	(504,857)	5,405,761
2012	5,405,761	394,140	(479,007)	5,320,894
2013	5,320,894	375,987	(469,453)	5,227,428
		<u>\$4,565,578</u>	<u>\$ (4,583,421)</u>	

The City has estimated the activity from January 1, 2014 to June 30, 2015, as follows:

<u>Balance</u> <u>January 1, 2014</u>	<u>Interest</u>	<u>Payment</u>	<u>Balance</u> <u>June 30 2014</u>	<u>Allocated</u>	
				<u>City</u>	<u>Department</u>
\$ 5,227,428	\$ 188,413	\$ (203,085)	\$ 5,212,756	\$3,845,502	\$1,367,254
<u>Balance</u> <u>July 1, 2014</u>	<u>Interest</u>	<u>Payment</u>	<u>Balance</u> <u>June 30 2015</u>	<u>Allocated</u>	
				<u>City</u>	<u>Department</u>
\$ 5,212,756	\$ 365,240	\$ (342,887)	\$ 5,235,109	\$3,861,992	\$1,373,117

Annual debt service to maturity is based on the assumed interest rate, currently 7.5% and the rate charged by OPERS, which will be 2.94% of covered payroll for the years ending June 30, 2016 and 2017.

For the year ended June 30, 2015, the City and Department recognized approximately \$16,500 and \$5,900, of pension expense respectively, for amortization of this debt.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015 follows:

	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
General obligation bonds:					
Series 2011 - Parks, interest 2.0-4.0%, original issue \$5,590,000, due 2021	\$ 4,525,000	\$ -	\$ (520,000)	\$ 4,005,000	\$ 535,000
Series 2006, Public Safety, interest 3.75-5.5%, original issue \$13,120,000, due 2026	9,845,000	-	(8,590,000)	1,255,000	615,000
Series 2015, Public Safety Refunding, 2.5-5.0%, original issue \$7,235,000, due 2030	-	7,235,000	-	7,235,000	65,000
Series 2015 Transportation, interest 2.5-5.0%, original issue \$16,085,000, due 2030	-	16,085,000	-	16,085,000	310,000
Full faith and credit obligations:					
2014 Loan, Fire Equipment, interest 3.1-variable% original amount \$1,370,000, due 2021	1,370,000	-	(68,594)	1,301,406	75,529
2015 Loan, Dundee Bypass, interest 2.26% total amount \$3,209,600, due 2036	-	464,689	-	464,689	-
Plus: bond issuance premium	364,795	3,412,124	(216,709)	3,560,210	-
	16,104,795	27,196,813	(9,395,303)	33,906,305	1,600,529
Pension related debt (as restated)	2,833,654	12,150	-	2,845,804	40,668
Rebatable arbitrage	11,476	-	-	11,476	11,476
Other post employment benefits	849,778	131,877	-	981,655	-
Total governmental activities	<u>\$ 19,799,703</u>	<u>\$ 27,340,840</u>	<u>\$ (9,395,303)</u>	<u>\$ 37,745,240</u>	<u>\$ 1,652,673</u>
<u>Business-Type Activities</u>					
Pension related debt (as restated)	\$ 1,011,849	\$ 4,339	\$ -	\$ 1,016,188	14,522
Other post employment benefits	258,715	44,118	-	302,833	-
Total business-type activities	<u>\$ 1,270,564</u>	<u>\$ 48,457</u>	<u>\$ -</u>	<u>\$ 1,319,021</u>	<u>\$ 14,522</u>

Internal service funds predominantly serve the governmental funds. Accordingly, internal service funds' long-term liabilities of \$20,914 and \$58,339 for other post-employment benefits and pension related debt are included as part of the totals for governmental activities.

For governmental activities, other post-employment benefits are generally liquidated by the fund that incurred the liability. The significant fund incurring these liabilities is the General Fund.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

H. Fund Balances

Fund balances by classification for the year ended June 30, 2015 were as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Airport Maintenance</u>	<u>Transportation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:					
In Form:	\$ 22,056	\$ 247	\$ -	\$ 7,920	\$ 30,223
Restricted for:					
Street Maintenance	-	-	-	1,131,636	1,131,636
Tourism Promotion	-	-	-	422,690	422,690
Capital Projects	94,897	-	20,298,178	1,004,786	21,397,861
Debt Service	-	-	-	1,547,097	1,547,097
Committed to:					
Emergency	-	-	-	109,721	109,721
Airport Maintenance	-	824,777	-	-	824,777
Assigned to:					
LOSAP Volunteer	593,735	-	-	-	593,735
Special Assessments	-	-	-	154,258	154,258
Telecommunications	-	-	-	1,650	1,650
Tourism Promotion	-	-	-	20,720	20,720
Street Maintenance	-	-	-	650,161	650,161
Capital Projects	-	-	-	4,224	4,224
Unassigned:	7,575,581	-	-	-	7,575,581
Total fund balances	<u><u>\$ 8,286,269</u></u>	<u><u>\$ 825,024</u></u>	<u><u>\$ 20,298,178</u></u>	<u><u>\$ 5,054,863</u></u>	<u><u>\$ 34,464,334</u></u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

IV. Other Information

A. Risk Management

1. City

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

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

2. Department

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

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

B. Deferred Compensations Plans

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

For the year ended June 30, 2015 City and Department employee contributions to the plan were approximately \$373,000 and \$335,000, respectively.

C. Other Post-Employment Benefits (OPEB)

1. Post-Employment Healthcare Plan – City

Plan Description

The City does not have a formal post-employment benefits plan for any employee group; however, the City is required by Oregon Revised Statutes 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. Governmental Accounting Standards Board *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB Statement 45) is applicable to the City due only to the implicit rate subsidy. This "plan" is a single-employer plan that does not stand-alone, and therefore does not issue its own financial statements.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

Funding Policy

The City's insurance company, City County Insurance Services (CIS), contracts with a third party to bill and collect premiums from retirees, which then pays health and dental insurance premiums for all retirees at the blended rate for each family classification. The required contributions to the plan include the employer's pay-as-you-go amount, an amount paid by retirees and an additional amount calculated to prefund future benefits as determined by the actuary.

For fiscal year ended June 30, 2015, the City contributed \$77,238 consisting of retiree payments. The City has elected to not prefund the actuarially determined future cost amount \$1,284,487.

The required monthly contributions of the plan members for medical, vision and dental coverage were as follows for the year ended June 30, 2015:

	General Service Retirees	Police Retirees	Fire Union Retirees
Employee	\$ 557	\$ 643	\$ 477
Employee & child	1,017	1,178	868
Employee & spouse	1,159	1,344	989
Employee & children	1,394	1,606	1,195
Employee & family	1,603	1,849	1,375

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit cost is calculated based on the Annual Required Contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation.

Normal Cost	\$ 136,860
Amortization of unfunded actuarial accrued liability (UAAL)	210,862
Annual required contribution (ARC)	347,722
Interest on net OPEB obligation	38,797
Adjustment to ARC	(133,286)
Annual OPEB cost	253,233
Contribution	(77,238)
Increase in Net OPEB obligation	175,995
Net OPEB obligation, beginning of year	1,108,492
Net OPEB obligation, end of year.	\$ 1,284,487

The City's annual OPEB cost, contribution, percentage of the annual OPEB cost contributed to the plan, and net OPEB obligation for the current year and two preceding years were as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Contribution	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 307,516	\$ 123,014	40%	\$ 929,504
2014	251,135	72,147	29	1,108,492
2015	253,233	77,238	31	1,284,487

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The results of the August 1, 2014 actuarial valuation were used to prepare GASB Statement 45 accounting results for the fiscal year ending June 30, 2015. In the August 1, 2014 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 2.75% general inflation rate, 3.5% discount rate and a first year healthcare cost trend rate of 5.75%, followed by trends varying between 6.75% and 5%, and finally at 4.75%. The UAAL is being amortized as a level dollar amount over a rolling period of ten years.

2. Post-Employment Healthcare Plan – Department - Plan Description

The Department provides post-employment health benefits, as per a contractual obligation, for certain retirees who were hired prior to August 1, 2005, and who are at least 60 years old and their dependents. The benefits vary depending on the years of service of the retiree. The Department pays 100 percent of all health insurance costs for those employees with over 20 years of service up until the retiree reaches Medicare age. For those employees with over 25 years of service the Department also pays for all health insurance costs of the retiree's spouse until they reach Medicare age and the children of the retiree until they reach the age of maturity. The plan is financed by the Department on a pay-as-you-go basis. Retired employees who do not have 20 years of service may continue to participate in the health insurance plan until they reach Medicare age provided the retired employees pay all insurance premiums. This "plan" is a single-employer plan, which is not a stand-alone plan and therefore does not issue its own financial statements. The Department is responsible for establishing and amending benefits and funding policies.

Funding Policy

At June 30, 2015, there were 16 retired employees and spouses receiving health insurance coverage provided by the Department. For fiscal year ended June 30, 2015, the Department incurred \$73,556 of expenses for these health insurance premiums.

Annual OPEB Cost and Net OPEB Obligation

The Department's annual other post-employment benefit (OPEB) cost is calculated based on the Annual Required Contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize the actuarial liability over one year. The following table shows the components of the Department's annual OPEB cost for the year, amounts actually contributed to the plan, and the changes in the Department's net OPEB obligation:.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

Annual required contribution (ARC)	\$ 52,734
Interest on net OPEB obligation	50,231
Annual OPEB cost	102,965
Contribution	(73,557)
Increase in net OPEB obligation	29,408
Net OPEB obligation, beginning of year	1,453,199
Net OPEB obligation, end of year	\$ 1,482,607

The Department's annual OPEB cost, contribution, percentage of the annual OPEB cost contributed to the plan, and net OPEB obligation for the current year and two preceding years were as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Contribution	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 97,630	\$ 85,844	88%	\$ 1,384,174
2014	149,867	80,842	54	1,453,199
2015	102,965	73,557	71	1,482,607

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the Department and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the August 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a discount rate of 3.50 percent and an annual healthcare cost trend rate of approximately 5.75 percent initially, then varying between 6.50 percent and 5.00 percent, then settling to an ultimate rate of 4.75 percent.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

3. Retirement Health Insurance Account (RHIA)

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS), the City and the Department contribute to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other post-employment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplemental information. The report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700 or by calling 503-598-7377.

Funding Policy

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 OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS 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 OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating entities are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The rates applied to annual covered payroll for the fiscal year 2014-15 were 0.59 percent for Tier 1 and 2 members and 0.49 percent for OPSRP members. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years. The City's contributions to RHIA for the fiscal years ended June 30, 2013, 2014, and 2015 were \$61,000, \$61,000, and \$64,000, which equaled the required contributions each year. The Department's contributions to RHIA for the fiscal years ended June 30, 2013, 2014, and 2015 were \$25,000, \$26,000, and \$26,000 which equaled the required contributions each year.

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 established under Oregon Revised Statutes 238.600 that acts as a common investment and administrative agent for public employers in the State of Oregon.

ORS 238 Defined Benefit Plan Benefits. OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan portion of OPERS is closed to new members hired on or after August 29, 2003.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

Benefits under the defined benefit pension plan program include a retirement allowance payable monthly for life. It may be selected from thirteen retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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

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

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

Benefit Changes after Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law the cap on the cost-of-living changes in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

ORS 238A OPSRP Defined Benefit Plan Benefits. This portion of the defined benefit pension plan of OPERS 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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

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

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

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

Benefit Changes after Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the cost-of-living changes in fiscal year 2015 and beyond will vary based on the amount of the annual benefit.

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

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation, as subsequently modified by 2013 legislated changes in benefit provisions. The City's rates for the year ended June 30, 2015 were 14.77 percent for OPERS, 10.62 percent for OPSRP – general employees, and 13.35 percent for OPSRP – police employees, of salary covered under the plan. The Department's rates are 12.05 for OPERS and 10.62 percent for OPSRP. The contribution requirements for plan members and the City and Department are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Employer contributions for the City and Department for the year ended June 30, 2015, were approximately \$1,692,000 and \$691,000, respectively, excluding amounts to fund the transitional liability.

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

Plan Audited Financial Report. Both OPERS and OPSRP are administered by the Oregon Public Employees Retirement Board (OPERB). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the OPERS web site at www.pers.state.or.us.

Pension Assets, Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2015, the City and Department reported assets of \$4,202,920 and \$1,494,371, respectively for their proportionate share of the plan pension asset. The net pension asset was measured as of June 30, 2014 and the total pension asset used to calculate the net pension asset 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. At June 30, 2015 and 2014, the City's and Department's proportion was 0.18541902 percent and 0.06592673 percent, respectively.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

An Oregon Supreme Court decision (Moro decision), made after the measurement date is expected to have a significant effect on the City's and Department's proportionate share of the collective net pension asset. The effect of the Moro decision was to restrict cost of living adjustment (COLA) changes made by Senate Bills 822 and 861 such that they only apply to benefits earned after the legislation was enacted. As a result, the majority of benefits currently accrued will receive a full 2% COLA which will increase the total pension liability and net pension liability.

The City's estimated proportionate share of each is as shown in the following table:

	Prior to Moro	After Moro	Increase/(decrease) in Net Pension (asset)/liability
Total Pension Liability	\$ 117,063,946	\$ 126,177,691	
Fiduciary Net Position	121,266,866	121,266,866	
Net Pension (Asset)/Liability	<u>\$ (4,202,920)</u>	<u>\$ 4,910,825</u>	<u>\$ 9,113,745</u>

The Department's estimated proportionate share of each is as shown in the following table:

	Prior to Moro	After Moro	Increase/(decrease) in Net Pension (asset)/liability
Total Pension Liability	\$ 41,622,654	\$ 44,863,092	
Fiduciary Net Position	43,117,025	43,117,025	
Net Pension (Asset)/Liability	<u>\$ (1,494,371)</u>	<u>\$ 1,746,067</u>	<u>\$ 3,240,438</u>

For the year ended June 30, 2015, the City and Department recognized pension expense/ (income) of \$(5,752,456) and \$(2,045,316), respectively, for the defined benefit portion of the pension plan as a result of implementing GASB 68. At June 30, 2015, the City and Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City		Department	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 8,109,933.00	\$ -	\$ 2,883,531.00
Changes in proportion and differences between contributions and proportionate share of contributions	235,171	-	83,616	-
Contributions subsequent to the measurement date	1,945,412	-	691,701	-
Total	<u>\$ 2,180,583</u>	<u>\$ 8,109,933</u>	<u>\$ 775,317</u>	<u>\$ 2,883,531</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

Deferred outflows of resources related to pensions of \$1,945,412, resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension (asset)/ liability in the year ending June 30, 2016. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense/ (income) as follows:

Year ended June 30:	Difference between Projected and Actual Investment Earnings	Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	Total
2016	\$ (2,027,483)	\$ 51,124	\$ (1,976,359)
2017	(2,027,483)	51,124	(1,976,359)
2018	(2,027,483)	51,124	(1,976,359)
2019	(2,027,484)	51,123	(1,976,361)
2020	-	30,676	30,676
	<u>\$ (8,109,933)</u>	<u>\$ 235,171</u>	<u>\$ (7,874,762)</u>

Deferred outflows of resources related to pensions of \$691,701, resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension (asset)/ liability in the year ending June 30, 2016. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense/ (income) as follows:

Year ended June 30:	Difference between Projected and Actual Investment Earnings	Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	Total
2016	\$ (720,883)	\$ 18,178	\$ (702,705)
2017	(720,883)	18,178	(702,705)
2018	(720,883)	18,178	(702,705)
2019	(720,882)	18,177	(702,705)
2020	-	10,905	10,905
	<u>\$ (2,883,531)</u>	<u>\$ 83,616</u>	<u>\$ (2,799,915)</u>

Actuarial Valuations. The employer contribution rates effective July 1, 2013, through June 30, 2015, 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), (2) an actuarially determined amount for funding a disability benefit component, and (3) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over sixteen years.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

Actuarial Methods and Assumptions.

- Valuation Date December 31, 2012, rolled forward to June 30, 2014
- Experience Study Report 2012, published September 18, 2013
- Actuarial cost method Entry Age Normal
- Amortization method Amortized as a level percentage of payroll; Tier One/Tier Two UAL (20 year) and OPSRP pension UAL (16 year); Amortization periods are closed

- Equivalent single amortization period Twenty years
- Asset valuation method Market value of assets
- Actuarial assumptions
 - Inflation rate 2.75 percent
 - Investment rate of return 7.75 percent
 - Projected salary increases 3.75 percent
- Mortality

Healthy retirees and beneficiaries:
 RP-2000 Sex-distinct, generational per Scale AA with collar adjustments and set-backs as described in the valuation.

Active members:
 Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation

Disabled retirees:
 Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disability mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four year period ending on December 31, 2012.

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent for the defined benefit pension plan. 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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

Sensitivity of the City's and Department's proportionate share of the net pension asset to changes in the discount rate. The following represents the City's proportionate share of the pension asset calculated using the discount rate of 7.75 percent, as well as what the City's share of the net pension asset 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 (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of net pension (asset)/liability	\$ 8,900,266	\$ (4,202,920)	\$ (15,285,143)
Department's proportionate share of net pension (asset)/liability	3,164,538	(1,494,371)	(5,434,715)

Long-Term Expected Rate of Return. The long term expected rate of return is based on a consistent set of underlying assumptions for each asset class and includes adjustment for the inflation assumption. These assumptions are not based on historical return, but instead are based on a forward-looking capital market economic model. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation		
	Low Range	High Range	Target
Cash	0.0 %	3.0 %	0.0 %
Debt Securities	15.0	25.0	20.0
Public equity	32.5	42.5	37.5
Private Equity	16.0	24.0	20.0
Real Estate	9.5	15.6	12.5
Alternative Equity	0.0	10.0	10.0
Opportunity Portfolio	0.0	3.0	0.0
			100.0

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20 %	4.50 %
Short-Term Bonds	8.00	3.70
Intermediate-Term Bonds	3.00	4.10
High Yield Bonds	1.80	6.66
Large Cap US Equities	11.65	7.20
Mid Cap US Equities	3.88	7.30
Small Cap US Equities	2.27	7.45
Developed Foreign Equities	14.21	6.90
Emerging Foreign Equities	5.49	7.40
Private Equity	20.00	8.26
Opportunity Funds/Absolute Return	5.00	6.01
Real Estate (Property)	13.75	6.51
Real Estate (REITS)	2.50	6.76
Commodities	1.25	6.07
Assumed Inflation - Mean		2.75

Payable to OPERS. At June 30, 2015, the City's payable for defined benefit contributions was approximately \$217,500. 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, 2015.

Individual Account Program.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment.

Members of OPERS and OPSRP are required to contribute 6 percent of their salary covered under the plan which is invested in the IAP. The City and Department make this contribution on behalf of their employees. The City and Department contributed approximately \$709,000 and \$292,600 respectively for the year ended June 30, 2015.

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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

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.

The benefit provisions are established in the LOSAP Master Plan.

Funding Policy

The City funds the plan 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 under the relevant provisions of the GASB Statement 27.

The following disclosures are required by GASB Statement 27. The City intends to continue this pension plan; however, future payments are not required by the LOSAP Master Plan and thus the net pension obligation is not reported as a liability on the Statement of Net Position.

Annual Cost and Net Pension Obligation

Normal Cost	\$ 29,377
Amortization of Unfunded Actuarial Accrued Liability	81,996
Annual Required Contribution	111,373
Interest on Net Pension Obligation	12,113
Adjustment to Annual Required Contribution	<u>(32,836)</u>
Annual pension cost	90,650
Contribution	<u>(24,003)</u>
Increase (decrease) in Net Pension Obligation	66,647
Net Pension Obligation, beginning of year	<u>403,759</u>
Net Pension Obligation, end of year	<u><u>\$ 470,406</u></u>

Following is the City's annual pension cost, contribution, percentage of the annual pension cost contributed to the plan, and the net pension obligation for the LOSAP for the current and two preceding years:

Fiscal Year Ended June 30,	Annual Pension Cost	Contribution	Percent of Annual Pension Cost Contributed	Net Pension Obligation
2013	\$ 97,015	\$ 25,884	27%	\$ 333,225
2014	94,270	23,736	25	403,759
2015	90,650	24,003	26	470,406

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

Funding Status and Funding Progress

The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation Date July 1,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio
2011	\$ -	\$ 870,353	\$ 870,353	0%
2012	-	935,026	935,026	0%
2014	-	1,008,227	1,008,227	0%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, a 3.0% discount rate was used based on the assumption that the City's LOSAP will remain unfunded. Assumptions used in calculating the purchase price of annuities for vested terminated participants are projected from those used for the most recent annuity purchases made by the LOSAP. These include a 4.6% discount rate for the first 30 years after annuity purchase; a 3.0% discount rate thereafter; mortality rate per the 1994GAM table projected to 2014; and a 7.5% expense load on the base value of the annuity. Disability rates and disabled mortality are assumed to follow those used in the 2012 Oregon PERS valuation for Police and Fire employees. Withdrawal rates reflect the Fire Department's historical experience. All participants are assumed to retire when they reach entitlement age.

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

The UAAL is amortized over a 15-year open amortization period.

E. Commitments and Contingencies

1. City

At June 30, 2015, the City was committed to seven contracts. In the major governmental funds, approximately \$1,800,000 was committed for street projects; \$116,000 was committed for runway rehabilitation at the Municipal Airport; and \$81,000 was committed for purchase of a fire vehicle. In the Wastewater Fund, a business-type activity, approximately \$3,400,000 remained on contracts for Water Reclamation Facility expansion and sanitary sewer rehabilitation projects.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

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, 2015, the City had three open plan years with a total potential remaining liability of \$752,000. 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 for fiscal years ended June 30, 2013, 2014, and 2015 were \$389,000, \$241,000 and \$202,000, respectively.

In July 2013, the City entered into a loan agreement with the Oregon Department of Transportation (ODOT) in the amount of \$3,209,600 to cover the City's portion of costs for Phase 1 of the Newberg-Dundee Bypass to be constructed by ODOT and will be repaid with Federal and State transportation funds. The City will make an interest only payment on the City's share of ODOT's expended funds through 2016; principal and interest payments will begin in January 2017 and continue for 20 years, ending in January 2036. At June 30, 2015 ODOT had expended approximately \$465,000 of City funds on the project and interest of approximately \$3,000 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, 2015 were approximately \$723,000.

F. Major Customer and Supplier – Department

Department sales of electricity were made to one major commercial customer during the year ended June 30, 2015 in an amount exceeding ten percent of total sales. This customer accounted for approximately \$14,083,000 of revenues during the year ended June 30, 2015. At June 30, 2015, accounts receivable from this same customer amounted to approximately \$1,146,000.

Department purchases were made from one major supplier of power, including supply, transmission and distribution during the year ended June 30, 2015 in amounts exceeding ten percent of the total of such purchases. The supplier accounted for \$23,856,000 of purchases during the year ended June 30, 2015. At June 30, 2015, amounts due to this same supplier, and included in accounts payable, amounted to \$2,416,000.

G. Jointly Governed Organization

1. City

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

YCOM is partially funded by member contributions, which are based on a cost-sharing formula determined by the YCOM Executive Board. The City paid \$722,000 in member contributions to YCOM in fiscal year 2015. 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 \$26,000 from YCOM for providing operational space within the Police Department.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

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.

2. Department

The Department, in conjunction with six other Oregon municipal corporations that provide distribution of electric services, is a member of the Oregon Municipal Energy and Conservation Agency (OMECA). OMECA issued tax-exempt revenue bonds to fund conservation projects of the member organizations. The bonds are payable solely by the Bonneville Power Administration and do not represent obligations of OMECA or the Department. OMECA's Board of Directors is comprised of one member from each participating entity. No member has any obligation, entitlement or residual interest in OMECA.

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 2014-15 credits for 2002-2006 look back adjustments were \$1,056,000. For fiscal year 2015-16 the lookback credit will be \$1,076,000. Future look back credits have not yet been determined.

I. McMinnville Rural Fire Protection District

McMinnville Rural Fire Protection District (MRFPD) contracts with the City for fire protection services. For fiscal year 2014-15, the City received \$327,000 from MRFPD for contract services, which is included in Fire's 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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

J. New Accounting Pronouncement – GASB Statement No. 68 and 71

The Governmental Accounting Standards Board (GASB) has issued *Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (GASB Statement 68) and *Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (GASB Statement 71). GASB Statement 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB Statement 71 addresses an issue regarding application of the transition provisions of GASB Statement 68. The City implemented GASB Statement 68 and 71 in the year ending June 30, 2015. Additional information can be found in Note IV.D.

K. Restatement of Net Position

The City and Department have restated their net position for the adoption of the provisions of GASB Statement 68 and 71. In addition, net position was restated for a transition liability related to the City and Department joining the OPERS State and Local Government Rate Pool which was not previously recorded. Further information about this liability can be found in Note III. G.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

The effect of these restatements are as follows:

City

	As previously reported June 30, 2014	Restatement	As restated June 30, 2014
<u>Governmental Activities</u>			
Transition liability	\$ -	\$ (2,833,654)	\$ 2,833,654
Net pension liability	-	(6,972,459)	6,972,459
Deferred Outflows			
Employer Contributions	-	1,461,457	(1,461,457)
Net position	<u>\$ 75,175,294</u>	<u>\$ (8,344,656)</u>	<u>\$ 66,830,638</u>

	As previously reported June 30, 2014	Restatement	As restated June 30, 2014
<u>Business Type Activities</u>			
Wastewater			
Transition liability	\$ -	\$ (346,050)	\$ 346,050
Net pension liability	-	(851,487)	851,487
Deferred Outflows			
Employer Contributions	-	178,475	(178,475)
Net position	<u>\$ 67,488,172</u>	<u>\$ (1,019,062)</u>	<u>\$ 66,469,110</u>

Ambulance			
Transition liability	\$ -	\$ (607,993)	\$ 607,993
Net pension liability	-	(1,496,021)	1,496,021
Deferred Outflows			
Employer Contributions	-	313,572	(313,572)
Net position	<u>\$ 1,195,002</u>	<u>\$ (1,790,442)</u>	<u>\$ (595,440)</u>

Non-major Building			
Transition liability	\$ -	\$ (57,806)	\$ 57,806
Net pension liability	-	(142,237)	142,237
Deferred Outflows			
Employer Contributions	-	29,813	(29,813)
Net position	<u>\$ 578,915</u>	<u>\$ (170,230)</u>	<u>\$ 408,685</u>

	As previously reported June 30, 2014	Restatement	As restated June 30, 2014
<u>Internal Service Funds</u>			
Transition liability	\$ -	\$ (58,089)	\$ 58,089
Net pension liability	-	(142,934)	142,934
Deferred Outflows			
Employer Contributions	-	29,960	(29,960)
Net position	<u>\$ 1,696,322</u>	<u>\$ (171,063)</u>	<u>\$ 1,525,259</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2015

Department	As previously reported June 30, 2014	Restatement	As restated June 30, 2014
Transition liability	\$ -	\$ (1,367,254)	\$ 1,367,254
Net pension liability	-	(3,364,338)	3,364,338
Deferred Outflows			
Employer Contributions	-	705,179	(705,179)
Net position	<u>\$ 153,233,708</u>	<u>\$ (4,026,413)</u>	<u>\$ 149,207,295</u>



REQUIRED SUPPLEMENTARY INFORMATION

- Required Supplementary Information Schedules
- Notes to Required Supplementary Information



REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES

- Post-Employment Healthcare Plan Schedule of Funding Progress
- Schedule of the Proportionate Share of the Net Pension Liability
- Schedule of Contributions



Required Supplementary Information

City of McMinnville, Oregon Post Employment Healthcare Plan Schedule of Funding Progress

City

Actuarial Valuation Date August 1,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2010	\$ -	\$ 2,084,250	\$ 2,084,250	\$ -	\$ 10,680,389	20%
2012	-	1,623,759	1,623,759	-	10,951,360	15%
2014	-	1,575,145	1,575,145	-	11,167,210	14%

Department

Actuarial Valuation Date August 1,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2010	\$ -	\$ 1,338,305	\$ 1,338,305	\$ -	\$ 2,558,493	52%
2012	-	1,377,227	1,377,227	-	2,477,432	56%
2014	-	1,399,058	1,399,058	-	2,458,630	57%

Required Supplementary Information (Continued)

City of McMinnville, Oregon Schedule of the Proportionate Share of the Net Pension Liability For the last two fiscal years

City

Year Ended June 30,	Proportion of the net pension liability (asset) (a)	Proportionate share of the net pension liability (asset) (a)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.18541902%	\$ (4,202,921)	\$ 11,689,472	-35.95%	103.60%
2014	0.18541902%	9,462,204	11,141,496	84.93%	91.97%

Department

Year Ended June 30,	Proportion of the net pension liability (asset) (a)	Proportionate share of the net pension liability (asset) (a)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.06592673%	\$ (1,494,371)	\$ 4,858,713	-30.76%	103.60%
2014	0.06592673%	3,364,338	4,665,911	72.10%	91.97%

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.

(a) The actuarial information for each fiscal year was provided by the actuary for OPERS.

Required Supplementary Information (Continued)

City of McMinnville, Oregon Schedule of Contributions For the last two fiscal years

City

Year ended June 30,	Statutorily required contribution (a)	Contributions in relation to the statutorily required contribution (a)	Contribution deficiency (excess)	Covered payroll	Contributions as a percent of covered payroll
2015	\$ 1,692,462	\$ 1,692,462	\$ -	\$ 11,689,472	14.48%
2014	1,658,475	1,658,475	-	11,141,496	14.89%

Department

Year ended June 30,	Statutorily required contribution (a)	Contributions in relation to the statutorily required contribution (a)	Contribution deficiency (excess)	Covered payroll	Contributions as a percent of covered payroll
2015	\$ 601,765	\$ 601,765	\$ -	\$ 4,858,713	12.39%
2014	589,680	589,680	-	4,665,911	13.10%

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.

(a) The actuarial information for each fiscal year was provided by the actuary for OPERS.



NOTES TO REQUIRED SUPPLEMENTARY INFORMATION



City of McMinnville, Oregon
Notes to Required Supplementary Information
June 30, 2015

Change of Benefit Terms – Pension.

Senate Bill 822, signed into law in May 2013, eliminated the SB 656/HB 3349 tax remedy payments for benefit recipients who are not subject to Oregon income tax, because they do not reside in Oregon, and limited the 2013 post-retirement COLA to 1.5% of annual benefit.

Senate Bill 861, signed into law in October 2013, limited the post-retirement COLA for years beyond 2013 to 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

Senate Bill 862, signed into law in October 2013, makes targeted changes such as allowing garnishment of PERS benefits for convicted felons. These changes do not significantly affect system liabilities and were not reflected in the valuation.

Pursuant to GASB Statement 67 and 68, the total pension asset or liability must be calculated based on the benefit terms legally in effect as of the relevant fiscal year-end for the plan. Due to the timing of the benefit changes, this means only Senate Bill 822 is reflected in the June 30, 2013 total pension liability, but that the combined effects of Senate Bills 822 and 861 are reflected in the June 30, 2014 total pension asset. The decrease in the total pension liability resulting from Senate Bill 861, measured as of June 30, 2014, created a (\$2,423.6) million reduction in OPERS overall pension liabilities.

In April 2015, the Oregon Supreme Court overturned certain pieces of the 2013 Senate Bills summarized above relating to the Public Employees Retirement System. The exact effect of this cannot be determined at this time, but will be reflected in higher employer contributions rates effective July 1, 2017.

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at: http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

Change of Assumptions – Pension.

Below is a summary of key assumption changes implemented with the December 31, 2012 valuation utilized in the pension amounts reported for fiscal year ended June 30, 2015. Additional detail and a comprehensive list of changes in methods and assumptions can be found at: <http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>

Changes in Actuarial Methods and Allocation Procedures

The Actuarial Cost Method was changed from the Projected Unit Credit (PUC) Cost Method to the Entry Age Normal (EAN) Cost Method.

Tier 1/Tier 2 UAL Amortization

In combination with the change in cost method, the PERS Board chose to re-amortize the outstanding Tier 1/Tier 2 UAL as of December 31, 2013 over a closed period of 20 years as a level percentage of projected payroll. Gains and losses between subsequent rate-setting valuations will be amortized over a closed 20 year period from the valuation in which they are first recognized.

Contribution Rate Stabilization Method

The "grade-in range" over which the rate collar gradually doubles was modified so that the collar doubles as funded status (excluding side accounts) decreases from 70% to 60% or increases from 130% to 140%. Previously the ranges had been 80% to 70% and 120% to 130%.

City of McMinnville, Oregon
Notes to Required Supplementary Information (Continued)
June 30, 2015

Changes in Economic Assumptions

The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.75%. Previously, the assumed investment return and interest crediting to regular account balances was 8.00% and the assumed interest crediting to variable account balances was 8.25%.

OPSRP Administrative Expenses

Assumed administrative expenses for the OPSRP System were reduced from \$6.6 million per year to \$5.5 million per year.

Healthcare Cost Inflation

The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act.

Changes in Demographic Assumptions

The healthy mortality assumption is based on the RP2000 generational mortality tables with group-specific class and setback adjustments. The group-specific adjustments have been updated to more closely match recently observed system experience.

Disabled Mortality

The disabled mortality assumption base was changed from the RP2000 healthy tables to the RP2000 disabled tables. Gender-specific adjustments were applied to align the assumption with recently observed system experience.

Disability, Retirement from Active Status, and Termination

Rates for disability, retirement from active status, and termination were adjusted. Termination rates were changed from being indexed upon age to being indexed upon duration from hire date.

Retiree Healthcare Participation

The RHIA participation rate for healthy retirees was reduced from 48% to 45%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates.

A summary of key changes implemented since the December 31, 2011 valuation are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at: http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised/pdf

OTHER SUPPLEMENTARY INFORMATION

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



COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

- Governmental Funds
- Proprietary Funds



GOVERNMENTAL FUNDS

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





City of McMinnville, Oregon
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015

Special Revenue Funds

	Special Assessment	Transient Lodging Tax	Telecom- munications	Emergency Communica- -tions	Street	Total
Assets						
Cash and investments	\$ 160,070	\$ 212,623	\$ 1,650	\$ 105,150	\$ 1,668,604	\$ 2,148,097
Receivables	42,112	234,962	59,185	7,489	175,761	519,509
Prepays	-	7,920	-	-	-	7,920
Restricted cash and investments	-	-	-	-	-	-
Total assets	\$ 202,182	\$ 455,505	\$ 60,835	\$ 112,639	\$ 1,844,365	\$ 2,675,526
Liabilities						
Accounts payable	\$ 5,372	\$ 4,175	\$ 59,185	\$ 2,918	\$ 43,279	\$ 114,929
Accrued payroll and other payroll liabilities	-	-	-	-	15,130	15,130
Due to component unit	-	-	-	-	4,159	4,159
Unearned revenue	7,100	-	-	-	-	7,100
Advances from other funds	-	-	-	-	-	-
Liabilities payable from restricted assets:						
Accounts payable	-	-	-	-	-	-
Total liabilities	12,472	4,175	59,185	2,918	62,568	141,318
Deferred inflows of resources						
Deferred revenue taxes	-	-	-	-	-	-
Deferred revenue other	35,452	-	-	-	-	35,452
Total deferred inflows of resources	35,452	-	-	-	-	35,452
Fund Balances						
Nonspendable	-	7,920	-	-	-	7,920
Restricted	-	422,690	-	-	1,131,636	1,554,326
Committed	-	-	-	109,721	-	109,721
Assigned	154,258	20,720	1,650	-	650,161	826,789
Total fund balances	154,258	451,330	1,650	109,721	1,781,797	2,498,756
Total liabilities, deferred inflows of resources, and fund balances	\$ 202,182	\$ 455,505	\$ 60,835	\$ 112,639	\$ 1,844,365	\$ 2,675,526

Debt Service			Capital Projects Funds			Total Non-major Governmental Funds
Urban Renewal Debt Service	Debt Service	Total	Public Safety Facilities Constr	Park Development	Total	
\$ 30,000	\$ 1,434,303	\$ 1,464,303	\$ -	\$ 38,512	\$ 38,512	\$ 3,650,912
4,404	151,921	156,325	-	1,288	1,288	677,122
-	-	-	-	-	-	7,920
76,087	-	76,087	11,645	965,924	977,569	1,053,656
<u>\$ 110,491</u>	<u>\$ 1,586,224</u>	<u>\$ 1,696,715</u>	<u>\$ 11,645</u>	<u>\$ 1,005,724</u>	<u>\$ 1,017,369</u>	<u>\$ 5,389,610</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,929
-	-	-	-	-	-	15,130
-	-	-	-	-	-	4,159
-	-	-	-	-	-	7,100
30,000	-	30,000	-	-	-	30,000
-	-	-	-	6,253	6,253	6,253
<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>6,253</u>	<u>6,253</u>	<u>177,571</u>
3,278	116,340	119,618	-	-	-	119,618
-	-	-	-	2,106	2,106	37,558
<u>3,278</u>	<u>116,340</u>	<u>119,618</u>	<u>-</u>	<u>2,106</u>	<u>2,106</u>	<u>157,176</u>
-	-	-	-	-	-	7,920
77,213	1,469,884	1,547,097	11,645	993,141	1,004,786	4,106,209
-	-	-	-	-	-	109,721
-	-	-	-	4,224	4,224	831,013
<u>77,213</u>	<u>1,469,884</u>	<u>1,547,097</u>	<u>11,645</u>	<u>997,365</u>	<u>1,009,010</u>	<u>5,054,863</u>
<u>\$ 110,491</u>	<u>\$ 1,586,224</u>	<u>\$ 1,696,715</u>	<u>\$ 11,645</u>	<u>\$ 1,005,724</u>	<u>\$ 1,017,369</u>	<u>\$ 5,389,610</u>

City of McMinnville, Oregon
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended June 30, 2015

Special Revenue Funds

	Special Assessment	Transient Lodging Tax	Telecommu- -nications	Emergency Communica- -tions	Street	Total
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	54,328	-	-	-	-	54,328
Licenses and permits	-	574,911	234,257	31,784	40	840,992
Intergovernmental	-	-	-	17,947	1,884,072	1,902,019
Charges for services	-	-	-	12,480	-	12,480
Miscellaneous	916	18,940	13	792	14,636	35,297
Total revenues	55,244	593,851	234,270	63,003	1,898,748	2,845,116
Expenditures						
Current:						
General government	65,465	309,414	234,257	-	-	609,136
Public safety	-	-	-	941,720	-	941,720
Highways and streets	-	-	-	-	1,520,947	1,520,947
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond refunding	-	-	-	-	-	-
Total expenditures	65,465	309,414	234,257	941,720	1,520,947	3,071,803
Excess (deficiency) of revenues over (under) expenditures	(10,221)	284,437	13	(878,717)	377,801	(226,687)
Other Financing Sources (Uses)						
Refunding bonds issued	-	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Transfers from other funds	-	-	-	726,200	-	726,200
Transfers to other funds	-	-	-	-	(200,000)	(200,000)
Total other financing sources (uses)	-	-	-	726,200	(200,000)	526,200
Net change in fund balances	(10,221)	284,437	13	(152,517)	177,801	299,513
Fund balances - beginning	164,479	166,893	1,637	262,238	1,603,996	2,199,243
Fund balances - ending	\$ 154,258	\$ 451,330	\$ 1,650	\$ 109,721	\$ 1,781,797	\$ 2,498,756

Debt Service Funds			Capital Projects Funds			Total Non-Major Governmental Funds
Urban Renewal Debt Service	Debt Service	Total	Public Safety Facilities Construction	Park Development	Total	
\$ 82,030	\$ 1,530,577	\$ 1,612,607	\$ -	\$ -	\$ -	\$ 1,612,607
-	-	-	-	-	-	54,328
-	-	-	-	-	-	840,992
-	-	-	-	-	-	1,902,019
-	-	-	-	379,546	379,546	392,026
183	4,380	4,563	51	5,610	5,661	45,521
82,213	1,534,957	1,617,170	51	385,156	385,207	4,847,493
-	-	-	-	-	-	609,136
-	-	-	-	-	-	941,720
5,000	-	5,000	-	-	-	1,525,947
-	-	-	-	53,967	53,967	53,967
-	-	-	-	410,867	410,867	410,867
-	1,105,000	1,105,000	-	-	-	1,105,000
-	493,325	493,325	-	-	-	493,325
-	32,000	32,000	-	-	-	32,000
5,000	1,630,325	1,635,325	-	464,834	464,834	5,171,962
77,213	(95,368)	(18,155)	51	(79,678)	(79,627)	(324,469)
-	7,235,000	7,235,000	-	-	-	7,235,000
-	1,185,342	1,185,342	-	-	-	1,185,342
-	(8,414,899)	(8,414,899)	-	-	-	(8,414,899)
-	100,000	100,000	-	-	-	826,200
-	-	-	-	(100,000)	(100,000)	(300,000)
-	105,443	105,443	-	(100,000)	(100,000)	531,643
77,213	10,075	87,288	51	(179,678)	(179,627)	207,174
-	1,459,809	1,459,809	11,594	1,177,043	1,188,637	4,847,689
\$ 77,213	\$ 1,469,884	\$ 1,547,097	\$ 11,645	\$ 997,365	\$ 1,009,010	\$ 5,054,863

City of McMinnville, Oregon
Special Assessment Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	\$ 71,000	\$ 71,000	\$ 54,328	\$ (16,672)
Intergovernmental	-	100,000	5,372	\$ (94,628)
Miscellaneous	1,400	1,400	916	(484)
Total revenues	<u>72,400</u>	<u>172,400</u>	<u>60,616</u>	<u>(111,784)</u>
Expenditures				
General government:				
Materials and services	71,100	171,100	59,796	111,304
Contingencies	80,000	80,000	-	80,000
Total expenditures	<u>151,100</u>	<u>251,100</u>	<u>59,796</u>	<u>191,304</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(78,700)</u>	<u>(78,700)</u>	<u>820</u>	<u>79,520</u>
Other Financing Sources (Uses)				
Transfers to other funds	(5,669)	(5,669)	(5,669)	-
Total other financing sources (uses)	<u>(5,669)</u>	<u>(5,669)</u>	<u>(5,669)</u>	<u>-</u>
Net change in fund balances	(84,369)	(84,369)	(4,849)	79,520
Fund balances, budgetary basis - beginning	164,600	164,600	164,479	(121)
Fund balances, budgetary basis - ending	<u>\$ 80,231</u>	<u>\$ 80,231</u>	<u>159,630</u>	<u>\$ 79,399</u>
Add (deduct):				
Unearned revenue - grants			(5,372)	
Total fund balance			<u>\$ 154,258</u>	
Reconciliation:				
Intergovernmental, budgetary basis			\$ 5,372	
Unearned revenue - grants			(5,372)	
Intergovernmental			<u>\$ -</u>	
Expenditures, budgetary basis			\$ 59,796	
Transfers to other funds - services provided			5,669	
Expenditures			<u>\$ 65,465</u>	
Other financing sources (uses), budgetary basis			\$ (5,669)	
Transfers to other funds - services provided			5,669	
Other financing sources (uses)			<u>\$ -</u>	

City of McMinnville, Oregon
Transient Lodging Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 480,000	\$ 530,000	\$ 574,911	\$ 44,911
Miscellaneous	900	900	18,940	18,040
Total revenues	<u>480,900</u>	<u>530,900</u>	<u>593,851</u>	<u>62,951</u>
Expenditures				
General government:				
Materials and services	506,500	506,500	136,941	369,559
Total expenditures	<u>506,500</u>	<u>506,500</u>	<u>136,941</u>	<u>369,559</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,600)</u>	<u>24,400</u>	<u>456,910</u>	<u>432,510</u>
Other Financing Sources (Uses)				
Transfers to other funds	(142,400)	(192,400)	(172,473)	19,927
Total other financing sources (uses)	<u>(142,400)</u>	<u>(192,400)</u>	<u>(172,473)</u>	<u>19,927</u>
Net change in fund balances	(168,000)	(168,000)	284,437	452,437
Fund balances, budgetary basis - beginning	168,000	168,000	166,893	(1,107)
Fund balances, budgetary basis - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 451,330</u>	<u>\$ 451,330</u>
Reconciliation:				
Expenditures, budgetary basis			\$ 136,941	
Transfers to other funds - services provided			172,473	
Expenditures			<u>\$ 309,414</u>	
Other financing sources (uses), budgetary basis			\$ (172,473)	
Transfers to other funds - services provided			172,473	
Other financing sources (uses)			<u>\$ -</u>	

City of McMinnville, Oregon
Telecommunications Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 231,000	\$ 241,000	\$ 234,257	\$ (6,743)
Miscellaneous	100	100	13	(87)
Total revenues	<u>231,100</u>	<u>241,100</u>	<u>234,270</u>	<u>(6,830)</u>
Expenditures				
General government:				
Materials and services	231,000	241,000	234,257	6,743
Contingencies	1,450	1,450	-	1,450
Total expenditures	<u>232,450</u>	<u>242,450</u>	<u>234,257</u>	<u>8,193</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,350)</u>	<u>(1,350)</u>	<u>13</u>	<u>1,363</u>
Net change in fund balances	<u>(1,350)</u>	<u>(1,350)</u>	<u>13</u>	<u>1,363</u>
Fund balances - beginning	1,700	1,700	1,637	(63)
Fund balances - ending	<u>\$ 350</u>	<u>\$ 350</u>	<u>\$ 1,650</u>	<u>\$ 1,300</u>

City of McMinnville, Oregon
Emergency Communications Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 38,000	\$ 38,000	\$ 31,784	\$ (6,216)
Intergovernmental	18,000	18,000	17,947	(53)
Charges for services	13,000	13,000	12,480	(520)
Miscellaneous	1,800	1,800	792	(1,008)
Total revenues	<u>70,800</u>	<u>70,800</u>	<u>63,003</u>	<u>(7,797)</u>
Expenditures				
Public safety:				
Materials and services	771,900	771,900	766,164	5,736
Capital outlay	30,500	180,500	175,556	4,944
Contingencies	75,000	75,000	-	75,000
Total expenditures	<u>877,400</u>	<u>1,027,400</u>	<u>941,720</u>	<u>85,680</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(806,600)</u>	<u>(956,600)</u>	<u>(878,717)</u>	<u>77,883</u>
Other Financing Sources (Uses)				
Transfers from other funds	726,200	726,200	726,200	-
Total other financing sources (uses)	<u>726,200</u>	<u>726,200</u>	<u>726,200</u>	<u>-</u>
Net change in fund balances	<u>(80,400)</u>	<u>(230,400)</u>	<u>(152,517)</u>	<u>77,883</u>
Fund balances - beginning	253,000	253,000	262,238	9,238
Fund balances - ending	<u>\$ 172,600</u>	<u>\$ 22,600</u>	<u>\$ 109,721</u>	<u>\$ 87,121</u>

City of McMinnville, Oregon
Street Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 50	\$ 50	\$ 40	\$ (10)
Intergovernmental	1,850,000	1,850,000	1,884,072	34,072
Miscellaneous	8,600	8,600	9,436	836
Total revenues	<u>1,858,650</u>	<u>1,858,650</u>	<u>1,893,548</u>	<u>34,898</u>
Expenditures				
Highways and streets:				
Personnel services	667,350	667,350	608,351	58,999
Materials and services	895,520	895,520	712,467	183,053
Capital outlay	420	420	420	-
Contingencies	250,000	250,000	-	250,000
Total expenditures	<u>1,813,290</u>	<u>1,813,290</u>	<u>1,321,238</u>	<u>492,052</u>
Excess (deficiency) of revenues over (under) expenditures	<u>45,360</u>	<u>45,360</u>	<u>572,310</u>	<u>526,950</u>
Other Financing Sources (Uses)				
Transfers from other funds	5,200	5,200	5,200	-
Transfers to other funds	(385,274)	(385,274)	(384,579)	695
Total other financing sources (uses)	<u>(380,074)</u>	<u>(380,074)</u>	<u>(379,379)</u>	<u>695</u>
Net change in fund balances	<u>(334,714)</u>	<u>(334,714)</u>	<u>192,931</u>	<u>527,645</u>
Fund balances, budgetary basis - beginning	842,217	832,552	1,603,996	771,444
Fund balances, budgetary basis - ending	<u>\$ 507,503</u>	<u>\$ 497,838</u>	<u>1,796,927</u>	<u>\$ 1,299,089</u>
Add (deduct):				
Accrued payroll and other payroll liabilities			(15,130)	
Fund balance			<u>\$ 1,781,797</u>	
Reconciliation:				
Miscellaneous, budgetary basis			\$ 9,436	
Transfers from other funds - services provided			5,200	
Miscellaneous			<u>\$ 14,636</u>	
Expenditures, budgetary basis			\$ 1,321,238	
Change in accrued payroll and other payroll liabilities			15,130	
Transfers to other funds - services provided			184,579	
Expenditures			<u>\$ 1,520,947</u>	
Other financing sources (uses), budgetary basis			\$ (379,379)	
Transfers from other funds - services provided			(5,200)	
Transfers to other funds - services provided			184,579	
Other financing sources (uses)			<u>\$ (200,000)</u>	

City of McMinnville, Oregon
Urban Renewal Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 53,900	\$ 53,900	\$ 82,030	\$ 28,130
Miscellaneous	200	200	183	(17)
Total revenues	54,100	54,100	82,213	28,113
Expenditures				
Debt service	31,200	31,200	5,000	26,200
Excess (deficiency) of revenues over (under) expenditures	22,900	22,900	77,213	54,313
Net change in fund balances	22,900	22,900	77,213	54,313
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ 22,900	\$ 22,900	\$ 77,213	\$ 54,313

City of McMinnville, Oregon
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 1,496,900	\$ 1,496,900	\$ 1,530,577	\$ 33,677
Miscellaneous	4,500	4,500	4,380	(120)
Total revenues	<u>1,501,400</u>	<u>1,501,400</u>	<u>1,534,957</u>	<u>33,557</u>
Expenditures				
Debt service	1,598,330	1,630,330	1,630,325	5
Excess (deficiency) of revenues over (under) expenditures	<u>(96,930)</u>	<u>(128,930)</u>	<u>(95,368)</u>	<u>33,562</u>
Other Financing Sources (Uses)				
Transfers from other funds	100,000	100,000	100,000	-
Refunding bonds issued	-	7,235,000	7,235,000	-
Premium on refunding bonds issued	-	1,181,139	1,185,342	4,203
Payment to refunded bond escrow agent	-	(8,416,139)	(8,414,899)	1,240
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>105,443</u>	<u>5,443</u>
Net change in fund balances	3,070	(28,930)	10,075	39,005
Fund balances - beginning	1,402,325	1,402,325	1,459,809	57,484
Fund balances - ending	<u>\$ 1,405,395</u>	<u>\$ 1,373,395</u>	<u>\$ 1,469,884</u>	<u>\$ 96,489</u>

City of McMinnville, Oregon
Public Safety Facilities Construction Fund
Schedule of Revenues and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$ 50	\$ 50	\$ 51	\$ 1
Total revenues	<u>50</u>	<u>50</u>	<u>51</u>	<u>1</u>
Net change in fund balances	50	50	51	1
Fund balances, budgetary basis - beginning	11,569	11,569	11,594	25
Fund balances, budgetary basis - ending	<u>\$ 11,619</u>	<u>\$ 11,619</u>	<u>\$ 11,645</u>	<u>\$ 26</u>

City of McMinnville, Oregon
Park Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 56,150	\$ 56,150	\$ 1,288	\$ (54,862)
Charges for services	144,000	144,000	379,546	235,546
Miscellaneous	3,500	3,500	5,610	2,110
Total revenues	<u>203,650</u>	<u>203,650</u>	<u>386,444</u>	<u>182,794</u>
Expenditures				
Culture and recreation:				
Materials and services	83,100	83,100	45,168	37,932
Capital outlay	508,300	508,300	368,346	139,954
Contingencies	642,960	642,960	-	642,960
Total expenditures	<u>1,234,360</u>	<u>1,234,360</u>	<u>413,514</u>	<u>820,846</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,030,710)</u>	<u>(1,030,710)</u>	<u>(27,070)</u>	<u>1,003,640</u>
Other Financing Sources (Uses)				
Transfers from other funds	30,000	30,000	-	(30,000)
Transfers to other funds	(151,320)	(151,320)	(151,320)	-
Total other financing sources (uses)	<u>(121,320)</u>	<u>(121,320)</u>	<u>(151,320)</u>	<u>(30,000)</u>
Net change in fund balances	(1,152,030)	(1,152,030)	(178,390)	973,640
Fund balances, budgetary basis - beginning	1,168,030	1,168,030	1,177,043	9,013
Fund balances, budgetary basis - ending	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>998,653</u>	<u>\$ 982,653</u>
Add (deduct):				
Unearned revenue - grants			(1,288)	
Total fund balance			<u>\$ 997,365</u>	
Reconciliation:				
Intergovernmental, budgetary basis			\$ 1,288	
Unearned revenue - grants			(1,288)	
Intergovernmental			<u>\$ -</u>	
Expenditures, budgetary basis			\$ 413,514	
Transfers to other funds - services provided			51,320	
Expenditures			<u>\$ 464,834</u>	
Other financing sources (uses), budgetary basis			\$ (151,320)	
Transfers to other funds - services provided			51,320	
Other financing sources (uses)			<u>\$ (100,000)</u>	

City of McMinnville, Oregon
Urban Renewal Fund
Schedule of Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Materials and Services	\$ 21,000	\$ 21,000	\$ -	\$ 21,000
Capital Outlay	5,000	5,000	-	5,000
Total expenditures	<u>26,000</u>	<u>26,000</u>	<u>-</u>	<u>26,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,000)</u>	<u>(26,000)</u>	<u>-</u>	<u>(26,000)</u>
Other Financing Sources (Uses)				
Other Financing Source	26,000	26,000	-	(26,000)
Net change in fund balances	-	-	-	(52,000)
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (52,000)</u>

City of McMinnville, Oregon
Transportation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 346,362	\$ 346,362	\$ 346,362	\$ -
Charges for services	140,000	140,000	336,637	196,637
Miscellaneous	8,400	8,400	27,479	19,079
Total revenues	<u>494,762</u>	<u>494,762</u>	<u>710,478</u>	<u>215,716</u>
Expenditures				
Highways and streets:				
Materials and services	30,000	345,000	180,069	164,931
Capital outlay	525,000	525,000	492,875	32,125
Debt Service	20,000	20,000	-	20,000
Contingencies	50,000	50,000	-	50,000
Total expenditures	<u>625,000</u>	<u>940,000</u>	<u>672,944</u>	<u>267,056</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(130,238)</u>	<u>(445,238)</u>	<u>37,534</u>	<u>482,772</u>
Other Financing Sources (Uses)				
Bonds issued	-	16,085,000	16,085,000	-
Premium on bonds issued	-	2,153,688	2,153,688	-
Transfers from other funds	200,000	200,000	200,000	-
Transfers to other funds	<u>(78,727)</u>	<u>(78,727)</u>	<u>(78,727)</u>	<u>-</u>
Total other financing sources (uses)	<u>121,273</u>	<u>18,359,961</u>	<u>18,359,961</u>	<u>-</u>
Net change in fund balances	(8,965)	17,914,723	18,397,495	482,772
Fund balances, budgetary basis - beginning	1,733,141	1,733,141	1,900,683	167,542
Fund balances, budgetary basis - ending	<u>\$ 1,724,176</u>	<u>\$ 19,647,864</u>	<u>\$ 20,298,178</u>	<u>\$ 650,314</u>
Reconciliation:				
Expenditures, budgetary basis			\$ 672,944	
Transfers to other funds - services provided			78,727	
Expenditures			<u>\$ 751,671</u>	
Other financing sources (uses), budgetary basis			\$ 18,359,961	
Transfers to other funds - services provided			78,727	
Other financing sources (uses)			<u>\$ 18,438,688</u>	

PROPRIETARY FUNDS

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



City of McMinnville, Oregon
Combining Statement of Net Position
Internal Service Funds
June 30, 2015

	Information Systems & Services	Insurance Services	Total Internal Service Funds
Assets			
Current assets:			
Cash and investments	\$ 174,650	\$ 1,141,248	\$ 1,315,898
Prepays	537	-	537
Total Current assets:	<u>175,187</u>	<u>1,141,248</u>	<u>1,316,435</u>
Non-current assets:			
Pension asset	63,489	-	63,489
Capital assets:			
Depreciable capital assets	2,215,760	-	2,215,760
Accumulated depreciation	(1,643,990)	-	(1,643,990)
Total non-current assets	<u>635,259</u>	<u>-</u>	<u>635,259</u>
Total assets	<u>810,446</u>	<u>1,141,248</u>	<u>1,951,694</u>
Deferred outflow of resources			
Deferred outflow of resources - pension	<u>32,940</u>	<u>-</u>	<u>32,940</u>
Liabilities			
Current liabilities:			
Accounts payable	15,783	21,565	37,348
Accrued payroll and other payroll liabilities	8,062	-	8,062
Due to component unit	-	5,669	5,669
Other liabilities	-	161,502	161,502
Compensated absences	14,007	-	14,007
Total current liabilities	<u>37,852</u>	<u>188,736</u>	<u>226,588</u>
Non-current liabilities:			
Pension related debt	58,339	-	58,339
Other post employment benefits	20,914	-	20,914
Total liabilities	<u>117,105</u>	<u>188,736</u>	<u>305,841</u>
Deferred inflow of resources			
Deferred inflow of resources - pension	<u>122,507</u>	<u>-</u>	<u>122,507</u>
Net Position			
Invested in capital assets	571,770	-	571,770
Unrestricted	32,005	952,512	984,517
Total net position	<u>\$ 603,775</u>	<u>\$ 952,512</u>	<u>\$ 1,556,287</u>

City of McMinnville, Oregon
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2015

	Information Systems & Services	Insurance Services	Total Internal Service Funds
Operating revenues			
Charges for services	\$ 883,600	\$ 858,845	\$ 1,742,445
Miscellaneous	-	97,198	97,198
Total operating revenues	<u>883,600</u>	<u>956,043</u>	<u>1,839,643</u>
Operating expenses			
Personnel services	253,016	-	253,016
Materials and services	524,406	933,298	1,457,704
Depreciation	103,120	-	103,120
Total operating expenses	<u>880,542</u>	<u>933,298</u>	<u>1,813,840</u>
Operating income (loss)	<u>3,058</u>	<u>22,745</u>	<u>25,803</u>
Nonoperating Revenues			
Investment earnings	857	4,368	5,225
Total nonoperating revenues	<u>857</u>	<u>4,368</u>	<u>5,225</u>
Change in net position	3,915	27,113	31,028
Net position - beginning, as previously reported	770,923	925,399	1,696,322
Restatement	(171,063)	-	(171,063)
Net position - beginning, as restated	<u>599,860</u>	<u>925,399</u>	<u>1,525,259</u>
Total net position - ending	<u>\$ 603,775</u>	<u>\$ 952,512</u>	<u>\$ 1,556,287</u>

City of McMinnville, Oregon
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015

	<u>Information Systems & Services</u>	<u>Insurance Services</u>	<u>Total</u>
Cash Flows From Operating Activities			
Receipts from interfund services provided	\$ 883,600	\$ 858,845	\$ 1,742,445
Other operating receipts	-	112,736	112,736
Payments to suppliers	(504,510)	(867,379)	(1,371,889)
Payments to employees	<u>(323,361)</u>	<u>-</u>	<u>(323,361)</u>
Net cash from operating activities	<u>55,729</u>	<u>104,202</u>	<u>159,931</u>
 Cash Flows From Capital and Related Financing Activities			
Additions to capital assets	<u>(33,230)</u>	<u>-</u>	<u>(33,230)</u>
 Cash Flows From Investing Activities			
Interest received	<u>857</u>	<u>4,368</u>	<u>5,225</u>
 Increase in Cash and Investments	23,356	108,570	131,926
 Cash and Investments - Beginning	<u>151,294</u>	<u>1,032,678</u>	<u>1,183,972</u>
 Cash and Investments - Ending	<u>\$ 174,650</u>	<u>\$ 1,141,248</u>	<u>\$ 1,315,898</u>
 Reconciliation of Operating Income to Net Cash From Operating Activities			
Operating income	\$ 3,058	\$ 22,745	\$ 25,803
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation	103,120	-	103,120
Pension expense	(86,646)	-	(86,646)
Change in current assets and liabilities:			
Receivables	-	129	129
Due from component unit	-	15,409	15,409
Prepays	7,890	-	7,890
Accounts payable	12,006	(32,266)	(20,260)
Due to component unit	-	5,669	5,669
Compensated absences	5,268	-	5,268
Other post employment benefits	2,972	-	2,972
Accrued payroll and other payroll liabilities	8,061	-	8,061
Other liabilities	<u>-</u>	<u>92,516</u>	<u>92,516</u>
Net cash from operating activities	<u>\$ 55,729</u>	<u>\$ 104,202</u>	<u>\$ 159,931</u>

City of McMinnville, Oregon
Wastewater Services Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 8,846,819	\$ 8,846,819	\$ 9,172,388	\$ 325,569
Miscellaneous	9,200	9,200	11,930	2,730
Total revenues	<u>8,856,019</u>	<u>8,856,019</u>	<u>9,184,318</u>	<u>328,299</u>
Expenditures				
Wastewater:				
Wastewater services administration	617,079	617,079	526,651	90,428
Plant	1,702,168	1,702,168	1,549,348	152,820
Environmental services	447,400	447,400	391,169	56,231
Conveyance systems	738,828	738,828	506,274	232,554
Contingencies	300,000	300,000	-	300,000
Total expenditures	<u>3,805,475</u>	<u>3,805,475</u>	<u>2,973,442</u>	<u>832,033</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,050,544</u>	<u>5,050,544</u>	<u>6,210,876</u>	<u>1,160,332</u>
Other Financing Sources (Uses)				
Transfers from other funds	14,200	14,200	14,200	-
Transfers to other funds	(5,266,414)	(5,266,414)	(5,262,530)	3,884
Total other financing sources (uses)	<u>(5,252,214)</u>	<u>(5,252,214)</u>	<u>(5,248,330)</u>	<u>3,884</u>
Net change in fund balances	(201,670)	(201,670)	962,546	1,164,216
Fund balances, budgetary basis - beginning	1,395,948	1,395,948	2,389,023	993,075
Fund balances, budgetary basis - ending	<u>\$ 1,194,278</u>	<u>\$ 1,194,278</u>	<u>\$ 3,351,569</u>	<u>\$ 2,157,291</u>

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

City of McMinnville, Oregon
Wastewater Capital Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 325,000	\$ 325,000	\$ 715,204	\$ 390,204
Miscellaneous	114,750	114,750	81,805	(32,945)
Total revenues	<u>439,750</u>	<u>439,750</u>	<u>797,009</u>	<u>357,259</u>
Expenditures				
Wastewater:				
Materials and services	1,388,900	1,388,900	682,634	706,266
Capital outlay	13,330,191	13,330,191	8,588,262	4,741,929
Contingencies	500,000	500,000	-	500,000
Total expenditures	<u>15,219,091</u>	<u>15,219,091</u>	<u>9,270,896</u>	<u>5,948,195</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,779,341)</u>	<u>(14,779,341)</u>	<u>(8,473,887)</u>	<u>6,305,454</u>
Other Financing Sources (Uses)				
Transfers from other funds	4,993,882	4,993,882	4,993,882	-
Transfers to other funds	(220,750)	(220,750)	(220,750)	-
Total other financing sources (uses)	<u>4,773,132</u>	<u>4,773,132</u>	<u>4,773,132</u>	<u>-</u>
Net change in fund balances	<u>(10,006,209)</u>	<u>(10,006,209)</u>	<u>(3,700,755)</u>	<u>6,305,454</u>
Fund balances, budgetary basis - beginning	17,623,114	17,623,114	17,851,362	228,248
Fund balances, budgetary basis - ending	<u>\$ 7,616,905</u>	<u>\$ 7,616,905</u>	<u>\$ 14,150,607</u>	<u>\$ 6,533,702</u>

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

City of McMinnville, Oregon
Wastewater Services Fund
Reconciliation of Budgetary Basis to Full Accrual Basis
For the Year Ended June 30, 2015

Reconciliation:

Wastewater Services Fund balances, budgetary basis - ending	\$ 3,351,569
Wastewater Capital Fund balances, budgetary basis - ending	14,150,607
Capital assets	96,793,951
Accumulated depreciation	(42,502,052)
Accrued payroll and other payroll liabilities	(37,320)
Compensated absences payable	(107,602)
Other post employment benefits	(114,243)
Pension asset	378,214
Pension liability	(347,534)
Deferred outflow of resources - pension	196,227
Deferred inflow of resources - pension	(729,799)
Net assets, full accrual - ending	<u>\$ 71,032,018</u>

Wastewater Services charges for services, budgetary basis	\$ 9,172,388
Wastewater Capital charges for services, budgetary basis	715,204
Development charges and fees	(715,204)
Other revenue, property rentals	(19,637)
Transfers to other funds - services provided	14,200
Charges for services, full accrual basis	<u>\$ 9,166,951</u>

Wastewater Services expenditures, budgetary basis	\$ 2,973,442
Wastewater Capital expenditures, budgetary basis	9,270,896
Change in compensated absences	14,448
Change in accrued payroll and other payroll liabilities	37,320
Change in other post employment benefits	15,696
Pension expense	(516,170)
Expenditures capitalized	(9,350,545)
Transfers to other funds - services provided	489,398
Depreciation	2,594,252
Operating expenses, full accrual basis	<u>\$ 5,528,737</u>

Wastewater Services other financing sources (uses), budgetary basis	\$ (5,248,330)
Wastewater Capital other financing sources (uses), budgetary basis	4,773,132
Capital contributions	377,475
Capital assets transferred to other funds	(281,358)
Transfers to other funds - services provided	489,398
Transfers from other funds - services provided	(14,200)
Total contributions and transfers, full accrual basis	<u>\$ 96,117</u>

City of McMinnville, Oregon
Ambulance Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 6,500	\$ 6,500	\$ 2,663	\$ (3,837)
Charges for services	3,698,230	3,698,230	3,136,970	(561,260)
Miscellaneous	39,950	39,950	39,319	(631)
Total revenues	<u>3,744,680</u>	<u>3,744,680</u>	<u>3,178,952</u>	<u>(565,728)</u>
Expenditures				
Ambulance:				
Personnel services	2,866,094	2,901,094	2,880,073	21,021
Materials and services	1,359,906	1,359,906	847,121	512,785
Capital outlay	211,679	211,679	210,802	877
Contingencies	300,000	265,000	-	265,000
Total expenditures	<u>4,737,679</u>	<u>4,737,679</u>	<u>3,937,996</u>	<u>799,683</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(992,999)</u>	<u>(992,999)</u>	<u>(759,044)</u>	<u>233,955</u>
Other Financing Sources (Uses)				
Transfers from other funds	770,800	770,800	770,800	-
Transfers to other funds	(296,845)	(296,845)	(293,259)	3,586
Total other financing sources (uses)	<u>473,955</u>	<u>473,955</u>	<u>477,541</u>	<u>3,586</u>
Net change in fund balances	(519,044)	(519,044)	(281,503)	237,541
Fund balances, budgetary basis - beginning	869,748	869,748	1,095,695	225,947
Fund balances, budgetary basis - ending	<u>\$ 350,704</u>	<u>\$ 350,704</u>	<u>814,192</u>	<u>\$ 463,488</u>
Add (deduct):				
Allowance for uncollectibles			(71,664)	
Capital assets			1,269,490	
Accumulated depreciation			(621,220)	
Accrued payroll and other payroll liabilities			(57,686)	
Compensated absences payable			(166,911)	
Other post employment benefits			(166,787)	
Pension asset			664,502	
Pension liability			(610,600)	
Deferred outflow of resources - pension			344,760	
Deferred inflow of resources - pension			(1,282,220)	
Net position, full accrual - ending			<u>\$ 115,856</u>	
Reconciliation:				
Charges for service, budgetary basis			3,136,970	
Medical write-offs			(364,042)	
Change in allowance for uncollectibles			77,945	
Charges for services, full accrual basis			<u>\$ 2,850,873</u>	
Expenditures, budgetary basis			\$ 3,937,996	
Change in compensated absences			(1,132)	
Change in accrued payroll and other payroll liabilities			57,686	
Change in other post employment benefits			26,472	
Pension expense			(906,884)	
Medical write-offs			(364,042)	
Expenditures capitalized			(186,332)	
Transfers to other funds - services provided			214,159	
Depreciation			95,336	
Operating expenses, full accrual basis			<u>\$ 2,873,258</u>	
Other financing sources (uses), budgetary basis			\$ 477,541	
Transfers to other funds - services provided			214,159	
Transfers from other funds - services provided			(20,800)	
Total contributions and transfers, full accrual basis			<u>\$ 670,900</u>	

City of McMinnville, Oregon
Building Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 305,050	\$ 305,050	\$ 553,921	\$ 248,871
Miscellaneous	3,400	3,400	9,296	5,896
Total revenues	<u>308,450</u>	<u>308,450</u>	<u>563,217</u>	<u>254,767</u>
Expenditures				
Building:				
Personnel services	205,902	215,902	212,159	3,743
Materials and services	54,195	54,195	39,724	14,471
Capital Outlay	311	311	311	-
Contingencies	75,000	65,000	-	65,000
Total expenditures	<u>335,408</u>	<u>335,408</u>	<u>252,194</u>	<u>83,214</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,958)</u>	<u>(26,958)</u>	<u>311,023</u>	<u>337,981</u>
Other Financing Sources (Uses)				
Transfers from other funds	1,600	1,600	1,600	-
Transfers to other funds	(36,890)	(36,890)	(36,195)	695
Total other financing sources (uses)	<u>(35,290)</u>	<u>(35,290)</u>	<u>(34,595)</u>	<u>695</u>
Net change in fund balances	(62,248)	(62,248)	276,428	338,676
Fund balances, budgetary basis - beginning	116,043	116,043	329,227	213,184
Fund balances, budgetary basis - ending	<u>\$ 53,795</u>	<u>\$ 53,795</u>	<u>605,655</u>	<u>\$ 551,860</u>
Add (deduct):				
Capital assets			381,887	
Accumulated depreciation			(116,377)	
Accrued payroll and other payroll liabilities			(5,283)	
Compensated absences payable			(12,121)	
Other post employment benefits			(21,803)	
Pension asset			63,179	
Pension liability			(58,053)	
Deferred outflow of resources - pension			32,778	
Deferred inflow of resources - pension			(121,910)	
Net position, full accrual - ending			<u>\$ 747,952</u>	
Reconciliation:				
Charges for services, budgetary basis			\$ 553,921	
Transfers from other funds - services provided			1,600	
Charges for services, modified accrual basis			<u>\$ 555,521</u>	
Expenditures, budgetary basis			\$ 252,194	
Change in compensated absences			2,528	
Change in accrued payroll and other payroll liabilities			5,283	
Change in other post employment benefits			1,950	
Pension expense			(86,224)	
Transfers to other funds - services provided			36,195	
Depreciation			13,624	
Operating expenses, full accrual basis			<u>\$ 225,550</u>	
Other financing sources (uses), budgetary basis			\$ (34,595)	
Transfers to other funds - services provided			36,195	
Transfers from other funds - services provided			(1,600)	
Total contributions and transfers, full accrual basis			<u>\$ -</u>	

City of McMinnville, Oregon
Information Systems & Services Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 623,303	\$ 623,303	\$ 557,635	\$ (65,668)
Miscellaneous	800	800	857	57
Total revenues	<u>624,103</u>	<u>624,103</u>	<u>558,492</u>	<u>(65,611)</u>
Expenditures				
Personnel services	358,131	358,131	323,361	34,770
Materials and services	589,803	589,803	524,405	65,398
Capital outlay	33,500	33,500	33,230	270
Contingencies	65,000	65,000	-	65,000
Total expenditures	<u>1,046,434</u>	<u>1,046,434</u>	<u>880,996</u>	<u>165,438</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(422,331)</u>	<u>(422,331)</u>	<u>(322,504)</u>	<u>99,827</u>
Other Financing Sources (Uses)				
Transfers from other funds	360,733	360,733	325,965	(34,768)
Total other financing sources (uses)	<u>360,733</u>	<u>360,733</u>	<u>325,965</u>	<u>(34,768)</u>
Net change in fund balances	(61,598)	(61,598)	3,461	65,059
Fund balances, budgetary basis - beginning	99,289	99,289	155,943	56,654
Fund balances, budgetary basis - ending	<u>\$ 37,691</u>	<u>\$ 37,691</u>	<u>159,404</u>	<u>\$ 121,713</u>
Add (deduct):				
Capital assets			2,215,760	
Accumulated depreciation			(1,643,989)	
Pension asset			63,489	
Accrued payroll and other payroll liabilities			(8,062)	
Compensated absences			(14,007)	
Pension liability			(58,339)	
Deferred outflow of resources - pension			32,940	
Deferred inflow of resources - pension			(122,507)	
Other post employment benefits			(20,914)	
Net position, full accrual - ending			<u>\$ 603,775</u>	
Reconciliation:				
Charges for services, budgetary basis			\$ 557,635	
Transfers from other funds - services provided			325,965	
Charges for services, full accrual basis			<u>\$ 883,600</u>	
Expenditures, budgetary basis			\$ 880,996	
Change in compensated absences			5,268	
Change in accrued payroll and other payroll liabilities			8,062	
Change in pension expense			(86,647)	
Change in other post employment benefits			2,972	
Expenditures capitalized			(33,229)	
Depreciation			103,120	
Operating expenses, full accrual basis			<u>\$ 880,542</u>	
Other financing sources (uses), budgetary basis			\$ 325,965	
Transfers from other funds - services provided			(325,965)	
Total contributions and transfers, full accrual basis			<u>\$ -</u>	

City of McMinnville, Oregon
Insurance Services Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 912,508	\$ 912,508	\$ 858,845	\$ (53,663)
Miscellaneous	106,600	106,600	101,566	(5,034)
Total revenues	<u>1,019,108</u>	<u>1,019,108</u>	<u>960,411</u>	<u>(58,697)</u>
Expenditures				
Materials and services	975,620	975,620	652,600	323,020
Contingencies	100,000	100,000	-	100,000
Total expenditures	<u>1,075,620</u>	<u>1,075,620</u>	<u>652,600</u>	<u>423,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(56,512)</u>	<u>(56,512)</u>	<u>307,811</u>	<u>364,323</u>
Other Financing Sources (Uses)				
Transfers to other funds	<u>(218,182)</u>	<u>(218,182)</u>	<u>(188,182)</u>	<u>30,000</u>
Total other financing sources (uses)	<u>(218,182)</u>	<u>(218,182)</u>	<u>(188,182)</u>	<u>30,000</u>
Net change in fund balances	<u>(274,694)</u>	<u>(274,694)</u>	<u>119,629</u>	<u>394,323</u>
Fund balances, budgetary basis - beginning	<u>588,882</u>	<u>588,882</u>	<u>994,386</u>	<u>405,504</u>
Fund balances, budgetary basis - ending	<u>\$ 314,188</u>	<u>\$ 314,188</u>	<u>1,114,015</u>	<u>\$ 799,827</u>
Add (deduct):				
Insurance claims payable			(161,503)	
Net position, full accrual - ending			<u>\$ 952,512</u>	
Reconciliation:				
Expenditures, budgetary basis			\$ 652,600	
Transfers to other funds - services provided			188,182	
Change in insurance claims liability			92,516	
Operating expenses, full accrual basis			<u>\$ 933,298</u>	
Other financing sources (uses), budgetary basis			\$ (188,182)	
Transfers to other funds - services provided			188,182	
Total contributions and transfers, full accrual basis			<u>\$ -</u>	

OTHER FINANCIAL SCHEDULES

- Schedule of Expenditures of Federal Awards
- Schedule of Future Debt Service Requirements
- Schedule of Property Tax Transactions
- Schedule of Accountability for Independently Elected Officials





City of McMinnville, Oregon
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Program Title	Federal CFDA Number	Award Description
U.S. Department of Transportation		
Federal Aviation Administration		
Airport Improvement Program	20.106	Rehabilitation of Runway 4/22 (Phase I)
U.S. Department of Justice		
Bureau of Justice Assistance		
Bulletproof Vest Partnership Program	16.607	Bulletproof Vest Partnership 2013
US Department of Housing and Urban Development		
Business Oregon Infrastructure Finance Authority		
Yamhill County Community Development Block Grant	14.228	Housing Rehabilitation Project
U.S. Department of the Interior		
National Park Service		
State of Oregon Parks & Recreation Department		
Historic Preservation Fund Grants-In-Aid	15.904	Certified Local Government Grant
Outdoor Recreation_Acquisition,Development and Planning	15.916	City Park Rehabilitation
Total U.S. Department of the Interior		

Total

Note 1. Basis of Presentation - This schedule is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget's (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The amounts presented in this schedule agree with the presentation in the basic financial statements as all federal grants are reported on the full accrual basis of accounting.

<u>Award Identification Number</u>	<u>Award Period</u>	<u>Total Award</u>	<u>Current Year</u>	<u>Total Project to Date</u>	<u>Unexpended Balance June 30, 2015</u>
3-41-0036-015-2014	5/1/14 - completion	\$ 267,957	\$ 169,495	\$ 169,495	\$ 98,462
2013 13069826	4/1/13 - 8/31/15	2,449	441	2,449	-
H14006	12/1/14 - completion	400,000	5,372	5,372	394,628
OR-12-14-10	4/1/14-8/31/15	12,000	6,153	6,153	5,847
NPS 41-01586	10/1/14-6/30/17	85,015	1,288	1,288	83,727
		<u>97,015</u>	<u>7,441</u>	<u>7,441</u>	<u>89,574</u>
		<u>\$ 767,421</u>	<u>\$ 182,749</u>	<u>\$ 184,757</u>	<u>\$ 582,664</u>

City of McMinnville, Oregon
Schedule of Future Debt Service Requirements
June 30, 2015

Fiscal Year of Maturity	Public Safety Civic Buildings Construction Bonds		Park System Improvement Bonds		Public Safety Civic Buildings Advance Refunding 2015		Transportation Bonds 2015	
	Issued November 14, 2006		Issued October 6, 2011		Issued April 16, 2015		Issued April 16, 2015	
	3.75 - 5.50%		2.00 - 4.00%		2.50 - 5.00%		2.50 - 5.00%	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015-16	\$ 615,000	\$ 37,900	\$ 535,000	\$ 98,850	\$ 65,000	\$ 252,485	\$ 310,000	\$ 521,395
2016-17	640,000	12,800	550,000	88,000	-	317,300	1,100,000	650,850
2017-18	-	-	555,000	76,950	650,000	317,300	1,200,000	617,850
2018-19	-	-	570,000	65,700	670,000	297,800	875,000	581,850
2019-20	-	-	580,000	51,300	700,000	271,000	915,000	546,850
2020-21	-	-	600,000	33,600	725,000	243,000	950,000	510,250
2021-22	-	-	615,000	12,300	650,000	221,250	980,000	481,750
2022-23	-	-	-	-	680,000	188,750	1,025,000	432,750
2023-24	-	-	-	-	720,000	154,750	1,080,000	381,500
2024-25	-	-	-	-	755,000	118,750	1,130,000	327,500
2025-26	-	-	-	-	790,000	81,000	1,190,000	271,000
2026-27	-	-	-	-	830,000	41,500	1,245,000	211,500
2027-28	-	-	-	-	-	-	1,310,000	149,250
2028-29	-	-	-	-	-	-	1,360,000	96,850
2029-30	-	-	-	-	-	-	1,415,000	42,450
	<u>\$ 1,255,000</u>	<u>\$ 50,700</u>	<u>\$ 4,005,000</u>	<u>\$ 426,700</u>	<u>\$ 7,235,000</u>	<u>\$ 2,504,885</u>	<u>\$ 16,085,000</u>	<u>\$ 5,823,595</u>

Add:

- General obligation bond premium - park system improvements
- General obligation bond premium - public safety buildings advance refunding
- General obligation bond premium - transportation

Total Governmental Activity General Obligation Bonds		Full Faith & Credit Bank Loan Issued May , 2014 3.1%		Full Faith & Credit State of Oregon Dept of Transportation 2.26%		Total Governmental Activity Long Term Debt	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 1,525,000	\$ 910,630	\$ 75,529	\$ 39,763	\$ -	\$ 2,625	\$ 1,600,529	\$ 953,018
2,290,000	1,068,950	77,888	37,403	190,926	10,502	2,558,814	1,116,855
2,405,000	1,012,100	80,321	34,970	195,241	6,187	2,680,562	1,053,257
2,115,000	945,350	82,831	32,461	78,522	1,775	2,276,353	979,586
2,195,000	869,150	85,418	29,873	-	-	2,280,418	899,023
2,275,000	786,850	88,087	27,205	-	-	2,363,087	814,055
2,245,000	715,300	90,839	24,453	-	-	2,335,839	739,753
1,705,000	621,500	93,677	21,615	-	-	1,798,677	643,115
1,800,000	536,250	626,817	18,688	-	-	2,426,817	554,938
1,885,000	446,250	-	-	-	-	1,885,000	446,250
1,980,000	352,000	-	-	-	-	1,980,000	352,000
2,075,000	253,000	-	-	-	-	2,075,000	253,000
1,310,000	149,250	-	-	-	-	1,310,000	149,250
1,360,000	96,850	-	-	-	-	1,360,000	96,850
1,415,000	42,450	-	-	-	-	1,415,000	42,450
<u>28,580,000</u>	<u>\$ 8,805,880</u>	<u>\$ 1,301,407</u>	<u>\$ 266,431</u>	<u>\$ 464,689</u>	<u>\$ 21,089</u>	<u>30,346,096</u>	<u>\$ 9,093,400</u>
210,198						210,198	
1,232,219						1,232,219	
<u>2,117,793</u>						<u>2,117,793</u>	
<u>\$ 32,140,210</u>						<u>\$ 33,906,306</u>	

CITY OF MCMINNVILLE, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS
Year Ended June 30, 2015

	Tax Year	Uncollected July 1, 2014	Levy as Extended by Assessor	Discounts Allowed
Current year	2014-15	\$ -	\$ 13,220,677	\$ (336,364)
Prior years	2013-14	534,313	-	-
	2012-13	303,285	-	-
	2011-12	168,757	-	-
	2010-11	93,478	-	-
	2009-10	56,928	-	-
	2008-09 and prior years	54,290	-	-
Total prior years		<u>1,211,051</u>	<u>-</u>	<u>-</u>
		<u>\$ 1,211,051</u>	<u>\$ 13,220,677</u>	<u>\$ (336,364)</u>

Reconciliation of property taxes receivable by fund:

General Fund	\$ 1,163,392
Debt Service Fund	125,472
Urban Renewal Debt Service Fund	3,572
	<u>\$ 1,292,436</u>

Reconciliation of property tax collections to revenue on the fund financial statements:

Collections	\$ 12,856,109
Adjustment to modified accrual basis	10,001
Total property tax revenue	<u>\$ 12,866,110</u>

<u>Interest</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Uncollected June 30, 2015</u>
\$ 7,818	\$ (33,708)	\$ (12,320,010)	\$ 538,413
18,970	(12,632)	(235,074)	305,577
20,942	1,997	(121,907)	204,317
26,863	539	(109,276)	86,883
14,996	223	(52,035)	56,662
2,513	475	(6,320)	53,596
<u>5,523</u>	<u>(1,338)</u>	<u>(11,487)</u>	<u>46,988</u>
<u>89,807</u>	<u>(10,736)</u>	<u>(536,099)</u>	<u>754,023</u>
<u><u>\$ 97,625</u></u>	<u><u>\$ (44,444)</u></u>	<u><u>\$ (12,856,109)</u></u>	<u><u>\$ 1,292,436</u></u>

City of McMinnville, Oregon
Schedule of Accountability for Independently Elected Officials
June 30, 2015

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

STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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





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

	Fiscal Year Ended June 30,		
	2006	2007	2008
Primary Government:			
Governmental activities:			
Invested in capital assets (b) (e)	\$ 59,476,033	\$ 62,898,370	\$ 65,247,969
Restricted (a) (f)	2,507,360	2,876,332	3,827,337
Unrestricted (c)	<u>9,320,862</u>	<u>10,696,218</u>	<u>10,479,495</u>
Total governmental activities net position (d)	<u>\$ 71,304,255</u>	<u>\$ 76,470,920</u>	<u>\$ 79,554,801</u>
Business-type activities:			
Invested in capital assets (b)	\$ 30,714,356	\$ 32,603,644	\$ 33,806,347
Restricted (a)	-	-	-
Unrestricted	<u>12,290,008</u>	<u>14,664,424</u>	<u>17,833,067</u>
Total business-type activities net position (d)	<u>\$ 43,004,364</u>	<u>\$ 47,268,068</u>	<u>\$ 51,639,414</u>
Primary government:			
Invested in capital assets	\$ 90,190,389	\$ 95,502,014	\$ 99,054,316
Restricted	2,507,360	2,876,332	3,827,337
Unrestricted (h)	<u>21,610,870</u>	<u>25,360,642</u>	<u>28,312,562</u>
Total primary government net position (d)	<u>\$ 114,308,619</u>	<u>\$ 123,738,988</u>	<u>\$ 131,194,215</u>
Component unit:			
Water and Light:			
Invested in capital assets (g)	\$ 75,969,725	\$ 78,018,533	\$ 83,072,182
Unrestricted (h)	<u>33,233,236</u>	<u>39,601,674</u>	<u>42,264,683</u>
Total component unit	<u>\$ 109,202,961</u>	<u>\$ 117,620,207</u>	<u>\$ 125,336,865</u>

(a) As of fiscal year 2008-09, Building moved from a governmental activity to a business-type activity.

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

(c) In fiscal year 2010-11, the City recorded a 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.

(d) 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.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 Restated</u>	<u>2015</u>
\$ 64,720,490	\$ 64,577,951	\$ 62,431,482	\$ 59,774,579	\$ 60,826,806	\$ 59,579,789	\$ 59,688,968
3,011,121	3,223,454	3,745,053	4,034,072	4,139,865	5,932,257	23,156,125
9,478,673	8,881,472	9,436,731	9,748,354	10,719,116	1,318,592	(11,568,107)
<u>\$ 77,210,284</u>	<u>\$ 76,682,877</u>	<u>\$ 75,613,266</u>	<u>\$ 73,557,005</u>	<u>\$ 75,685,787</u>	<u>\$ 66,830,638</u>	<u>\$ 71,276,986</u>
\$ 35,556,686	\$ 38,573,448	\$ 41,736,064	\$ 44,032,172	\$ 45,568,283	\$ 48,275,891	\$ 55,205,674
374,891	284,065	183,776	148,044	178,933	299,781	482,442
19,339,695	19,444,666	18,683,904	18,976,324	20,057,090	17,437,601	15,948,799
<u>\$ 55,271,272</u>	<u>\$ 58,302,179</u>	<u>\$ 60,603,744</u>	<u>\$ 63,156,540</u>	<u>\$ 65,804,306</u>	<u>\$ 66,013,273</u>	<u>\$ 71,636,915</u>
\$ 100,277,176	\$ 103,151,399	\$ 104,167,546	\$ 103,806,751	\$ 106,395,089	\$ 107,855,680	\$ 114,894,642
3,386,012	3,507,519	3,928,829	4,182,116	4,318,798	6,232,038	23,638,567
28,818,368	28,326,138	28,120,635	28,724,678	30,776,206	18,756,193	4,380,692
<u>\$ 132,481,556</u>	<u>\$ 134,985,056</u>	<u>\$ 136,217,010</u>	<u>\$ 136,713,545</u>	<u>\$ 141,490,093</u>	<u>\$ 132,843,911</u>	<u>\$ 142,913,901</u>
\$ 97,147,985	\$ 103,852,317	\$ 103,521,631	\$ 106,683,105	\$ 115,135,213	\$ 118,079,561	\$ 121,446,462
33,751,837	28,853,295	32,006,301	33,671,841	31,952,469	31,127,734	36,515,824
<u>\$ 130,899,822</u>	<u>\$ 132,705,612</u>	<u>\$ 135,527,932</u>	<u>\$ 140,354,946</u>	<u>\$ 147,087,682</u>	<u>\$ 149,207,295</u>	<u>\$ 157,962,286</u>

(e) 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.

(f) 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.

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

(h) 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 a transition liability.

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

Functions/Programs	Fiscal Year Ended June 30,			
	2006	2007	2008	2009
Expenses				
Primary government:				
Governmental activities:				
General government (a)	\$ 3,849,409	\$ 2,655,004	\$ 1,984,604	\$ 2,347,704
Community development (e)	1,514,566	1,607,780	1,811,174	1,246,693
Public safety:				
Police	4,853,641	5,123,969	5,690,199	6,455,520
Fire	1,220,577	1,658,654	1,704,098	2,522,183
Emergency communications	725,927	754,142	760,164	809,875
Highways and streets	2,871,564	3,302,674	3,137,661	3,616,479
Culture and recreation:				
Parks and recreation	3,190,485	3,432,363	3,528,723	3,985,158
Library	1,402,779	1,440,647	1,488,868	1,534,563
Airport	351,884	325,485	590,710	640,968
Interest on long-term debt	504,474	773,903	915,543	871,822
Total governmental activities expenses	<u>20,485,306</u>	<u>21,074,621</u>	<u>21,611,744</u>	<u>24,030,965</u>
Business-type activities:				
Wastewater	5,771,040	5,855,037	6,052,599	5,873,978
Ambulance	2,117,649	2,241,064	2,264,966	2,373,384
Building (e)	-	-	-	596,800
Total business-type activities expenses	<u>7,888,689</u>	<u>8,096,101</u>	<u>8,317,565</u>	<u>8,844,162</u>
Total primary government expenses	<u>\$ 28,373,995</u>	<u>\$ 29,170,722</u>	<u>\$ 29,929,309</u>	<u>\$ 32,875,127</u>
Component unit:				
Water and Light	<u>\$ 36,289,752</u>	<u>\$ 38,592,365</u>	<u>\$ 39,809,429</u>	<u>\$ 33,326,936</u>
Indirect expense allocation (f)				
Primary government:				
Governmental activities:				
General government	\$ (637,830)	\$ (626,919)	\$ (703,624)	\$ -
Community development	(351,034)	(346,209)	(339,846)	-
Public safety:				
Police	54,151	61,234	95,954	-
Fire	363,879	390,355	429,429	-
Emergency communications	-	-	-	-
Highways and streets	180,688	188,744	187,281	-
Culture and recreation:				
Parks and recreation	206,701	197,256	177,972	-
Library	58,488	65,222	59,720	-
Airport	33,095	27,949	26,608	-
Total governmental activities indirect expenses	<u>(91,862)</u>	<u>(42,368)</u>	<u>(66,506)</u>	<u>-</u>
Business-type activities:				
Wastewater	236,907	230,064	269,875	-
Ambulance	(145,045)	(187,696)	(203,369)	-
Total business-type activities indirect expenses	<u>91,862</u>	<u>42,368</u>	<u>66,506</u>	<u>-</u>
Total primary government indirect expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2010	2011	2012	2013	2014	2015
\$ 2,060,894	\$ 2,158,145	\$ 1,918,406	\$ 1,869,910	\$ 2,031,927	\$ 2,065,497
1,299,144	1,328,719	1,289,638	1,283,292	1,215,961	949,452
6,548,127	6,299,749	6,722,412	7,092,755	7,571,954	5,959,530
2,544,874	2,686,012	2,466,866	2,534,766	2,537,593	2,048,332
818,172	837,736	1,077,885	617,610	798,106	1,124,854
3,478,409	3,453,560	3,347,084	3,839,179	2,443,173	2,964,608
4,014,812	4,095,241	4,174,915	4,074,988	4,113,605	3,810,278
1,567,266	1,469,682	1,507,964	1,416,283	1,343,265	1,092,515
517,465	784,816	552,179	553,974	560,272	692,357
826,167	786,277	613,154	525,129	484,383	519,917
<u>23,675,330</u>	<u>23,899,937</u>	<u>23,670,503</u>	<u>23,807,886</u>	<u>23,100,239</u>	<u>21,227,340</u>
5,811,243	5,753,542	5,853,298	5,818,847	5,808,434	5,523,163
2,449,268	2,532,569	3,068,413	3,395,105	3,508,377	2,868,982
446,236	415,676	406,630	277,561	283,842	225,229
<u>8,706,747</u>	<u>8,701,787</u>	<u>9,328,341</u>	<u>9,491,513</u>	<u>9,600,653</u>	<u>8,617,374</u>
<u>\$ 32,382,077</u>	<u>\$ 32,601,724</u>	<u>\$ 32,998,844</u>	<u>\$ 33,299,399</u>	<u>\$ 32,700,892</u>	<u>\$ 29,844,714</u>
<u>\$ 36,062,095</u>	<u>\$ 37,802,141</u>	<u>\$ 40,626,635</u>	<u>\$ 41,583,845</u>	<u>\$ 43,187,324</u>	<u>\$ 42,099,300</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

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

Functions/Programs	Fiscal Year Ended June 30,			
	2006	2007	2008	2009
Program revenues				
Primary government:				
Governmental activities:				
Charges for services:				
General government	\$ 522,980	\$ 448,876	\$ 389,323	\$ 540,622
Community development (e)	915,385	999,440	957,770	503,816
Public safety:				
Police	794,308	905,620	1,011,006	981,277
Fire	287,128	288,870	286,520	278,779
Emergency communications	-	-	-	-
Highways and streets (c)	696,055	469,354	883,058	131,051
Culture and recreation:				
Parks and recreation	1,360,020	1,373,159	1,265,177	1,071,145
Library	59,492	58,578	54,006	54,417
Airport	198,701	211,823	218,171	188,858
Operating grants and contributions	1,892,095	2,039,741	1,966,268	1,764,579
Capital grants and contributions (d)	5,014,859	6,658,636	3,889,300	3,278,780
Total governmental activities program revenues:	<u>11,741,023</u>	<u>13,454,097</u>	<u>10,920,599</u>	<u>8,793,324</u>
Business-type activities:				
Charges for services:				
Wastewater	8,376,517	8,706,664	8,999,557	8,351,447
Ambulance	1,726,397	1,758,899	2,120,051	2,390,286
Building (e)	-	-	-	201,002
Operating grants and contributions	1,108	4,841	-	3,065
Capital grants and contributions (d)	865,871	973,666	672,870	-
Total business-type activities program revenues:	<u>10,969,893</u>	<u>11,444,070</u>	<u>11,792,478</u>	<u>10,945,800</u>
Total primary government program revenues	<u>\$ 22,710,916</u>	<u>\$ 24,898,167</u>	<u>\$ 22,713,077</u>	<u>\$ 19,739,124</u>
Component unit:				
Water and Light:				
Charges for services	\$ 38,279,420	\$ 40,193,347	\$ 41,198,256	\$ 34,620,277
Operating grants and contributions	740,157	746,201	441,624	187,957
Capital grants and contributions	1,181,578	1,760,168	1,592,616	364,500
Total component unit program revenues	<u>\$ 40,201,155</u>	<u>\$ 42,699,716</u>	<u>\$ 43,232,496</u>	<u>\$ 35,172,734</u>
Net revenue (expense)				
Primary government:				
Governmental activities	\$ (8,652,421)	\$ (7,578,156)	\$ (10,624,639)	\$ (15,237,641)
Business-type activities	<u>2,989,342</u>	<u>3,305,601</u>	<u>3,408,407</u>	<u>2,101,638</u>
Total primary government net revenue (expense)	<u>\$ (5,663,079)</u>	<u>\$ (4,272,555)</u>	<u>\$ (7,216,232)</u>	<u>\$ (13,136,003)</u>
Component unit:				
Water and Light	<u>\$ 3,911,403</u>	<u>\$ 4,107,351</u>	<u>\$ 3,423,067</u>	<u>\$ 1,845,798</u>

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	496,923	\$ 485,866	\$ 482,333	\$ 477,936	\$ 569,633	\$ 719,791
	488,288	515,582	524,366	571,421	611,380	743,044
	956,903	817,709	824,755	893,005	717,134	661,192
	295,593	323,276	313,154	340,253	347,407	378,028
	-	-	-	12,500	13,130	12,480
	169,585	324,786	194,534	190,481	160,383	344,459
	1,073,688	1,217,185	1,223,292	1,248,255	1,317,763	1,574,113
	58,820	55,200	56,719	69,482	45,433	55,294
	220,329	233,651	237,082	239,436	244,969	247,965
	2,554,203	2,174,634	2,263,584	2,234,195	2,281,464	2,460,484
	<u>1,087,252</u>	<u>1,935,658</u>	<u>674,099</u>	<u>761,169</u>	<u>679,849</u>	<u>1,949,416</u>
	<u>7,401,584</u>	<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>
	8,244,213	8,292,062	8,453,886	8,554,156	9,076,321	9,911,181
	2,320,010	2,275,122	2,739,983	2,846,540	2,646,881	2,911,613
	334,380	295,934	297,204	290,537	390,852	561,441
	33,979	-	-	564	-	76
	34,704	-	24,943	106,632	37,206	377,475
	<u>10,967,286</u>	<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>\$ 18,368,870</u>	<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>
\$	35,302,190	\$ 36,534,385	\$ 41,122,520	\$ 43,030,261	\$ 44,662,133	\$ 44,944,442
	510,961	187,233	400,388	-	-	-
	254,723	334,413	242,183	474,900	909,683	1,560,929
	<u>\$ 36,067,874</u>	<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>
\$	(16,273,746)	\$ (15,816,390)	\$ (16,876,585)	\$ (16,769,753)	\$ (16,111,694)	\$ (12,081,074)
	2,260,539	2,161,331	2,187,675	2,306,916	2,550,607	5,144,412
	<u>\$ (14,013,207)</u>	<u>\$ (13,655,059)</u>	<u>\$ (14,688,910)</u>	<u>\$ (14,462,837)</u>	<u>\$ (13,561,087)</u>	<u>\$ (6,936,662)</u>
\$	<u>5,779</u>	<u>\$ (746,110)</u>	<u>\$ 1,138,456</u>	<u>\$ 1,921,316</u>	<u>\$ 2,384,492</u>	<u>\$ 4,406,071</u>

(Continued)

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

Functions/Programs	Fiscal Year Ended June 30,			
	2006	2007	2008	2009
General revenues and other changes in net position				
Primary government:				
Governmental activities:				
Taxes				
Property taxes	\$ 8,996,764	\$ 9,435,904	\$ 10,350,548	\$ 11,053,039
Franchise taxes	2,224,711	2,320,014	2,376,220	2,140,723
Transient lodging taxes	-	-	-	-
Unrestricted state shared revenues	686,613	588,482	662,919	672,334
Unrestricted investment earnings (g)	517,062	709,041	614,480	235,839
Gain (loss) on disposal of capital assets	-	-	2,740	-
Transfers (b)	126,985	(308,620)	(298,387)	(1,208,811)
Total governmental activities	<u>12,552,135</u>	<u>12,744,821</u>	<u>13,708,520</u>	<u>12,893,124</u>
Business-type activities:				
Unrestricted investment earnings (g)	425,027	649,483	664,552	321,409
Gain (loss) on disposal of capital assets	-	-	-	-
Transfers (b)	(126,985)	308,620	298,387	1,208,811
Total business-type activities	<u>298,042</u>	<u>958,103</u>	<u>962,939</u>	<u>1,530,220</u>
Total primary government	<u>\$ 12,850,177</u>	<u>\$ 13,702,924</u>	<u>\$ 14,671,459</u>	<u>\$ 14,423,344</u>
Component unit:				
Water and Light:				
Unrestricted investment earnings (g)	\$ 1,213,320	\$ 1,831,449	\$ 1,712,036	\$ 872,186
Gain (loss) on disposal of capital assets	-	-	94,862	-
Timber sales, net of related expenses	3,210,353	2,158,598	1,460,202	1,726,608
Other, net	501,837	319,848	1,026,491	1,118,365
Interest expense	-	-	-	-
Total component unit	<u>\$ 4,925,510</u>	<u>\$ 4,309,895</u>	<u>\$ 4,293,591</u>	<u>\$ 3,717,159</u>
Change in net position				
Primary government:				
Governmental activities	\$ 3,899,714	\$ 5,166,665	\$ 3,083,881	\$ (2,344,517)
Business-type activities	<u>3,287,384</u>	<u>4,263,704</u>	<u>4,371,346</u>	<u>3,631,858</u>
Total primary government	<u>\$ 7,187,098</u>	<u>\$ 9,430,369</u>	<u>\$ 7,455,227</u>	<u>\$ 1,287,341</u>
Component unit:				
Water and Light	<u>\$ 8,836,913</u>	<u>\$ 8,417,246</u>	<u>\$ 7,716,658</u>	<u>\$ 5,562,957</u>

(a) During fiscal years 2005-06 and 2006-07, the City expended approximately \$1,817,000 and \$715,000, respectively, to build the Virginia Garcia Memorial Health Center, a primary care clinic. The City does not own the facility and therefore did not capitalize the expenditures.

(b) From fiscal year 2006-07 through 2014-15, transfers from the General Fund to the Ambulance Fund subsidized emergency transport operations. Transfer amounts varied from \$155,000 to \$750,000. During fiscal year 2008-09, Building net assets of \$763,000 were transferred from governmental activities to business-type activities.

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 11,573,566	\$ 11,860,485	\$ 11,880,645	\$ 12,145,519	\$ 12,457,511	\$ 12,937,499
2,191,818	2,202,237	2,441,291	2,486,923	2,538,348	2,548,881
-	-	-	-	235,874	574,911
685,444	692,662	683,388	760,551	807,749	834,087
57,829	60,685	85,988	95,507	97,482	78,040
-	4,858	3,475	3,300	1,637	(56,454)
<u>(451,403)</u>	<u>(74,148)</u>	<u>(274,463)</u>	<u>(239,644)</u>	<u>(537,400)</u>	<u>(389,542)</u>
<u>14,057,254</u>	<u>14,746,779</u>	<u>14,820,324</u>	<u>15,252,156</u>	<u>15,601,201</u>	<u>16,527,422</u>
87,887	66,086	90,657	101,206	100,694	89,688
-	-	-	-	-	-
<u>451,403</u>	<u>74,148</u>	<u>274,463</u>	<u>239,644</u>	<u>537,400</u>	<u>389,542</u>
<u>539,290</u>	<u>140,234</u>	<u>365,120</u>	<u>340,850</u>	<u>638,094</u>	<u>479,230</u>
<u>\$ 14,596,544</u>	<u>\$ 14,887,013</u>	<u>\$ 15,185,444</u>	<u>\$ 15,593,006</u>	<u>\$ 16,239,295</u>	<u>\$ 17,006,652</u>
\$ 323,950	\$ 425,450	\$ 422,467	\$ 182,845	\$ 199,400	\$ 167,244
-	-	-	-	-	(199,620)
832,598	1,355,475	2,605,898	3,962,482	2,243,586	3,324,530
643,463	1,787,505	660,193	666,093	1,318,548	1,019,342
-	-	-	-	-	37,424
<u>\$ 1,800,011</u>	<u>\$ 3,568,430</u>	<u>\$ 3,688,558</u>	<u>\$ 4,811,420</u>	<u>\$ 3,761,534</u>	<u>\$ 4,348,920</u>
\$ (2,216,492)	\$ (1,069,611)	\$ (2,056,261)	\$ (1,517,597)	\$ (510,493)	\$ 4,446,348
<u>2,799,829</u>	<u>2,301,565</u>	<u>2,552,795</u>	<u>2,647,766</u>	<u>3,188,701</u>	<u>5,623,642</u>
<u>\$ 583,337</u>	<u>\$ 1,231,954</u>	<u>\$ 496,534</u>	<u>\$ 1,130,169</u>	<u>\$ 2,678,208</u>	<u>\$ 10,069,990</u>
<u>\$ 1,805,790</u>	<u>\$ 2,822,320</u>	<u>\$ 4,827,014</u>	<u>\$ 6,732,736</u>	<u>\$ 6,146,026</u>	<u>\$ 8,754,991</u>

(Continued)

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

(c) During fiscal year 2007-08, transportation system development charges doubled due to significant construction projects by the McMinnville School District. From fiscal years 2008-09 through 2014-15, transportation system development charges decreased due to a significant drop in construction activity with a slight improvement in fiscal year 2010-11.

(d) From fiscal years 2007-08 through 2014-15, developer donations decreased due to a significant drop in construction activity.

(e) Prior to fiscal year 2008-09, Building was a governmental activity, included in Community Development. Beginning fiscal year 2008-09, Building became a business-type activity.

(f) As of fiscal year 2008-09, the City elected to not display the indirect expense allocation due to a change in fund structure.

(g) Beginning in fiscal year 2008-09 and continuing through fiscal year 2014-15, interest revenue decreased due to significantly lower interest rates.



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

	June 30,				
	2006	2007	2008	2009	2010
General Fund:					
Reserved (a)	\$ 524,469	\$ 580,991	\$ 786,210	\$ 97,022	n/a
Unreserved (c)	3,651,135	3,955,141	3,705,238	7,261,955	n/a
Nonspendable (e)	n/a	n/a	n/a	n/a	\$ 111,314
Restricted	n/a	n/a	n/a	n/a	-
Assigned (e)	n/a	n/a	n/a	n/a	300,000
Unassigned (e)	n/a	n/a	n/a	n/a	5,987,227
Total General Fund	\$ 4,175,604	\$ 4,536,132	\$ 4,491,448	\$ 7,358,977	\$ 6,398,541
Airport Maintenance Fund:					
Reserved	\$ -	\$ -	\$ 319	\$ -	n/a
Unreserved (c)	231,143	672,908	799,480	567,087	n/a
Nonspendable	n/a	n/a	n/a	n/a	\$ -
Restricted	n/a	n/a	n/a	n/a	170,883
Committed (e)	n/a	n/a	n/a	n/a	500,373
Total Airport Maintenance Fund	\$ 231,143	\$ 672,908	\$ 799,799	\$ 567,087	\$ 671,256
Improvements Fund: (b)					
Reserved	\$ 92,167	\$ -	\$ -	\$ -	\$ -
Unreserved	1,774,125	1,570,206	1,174,359	-	-
Total Improvements Fund	\$ 1,866,292	\$ 1,570,206	\$ 1,174,359	\$ -	\$ -
Fire Fund: (b)					
Unreserved	\$ 1,241,632	\$ 1,602,173	\$ 2,038,274	\$ -	\$ -
Total Fire Fund	\$ 1,241,632	\$ 1,602,173	\$ 2,038,274	\$ -	\$ -
Parks & Recreation Fund: (b)					
Unreserved	\$ 1,606,806	\$ 1,637,836	\$ 1,583,721	\$ -	\$ -
Total Parks & Recreation Fund	\$ 1,606,806	\$ 1,637,836	\$ 1,583,721	\$ -	\$ -
Transportation Fund: (d)					
Reserved	\$ 933,090	\$ 1,086,356	\$ 1,697,319	\$ 1,532,374	n/a
Unreserved, reported in (c):					
Capital projects funds	11,429	264,444	278,907	241,021	n/a
Restricted (e)	n/a	n/a	n/a	n/a	\$ 1,400,796
Assigned	n/a	n/a	n/a	n/a	-
Unassigned	n/a	n/a	n/a	n/a	-
Total Transportation Fund	\$ 944,519	\$ 1,350,800	\$ 1,976,226	\$ 1,773,395	\$ 1,400,796
All other governmental funds: (c) (e)					
Reserved	\$ 5,712,605	\$ 19,305,859	\$ 9,914,999	\$ 6,469,626	n/a
Unreserved, reported in:					
Special revenue funds	457,115	486,579	472,592	474,482	n/a
Capital projects funds	100,000	-	-	36,265	n/a
Nonspendable	n/a	n/a	n/a	n/a	\$ -
Restricted	n/a	n/a	n/a	n/a	3,737,104
Committed	n/a	n/a	n/a	n/a	35,000
Assigned	n/a	n/a	n/a	n/a	1,110,785
Unassigned	n/a	n/a	n/a	n/a	-
Total all other governmental funds	\$ 6,269,720	\$ 19,792,438	\$ 10,387,591	\$ 6,980,373	\$ 4,882,889

2011	2012	2013	2014	2015
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
\$ 126,335	\$ 43,590	\$ 21,603	\$ 22,722	\$ 22,056
-	-	-	1,351,766	94,897
801,368	968,301	1,162,639	557,316	593,735
6,403,635	6,465,935	7,117,669	8,053,592	7,575,581
<u>\$ 7,331,338</u>	<u>\$ 7,477,826</u>	<u>\$ 8,301,911</u>	<u>\$ 9,985,396</u>	<u>\$ 8,286,269</u>

n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
\$ -	\$ 5,788	\$ -	\$ -	\$ 247
-	-	-	-	-
564,391	663,499	679,749	726,852	824,777
<u>\$ 564,391</u>	<u>\$ 669,287</u>	<u>\$ 679,749</u>	<u>\$ 726,852</u>	<u>\$ 825,024</u>

\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
\$ 1,393,538	\$ 1,351,185	\$ 1,750,620	\$ 1,900,683	\$ 20,298,178
(41,474)	124,636	-	-	-
<u>\$ 1,352,064</u>	<u>\$ 1,475,821</u>	<u>\$ 1,750,620</u>	<u>\$ 1,900,683</u>	<u>\$ 20,298,178</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
\$ 5	\$ 49	\$ 45	\$ 4	\$ 7,920
3,121,369	3,289,500	3,343,808	3,771,285	4,106,209
-	-	-	262,238	109,721
1,122,826	1,101,847	1,158,861	814,162	831,013
-	-	-	-	-
<u>\$ 4,244,200</u>	<u>\$ 4,391,396</u>	<u>\$ 4,502,714</u>	<u>\$ 4,847,689</u>	<u>\$ 5,054,863</u>

(Continued)

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

(a) Since July 1, 2000, Oregon statute requires the accumulation of building fees over direct and indirect Building costs be reserved for exclusive use by Building. Beginning fiscal year 2008-09, Building moved out of the General Fund into a new enterprise fund, the Building Fund.

(b) As of fiscal year 2008-09, the Improvements, Fire, and Parks & Recreation Funds moved into the General Fund.

(c) 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.

(d) In fiscal year 2014-15, the Debt Service Fund was included with All Other Governmental Funds and the Transportation Fund was a major fund.

(e) 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.



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

	Fiscal Year Ended June 30,			
	2006	2007	2008	2009
Revenues:				
Property taxes	\$ 8,731,613	\$ 9,741,059	\$ 10,221,234	\$ 10,876,161
Special assessments	51,058	53,209	55,997	55,139
Licenses and permits (i)	3,088,929	3,259,273	3,338,571	2,252,979
Intergovernmental (j) (l)	4,001,667	3,491,568	3,383,652	5,760,900
Charges for services	2,411,435	2,160,123	2,470,408	2,319,771
Fines and forfeitures	699,022	801,939	909,071	862,073
Miscellaneous (b) (d)	1,754,346	2,771,566	1,487,483	557,474
Total revenues	20,738,070	22,278,737	21,866,416	22,684,497
Expenditures:				
Current:				
General government (k)	5,597,739	4,147,566	2,163,364	1,943,082
Community development (e) (i)	-	-	1,720,377	1,254,944
Public safety	6,741,156	7,605,719	7,695,976	9,072,067
Highways and streets	1,003,627	1,200,855	1,171,346	1,460,403
Culture and recreation (a) (l)	3,774,741	4,057,945	4,207,624	4,678,701
Airport (j)	86,563	175,110	337,342	3,004,101
Capital outlay:				
General government (g)	-	-	218,256	3,231,395
Public safety (h)	-	685,091	9,444,023	159,798
Highways and streets	337,223	432,815	170,828	391,442
Culture and recreation (c)	239,088	40,410	917,603	446,908
Debt service:				
Principal (f)	1,624,079	1,693,888	906,976	1,073,748
Interest (f)	518,454	443,925	1,045,195	887,418
Bond refunding (m) (o)	-	-	-	-
Total expenditures	19,922,670	20,483,324	29,998,910	27,604,007
Other financing sources (uses):				
Bond proceeds - par/premium (f) (o)	-	13,315,502	-	-
Refunding bonds issued - par/premium (m) (o)	-	-	-	-
Payment to refunded bond escrow agent (o)	-	-	-	-
Proceeds from full faith and credit obligation (n)	-	-	-	-
Transfers from other funds (k)	2,621,824	3,248,827	3,012,242	5,922,648
Police vehicles - lease purchase	-	28,177	-	-
Transfers to other funds (k)	(2,572,659)	(3,561,142)	(3,590,823)	(6,774,724)
Total other financing sources (uses)	49,165	13,031,364	(578,581)	(852,076)
Net change in fund balances	\$ 864,565	\$ 14,826,777	\$ (8,711,075)	\$ (5,771,586)
Non-capital expenditures:				
Total expenditures	\$ 19,922,670	\$ 20,483,324	\$ 29,998,910	\$ 27,604,007
Less: capital asset expenditures	(2,087,894)	(1,703,810)	(11,151,569)	(7,070,726)
Non-capital expenditures	\$ 17,834,776	\$ 18,779,514	\$ 18,847,341	\$ 20,533,281
Debt service as a percentage of non-capital expenditures	12.0%	11.4%	10.4%	9.6%

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 11,280,695	\$ 11,841,678	\$ 11,944,449	\$ 12,041,594	\$ 12,435,395	\$ 12,866,111
49,479	54,810	51,121	53,608	59,515	54,328
2,297,980	2,305,008	2,551,413	2,591,208	2,872,975	3,225,701
3,783,213	4,859,494	3,658,577	3,626,937	3,683,458	3,846,363
2,370,147	2,565,362	2,615,582	2,729,936	2,854,528	3,613,848
858,474	761,389	761,046	748,677	608,740	522,900
299,817	439,118	243,314	334,355	358,783	425,410
<u>20,939,805</u>	<u>22,826,859</u>	<u>21,825,502</u>	<u>22,126,315</u>	<u>22,873,394</u>	<u>24,554,661</u>
1,853,247	1,803,989	1,703,755	1,664,094	1,804,140	2,298,268
1,248,671	1,249,944	1,236,352	1,226,600	1,165,511	1,221,604
9,291,156	9,262,859	9,658,834	9,670,602	10,223,535	12,215,631
1,398,891	1,331,764	1,471,788	1,431,792	1,485,187	1,775,502
5,352,686	4,456,751	4,737,874	4,419,442	4,427,361	4,698,934
161,128	1,597,357	136,289	242,727	201,804	328,733
211,037	-	-	-	-	-
79,561	-	-	-	-	-
232,857	510,243	503,781	479,459	527,054	502,116
2,280,916	991,098	-	1,621	40,751	410,867
907,046	910,000	950,000	1,075,000	1,070,000	1,173,594
840,332	802,340	716,608	575,375	535,025	540,023
-	-	5,835,000	-	-	32,000
<u>23,857,528</u>	<u>22,916,345</u>	<u>26,950,281</u>	<u>20,786,712</u>	<u>21,480,368</u>	<u>25,197,272</u>
-	-	-	-	-	18,238,688
-	-	5,926,316	-	-	8,493,436
-	-	-	-	-	(8,414,899)
-	-	-	-	1,370,000	-
987,133	1,075,400	1,469,044	1,111,637	874,500	1,026,200
-	-	-	-	-	-
<u>(1,395,760)</u>	<u>(1,164,400)</u>	<u>(1,748,244)</u>	<u>(1,613,737)</u>	<u>(1,411,900)</u>	<u>(1,697,100)</u>
<u>(408,627)</u>	<u>(89,000)</u>	<u>5,647,116</u>	<u>(502,100)</u>	<u>832,600</u>	<u>17,646,325</u>
<u>\$ (3,326,350)</u>	<u>\$ (178,486)</u>	<u>\$ 522,337</u>	<u>\$ 837,503</u>	<u>\$ 2,225,626</u>	<u>\$ 17,003,714</u>
\$ 23,857,528	\$ 22,916,345	\$ 26,950,281	\$ 20,786,712	\$ 21,480,368	\$ 25,197,272
(3,969,444)	(2,896,576)	(929,903)	(781,819)	(790,400)	(2,609,978)
<u>\$ 19,888,084</u>	<u>\$ 20,019,769</u>	<u>\$ 26,020,378</u>	<u>\$ 20,004,893</u>	<u>\$ 20,689,968</u>	<u>\$ 22,587,294</u>

8.8%

8.6%

28.8%

8.2%

7.8%

7.7%

(Continued)

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

(a) During fiscal years 2007-08, 2009-10 and 2010-11 significant park construction, improvements, and land purchases occurred funded by the proceeds of the 2001 Park Improvement Bonds and park system development charges.

(b) During fiscal years 2005-06 and 2006-07, the City received \$884,000 and \$715,000, respectively, from Virginia Garcia Memorial Health Care Center to supplement the capital grant to build the Virginia Garcia Memorial Health Care Center, a primary care clinic.

(c) During fiscal years 2005-06 and 2006-07, the City expended approximately \$1,817,000 and \$715,000, respectively, to build the Virginia Garcia Memorial Health Center, a primary care clinic.

(d) During fiscal year 2006-07, \$424,000 of interest was earned on the public safety and civic buildings bond proceeds. From fiscal year 2008-09 through 2014-15, interest revenue decreased due to significantly lower interest rates.

(e) Community development was included in general government through fiscal year 2006-07. Community development included Building through fiscal year 2007-08. As of fiscal year 2008-09, Building became an enterprise fund.

(f) During fiscal year 2006-07, the Transportation and 1997 Refunding Bonds were paid off and the City received proceeds from the Public Safety and Civic Buildings Bonds.

(g) During fiscal year 2007-08, construction began on the new Civic Hall and continued into fiscal year 2009-10.

(h) During fiscal years 2006-07 and 2007-08, the new Public Safety building was constructed.

(i) Beginning fiscal year 2008-09, Building, which was previously in the General Fund, became an enterprise fund.

(j) During fiscal year 2008-09 and 2010-11, the City improved runways and taxiways at McMinnville Municipal Airport financed by capital grants of \$2,570,000 and \$1,250,000, respectively, from the Federal Aviation Administration.

(k) During fiscal year 2008-09, the Improvements, Fire, and Parks & Recreation Funds were transferred to the General Fund. Also during fiscal year 2008-09, the City changed the method used to account for transfers, eliminating transfers for services provided and used.

(l) During fiscal year 2009-10, Culture and Recreation received intergovernmental energy efficiency incentives of \$640,000 for a project at the Aquatic Center.

(m) During fiscal year 2011-12, the 2001 Park Improvement Bonds were refunded.

(n) During fiscal year 2012-13, the city received the proceeds from a full faith and credit bank loan to purchase Fire vehicles.

(o) During fiscal year 2014-15, the 2006 Public Safety Building Bonds were refunded and the City received proceeds from a Transportation bond.



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

Functions/Programs	Fiscal Year Ended June 30,			
	2006	2007	2008	2009
Primary government:				
Governmental activities:				
General government (c)	\$ 2,782,125	\$ 1,268,607	\$ 497,521	\$ 625,093
Community development (d)	960,725	1,046,050	1,005,640	564,006
Public safety:				
Police	932,483	1,613,682	1,648,392	1,084,767
Fire	290,173	290,436	287,018	280,264
Emergency communications (a)	236,218	181,058	160,995	171,242
Highways and streets (b) (e) (h) (i)	4,347,662	6,481,738	5,029,028	1,807,909
Culture and recreation:				
Parks and recreation (e)(g)	1,670,625	1,780,725	1,670,571	1,325,613
Library	186,731	162,959	161,640	173,587
Airport (f)	334,281	628,842	459,794	2,760,843
Total governmental activities	<u>11,741,023</u>	<u>13,454,097</u>	<u>10,920,599</u>	<u>8,793,324</u>
Business-type activities:				
Wastewater (e)	9,242,388	9,681,571	9,672,427	8,352,547
Ambulance	1,727,505	1,762,499	2,120,051	2,392,251
Building (d)	-	-	-	201,002
Total business-type activities	<u>10,969,893</u>	<u>11,444,070</u>	<u>11,792,478</u>	<u>10,945,800</u>
Total primary government	<u>\$ 22,710,916</u>	<u>\$ 24,898,167</u>	<u>\$ 22,713,077</u>	<u>\$ 19,739,124</u>
Component unit:				
Water and light	<u>\$ 40,201,155</u>	<u>\$ 42,699,716</u>	<u>\$ 43,232,496</u>	<u>\$ 35,172,734</u>

(a) During fiscal years 2005-06, the City received a proportional share of the proceeds of the Yamhill County Emergency Communication District three-year local option levy.

(b) Highways and streets capital contributions fluctuate significantly year-to-year depending on when subdivision plats are accepted and recorded and a public street is created.

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 617,801	\$ 626,400	\$ 639,086	\$ 635,997	\$ 668,316	\$ 814,832
539,378	583,847	576,426	638,007	666,128	805,423
1,008,654	891,671	853,089	909,347	745,609	676,657
386,813	333,420	313,471	340,253	351,282	381,205
166,906	161,453	158,728	140,829	13,130	180,427
2,264,864	2,417,477	2,463,150	2,504,676	2,573,312	3,889,429
1,946,469	1,385,067	1,349,716	1,420,302	1,522,760	1,767,924
199,667	196,990	203,170	209,286	203,039	206,989
<u>271,032</u>	<u>1,487,222</u>	<u>237,082</u>	<u>239,436</u>	<u>244,969</u>	<u>423,380</u>
<u>7,401,584</u>	<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>
8,303,950	8,292,062	8,478,806	8,660,788	9,113,527	10,288,656
2,328,956	2,275,122	2,740,006	2,847,104	2,646,881	2,911,689
334,380	295,934	297,204	290,537	390,852	561,441
<u>10,967,286</u>	<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>\$ 18,368,870</u>	<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>\$ 36,067,874</u>	<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>

(Continued)

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

(c) During fiscal years 2005-06 and 2006-07, the City received capital grants and contributions totaling approximately \$1,817,000 and \$715,000, respectively, to build the Virginia Garcia Memorial Health

(d) Prior to fiscal year 2008-09, Building was a governmental activity, included in Community Development. Beginning fiscal year 2008-09, Building became a business-type activity.

(e) System development charges and subdivision capital contributions were significantly less beginning in fiscal year due to a sharp down-turn in the construction industry.

(f) During fiscal year 2008-09 and 2010-11, the City improved runways and taxiways at McMinnville Municipal Airport financed by \$2,570,000 and \$1,250,000, respectively, in capital grants from the Federal Aviation Administration.

(g) During fiscal year 2009-10, Culture and Recreation received intergovernmental energy efficiency incentives of \$640,000 for a project at the Aquatic Center.

(h) During fiscal year 2010-11, the Oregon state gas tax rate increased.

(i) Highways and streets Oregon federal exchange funds fluctuate significantly from year-to-year depending on the federal funds available and the timing of the reimbursement.



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

Fiscal Year Ended June 30,	Real Property			Mobile Home Property		
	Maximum Assessed Value	Veteran's Exemptions	Net	Maximum Assessed Value	Veteran's Exemptions	Net
2006	\$ 1,452,819,147	\$ 3,039,290	\$ 1,449,779,857	\$ 27,474,607	\$ 739,832	\$ 26,734,775
2007	1,551,355,163	4,318,800	1,547,036,363	32,926,265	1,046,687	31,879,578
2008	1,666,211,130	4,392,744	1,661,818,386	34,181,353	1,067,482	33,113,871
2009	1,793,465,695	4,796,418	1,788,669,277	36,203,485	1,096,031	35,107,454
2010	1,866,248,886	5,327,078	1,860,921,808	39,153,409	1,255,289	37,898,120
2011	1,938,691,631	5,050,009	1,933,641,622	40,372,768	1,286,344	39,086,424
2012	1,981,655,597	5,018,459	1,976,637,138	33,334,829	1,272,526	32,062,303
2013	2,050,340,335	5,380,560	2,044,959,775	34,743,081	1,228,355	33,514,726
2014	2,084,562,884	4,959,055	2,079,603,829	35,236,986	1,211,444	34,025,542
2015	2,157,707,874	5,050,892	2,152,656,982	30,584,711	1,195,071	29,389,640

Source: Yamhill County Assessor's Office

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

(a) During fiscal year 2009-10, Oregon Department of Revenue revalued Comcast Corporation's assessed value due to expansion of services provided. During fiscal year 2012-13, Cascade Steel Rolling Mills, Inc appealed the State Department of Revenue's valuation of its' McMinnville mill. The state agreed to lower the assessed value of the property by approximately \$10 million.

(b) Excludes tax-exempt property.

Personal Property	Utilities	Total		Total Maximum Assessed Value as a Percentage of Estimated Real Market Value	Total Direct Tax Rate
Maximum Assessed Value	Maximum Assessed Value (a)	Maximum Assessed Value (b)	Estimated Real Market Value		
\$ 67,198,136	\$ 26,361,253	\$ 1,570,074,021	\$ 2,215,609,959	70.9 %	\$ 5.92
69,685,330	27,305,600	1,675,906,871	2,822,850,527	59.4	5.93
73,791,823	30,116,840	1,798,840,920	3,117,670,189	57.7	5.87
84,195,411	30,751,714	1,938,723,856	3,281,260,714	59.1	5.85
85,379,738	50,416,314	2,034,615,980	3,267,741,423	62.3	5.84
83,890,083	50,239,949	2,106,858,078	3,193,379,293	66.0	5.74
80,942,534	50,636,473	2,140,278,448	2,806,089,205	76.3	5.70
80,238,487	40,432,100	2,199,145,088	2,767,634,640	79.5	5.65
78,234,266	41,303,400	2,233,167,037	2,748,715,501	81.2	5.72
82,315,868	40,151,340	2,304,513,830	2,861,726,286	80.5	5.74

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
2006	\$ 5.02	\$ 0.90	\$ -	\$ 5.92	\$ 2.57	\$ -	\$ 2.57
2007	5.02	0.91	-	5.93	2.57	-	2.57
2008	5.02	0.85	-	5.87	2.57	-	2.57
2009	5.02	0.83	-	5.85	2.57	-	2.57
2010	5.02	0.82	-	5.84	2.57	-	2.57
2011	5.02	0.72	-	5.74	2.57	-	2.57
2012	5.02	0.68	-	5.70	2.57	-	2.57
2013	5.02	0.63	-	5.65	2.57	-	2.57
2014	5.02	0.70	-	5.72	2.57	-	2.57
2015	5.02	0.68	0.04	5.74	2.57	-	2.57

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. 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	\$ 2.10	\$ 6.25	\$ 1.23	\$ 0.34	\$ 1.57	\$ 16.31
4.15	1.38	5.53	1.08	0.32	1.40	15.43
4.15	2.85	7.00	1.08	0.07	1.16	16.59
4.15	2.76	6.91	1.09	0.08	1.17	16.50
4.15	2.79	6.94	1.18	0.18	1.36	16.71
4.15	2.77	6.92	1.09	0.17	1.26	16.49
4.15	2.83	6.98	1.08	0.25	1.34	16.59
4.15	2.83	6.98	1.08	0.27	1.36	16.55
4.15	2.72	6.87	1.08	0.23	1.32	16.48
4.15	2.79	6.94	1.08	0.27	1.35	16.61

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

Taxpayer	Type of Business	Fiscal Year Ended June 30, 2015		
		Assessed Value	Percentage	Rank
Willamette Valley Medical Center, LLC	Health care	\$ 60,642,496	2.63 %	1
Cascade Steel Rolling Mills, Inc.	Steel production	56,148,472	2.44	2
Evergreen Vintage Aircraft Inc	Aviation	31,147,292	1.35	3
HCP SH ELP1 Properties LLC (a)	Retirement community	17,993,478	0.78	4
Comcast Corporation	Cable television	16,467,700	0.71	5
Lowe's Home Improvement Warehouse, Inc.	Home improvement retail store	16,160,188	0.70	6
Frontier Communications (b)	Telephone communication	12,345,000	0.54	7
Reef McMinnville Plaza LLC (c)	Commercial real estate management	11,504,773	0.50	8
Lassen Doran Properties	Auto sales	9,004,413	0.39	9
Evergreen International Aviation Inc	Aviation	8,438,903	0.37	10
Air Liquide Industrial U S, LP	Liquid oxygen, nitrogen, argon	-	-	-
Hillside Senior Living Community LLC (a)	Retirement community	-	-	-
Verizon, Inc. (b)	Telephone communication	-	-	-
Homette Corporation	Mobile home and RV manufacturing	-	-	-
Cypress/McMinnville ii L (c)	Commercial real estate management	-	-	-
Northwest Natural Gas Co.	Natural gas distributor	-	-	-
Leslie A. Toth, Inc.	Mobile home parks	-	-	-
Total principal property tax payers		239,852,715	10.41	
All other property tax payers		2,064,661,115	89.59	
Total		<u>\$ 2,304,513,830</u>	<u>100.00 %</u>	

Source: Yamhill County Assessor's Office

(a), (b), (c) Several principal property tax payers have either changed business names or been acquired by another company, although the property and facilities are the same.

Fiscal Year Ended June 30, 2006

	<u>Assessed</u> <u>Value</u>	<u>Percentage</u>	<u>Rank</u>
\$	34,342,407	2.19 %	2
	41,483,972	2.64	1
	-	-	-
	-	-	-
	-	-	-
	12,385,444	0.79	5
	-	-	-
	-	-	-
	-	-	-
	11,698,840	0.75	6
	15,240,025	0.97	4
	15,578,000	0.99	3
	8,576,924	0.55	7
	8,532,855	0.54	8
	8,066,700	0.51	9
	<u>6,151,737</u>	<u>0.39</u>	<u>10</u>
	162,056,904	10.32	
	<u>1,408,017,117</u>	<u>89.68</u>	
\$	<u>1,570,074,021</u>	<u>100.00</u> %	

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

Fiscal Year Ended June 30,	Levy			Collected within the Fiscal Year of the Levy	
	Original	Adjustments (a)	Total Adjusted	Amount	Percentage of Original Levy
2006	\$ 9,316,566	\$ (545,207)	\$ 8,771,359	\$ 8,489,244	91.1 %
2007	9,978,850	(384,456)	9,594,395	9,258,334	92.8
2008	10,588,854	(232,361)	10,356,493	9,889,138	93.4
2009	11,343,510	(260,082)	11,083,428	10,482,923	92.4
2010	11,873,607	(251,429)	11,622,178	10,896,434	91.8
2011	12,105,863	(301,511)	11,804,352	11,193,766	92.5
2012	12,215,194	(326,080)	11,889,114	11,323,050	92.7
2013	12,457,781	(380,415)	12,077,366	11,507,271	92.4
2014	12,783,321	(355,508)	12,427,813	11,893,500	93.0
2015	13,220,677	(362,254)	12,858,423	12,320,010	93.2

Source: Yamhill County Assessor's Office

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

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Adjusted Levy
\$ 281,837	\$ 8,771,081	100.00 %
332,951	9,591,285	99.97
461,909	10,351,047	99.95
589,799	11,072,722	99.90
673,379	11,569,813	99.55
570,430	11,764,196	99.66
506,582	11,829,632	99.50
388,717	11,895,988	98.50
235,074	12,128,574	97.59
-	12,320,010	95.81

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

<u>Customer Type</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Water consumption (e):				
Residential	77,646,131	77,388,017	77,053,217	77,035,569
Commercial - no average (b)	57,666,869	64,372,500	67,676,406	57,137,000
Commercial - with average (c)	<u>10,567,004</u>	<u>10,909,218</u>	<u>10,798,667</u>	<u>10,111,714</u>
Total	<u><u>145,880,004</u></u>	<u><u>152,669,735</u></u>	<u><u>155,528,290</u></u>	<u><u>144,284,283</u></u>
 Residential sewer rates: (a)				
Service charge per residential unit	\$ 17.40	\$ 16.59	\$ 17.05	\$ 17.05
Volume charge per 100 cubic feet of water used (d)	3.98	4.35	4.47	4.47
Commercial and industrial sewer rates:				
Service charge per account	17.40	16.59	17.05	17.05
Volume charge per 100 cubic feet of water used	4.68	5.31	5.46	5.46

Source: 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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
76,504,331	74,859,499	75,685,450	75,773,900	75,498,100	75,212,200
50,828,300	53,747,000	50,717,903	56,242,500	53,151,400	51,733,900
<u>9,585,906</u>	<u>9,363,800</u>	<u>8,999,000</u>	<u>7,882,400</u>	<u>5,879,700</u>	<u>5,727,300</u>
<u>136,918,537</u>	<u>137,970,299</u>	<u>135,402,353</u>	<u>139,898,800</u>	<u>134,529,200</u>	<u>132,673,400</u>

\$	17.05	\$	17.05	\$	17.05	\$	17.05	\$	17.25	\$	17.73
	4.47		4.47		4.59		4.77		4.94		5.08
	17.05		17.05		17.05		17.05		17.25		17.73
	5.46		5.46		5.62		5.89		6.13		6.30

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		
2006	\$ 17.40	\$ 3.98	\$ 17.40	\$ 4.68	\$ 7,236,461	4.33 %
2007	16.59	4.35	16.59	5.31	7,613,506	5.21
2008	17.05	4.47	17.05	5.46	7,759,450	1.92
2009	17.05	4.47	17.05	5.46	7,919,502	2.06
2010	17.05	4.47	17.05	5.46	7,848,888	(0.89)
2011	17.05	4.47	17.05	5.46	7,940,854	1.17
2012	17.05	4.59	17.05	5.62	7,993,971	0.67
2013	17.05	4.77	17.05	5.89	8,233,885	3.00
2014	17.25	4.94	17.25	6.13	8,601,036	4.46
2015	17.73	5.08	17.73	6.30	9,166,951	6.58

Source: City of McMinnville Engineering Department

Note: Sewer rates are set by City Council taking into consideration the City's *Sewer Master Plan* which provides recommendations for future operational and capital needs. In 2010, City Council adopted the updated Wastewater System Financial Plan which recommended moderate annual rate increases beginning in fiscal year 2011-12.

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
2006	11,380	1,452	12,832
2007	11,520	1,500	13,020
2008	11,582	1,532	13,114
2009	11,630	1,545	13,175
2010	11,319	1,199	12,518
2011	11,768	1,246	13,014
2012	11,664	1,170	12,834
2013	11,784	1,164	12,948
2014	12,042	1,097	13,139
2015	12,280	1,157	13,437

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
2006	\$ 9,320,000	\$ 355,000	\$ 8,965,000	0.40 %	\$ 290	\$ -
2007	21,199,393	375,000	20,824,393	0.74	658	-
2008	20,504,617	655,000	19,849,617	0.64	613	-
2009	19,659,842	850,000	18,809,842	0.57	574	-
2010	18,780,067	910,000	17,870,067	0.55	554	-
2011	17,860,292	950,000	16,910,292	0.53	524	-
2012	16,966,610	1,075,000	15,891,610	0.57	490	-
2013	15,848,203	1,070,000	14,778,203	0.53	455	-
2014	14,734,796	1,105,000	13,629,796	0.50	417	1,370,000
2015	32,140,210	1,150,000	30,990,210	1.08	937	1,766,096

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 total 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>Certificates of Participation</u>	<u>Notes Payable</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Notes Payable</u>				
\$ 625,000	\$ 103,628	\$ 3,425	\$ 20,465,249	\$ 1,657,272	\$ 32,174,574	3.35 %	\$ 1,040	
395,000	79,627	21,717	18,290,462	1,273,181	41,259,380	4.04	1,303	
205,000	54,397	14,970	16,010,675	870,725	37,660,384	3.55	1,162	
-	27,877	7,743	13,620,889	444,727	33,761,078	3.13	1,031	
-	-	-	11,116,102	-	29,896,169	2.83	927	
-	-	-	8,486,315	-	26,346,607	2.40	816	
-	-	-	5,731,528	-	22,698,138	1.98	700	
-	-	-	2,891,742	-	18,739,945	1.62	576	
-	-	-	-	-	16,104,796	n/a	492	
-	-	-	-	-	33,906,306	n/a	1,025	



City of McMinnville, Oregon
Direct and Overlapping Governmental Activities Debt
June 30, 2015

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
Direct:			
General obligation bonded debt - City	\$ 32,140,210	100.00 %	\$ 32,140,210
Other governmental activities debt - City	1,766,096	100.00 %	<u>1,766,096</u>
Total direct debt			<u>33,906,306</u>
Overlapping:			
General obligation bonded debt:			
Chemeketa Community College	87,665,000	6.98	6,119,017
McMinnville School District No. 40	49,250,000	78.18	38,503,650
Other governmental activities debt:			
Chemeketa Community College	47,347,498	6.98	3,304,855
Willamette Education Service District	18,811,611	6.34	1,192,656
Yamhill County	640,000	28.07	179,648
McMinnville School District No. 40	26,213,728	78.18	<u>20,493,893</u>
Total overlapping debt			<u>69,793,719</u>
Total direct and overlapping debt			<u>\$ 103,700,025</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total estimated real market value	\$ 2,215,609,959	\$ 2,822,850,527	\$ 3,117,670,189	\$ 3,281,260,714
Debt limitation:				
3% of estimated real market value	66,468,299	84,685,516	93,530,106	98,437,821
Debt applicable to limitation:				
Total general obligation bonded debt	9,320,000	21,010,000	20,325,000	19,490,000
Less amount available for payment of general obligation principal	<u>(355,000)</u>	<u>(375,000)</u>	<u>(655,000)</u>	<u>(850,000)</u>
Net debt applicable to limitation	<u>8,965,000</u>	<u>20,635,000</u>	<u>19,670,000</u>	<u>18,640,000</u>
Total remaining debt limit	<u>\$ 57,503,299</u>	<u>\$ 64,050,516</u>	<u>\$ 73,860,106</u>	<u>\$ 79,797,821</u>
Total net debt applicable to limitation as a percentage of debt limit	13.49%	24.37%	21.03%	18.94%

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 3,267,741,423	\$ 3,193,379,293	\$ 2,806,089,205	\$ 2,767,634,640	\$ 2,748,715,501	\$ 2,861,726,286
98,032,243	95,801,379	84,182,676	83,029,039	82,461,465	85,851,789
18,620,000	17,710,000	16,515,000	15,440,000	14,370,000	28,580,000
(910,000)	(950,000)	(1,075,000)	(1,070,000)	(1,105,000)	(1,150,000)
<u>17,710,000</u>	<u>16,760,000</u>	<u>15,440,000</u>	<u>14,370,000</u>	<u>13,265,000</u>	<u>27,430,000</u>
<u>\$ 80,322,243</u>	<u>\$ 79,041,379</u>	<u>\$ 68,742,676</u>	<u>\$ 68,659,039</u>	<u>\$ 69,196,465</u>	<u>\$ 58,421,789</u>
18.07%	17.49%	18.34%	17.31%	16.09%	31.95%



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	PMSA Unemployment Rate (c)
2006	30,950	\$ 960,811,800	\$ 31,044	6,363	5.1 %
2007	31,665	1,022,462,850	32,290	6,167	4.8
2008	32,400	1,059,480,000	32,700	6,200	5.3
2009	32,760	1,077,607,440	32,894	6,650	11.5
2010	32,240	1,056,440,320	32,768	6,411	10.0
2011	32,270	1,096,534,600	33,980	6,490	8.8
2012	32,435	1,147,744,910	35,386	6,464	8.5
2013	32,510	1,159,859,270	35,677	6,606	8.1
2014	32,705	n/a	n/a	6,620	6.6
2015	33,080	n/a	n/a	6,729	5.4

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. School enrollment from 2010 was adjusted to the official count in fiscal year 2014-15.

(a) Personal income is calculated using population and per capita personal income figures.

(b) Per capita personal income figures are for Yamhill County in total, not just the City of McMinnville.

(c) Portland Metropolitan Statistical Area (PMSA). Unemployment rate is provided by State of 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, 2015		
		Number of Employees	Percentage	Rank
McMinnville School District #40	Education	712	5.07 %	1
Willamette Valley Medical Center, LLC	Health care	489	3.48	2
Cascade Steel Rolling Mills, Inc.	Steel production	462	3.29	3
Yamhill County	County government	447	3.18	4
Linfield College	Higher education - liberal arts	431	3.07	5
Express Professionals	Temp agency	300	2.13	6
Meggitt Polymer	Sealing solutions manufacturing	281	2.00	7
Betty Lou's Inc	Snack manufacturer	250	1.78	8
City of McMinnville	City government	203	1.44	9
Oregon Mutual Insurance Company	Insurance products and services	190	1.35	10
Wal-Mart Stores, Inc.	Retail merchandise	176	1.25	
Skyline Corporation (Homette and Nomad)	Mobile home and RV manufacturing	110	0.78	
Evergreen Enterprises, Inc.	Air freight, helicopters, agriculture	-	-	
Total principal employers		4,051	28.83	
All other employers (estimated)		<u>10,001</u>	<u>71.17</u>	
Total		<u>14,052</u>	<u>100.00</u> %	

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

Fiscal Year Ended June 30, 2006

<u>Number of Employees</u>	<u>Percentage</u>	<u>Rank</u>
705	4.68 %	2
532	3.53	3
532	3.53	3
353	2.34	5
337	2.24	6
-	-	-
-	-	-
-	-	-
182	1.21	10
186	1.23	9
260	1.72	8
303	2.01	7
<u>744</u>	<u>4.93</u>	1
4,134	27.42	
<u>10,943</u>	<u>72.58</u>	
<u><u>15,077</u></u>	<u><u>100.00</u></u> %	



City of McMinnville, Oregon
Construction Activity
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Commercial and Industrial (a)		Residential (b)	
	Number of Permits	Value	Number of Permits	Value
2006	173	\$ 33,297,574	348	\$ 47,579,970
2007	147	65,033,583	406	48,635,973
2008	151	100,554,562	273	34,586,033
2009	153	10,832,643	140	12,649,511
2010	134	42,913,099	144	9,466,331
2011	125	29,802,629	128	11,586,050
2012	113	29,242,652	101	11,698,859
2013	112	12,025,990	116	12,698,093
2014	141	12,233,453	173	21,608,492
2015	169	27,786,301	189	30,794,301

Source: City of McMinnville Building Division

(a) Commercial, industrial, schools, churches, and public buildings, including additions and major repairs.

(b) Single family, duplex and multiple family units, and manufactured homes, including additions and major repairs.

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

Functions/Programs	Fiscal Year Ended June 30,					
	2006	2007	2008	2009	2010	2011
Primary government:						
Governmental activities:						
General government	14.31	13.20	19.84	15.48	15.32	14.84
Community development (a)	16.00	16.90	17.12	11.20	11.35	11.35
Public safety:						
Police:						
Sworn	35.00	35.00	35.00	36.00	35.00	34.00
Non-sworn	11.14	14.41	14.84	14.92	14.92	13.45
Fire (b) (c)	6.79	10.38	11.00	16.75	16.99	16.40
Highways and streets	8.85	9.60	9.69	9.15	8.84	8.83
Culture and recreation:						
Parks and recreation:						
Full-time	14.00	14.00	14.00	15.00	15.00	15.00
Part-time	23.08	25.21	23.60	27.89	29.61	29.26
Library	15.65	16.42	16.51	17.93	17.93	17.31
Total governmental activities	<u>144.82</u>	<u>155.12</u>	<u>161.60</u>	<u>164.32</u>	<u>164.96</u>	<u>160.44</u>
Business-type activities:						
Wastewater	19.41	18.76	18.91	19.04	19.22	19.46
Ambulance (b) (c)	17.66	21.07	21.16	16.04	15.72	16.32
Building (a)	-	-	-	5.90	3.75	3.65
Total business-type activities	<u>37.07</u>	<u>39.83</u>	<u>40.07</u>	<u>40.98</u>	<u>38.69</u>	<u>39.43</u>
Total primary government	<u><u>181.89</u></u>	<u><u>194.95</u></u>	<u><u>201.67</u></u>	<u><u>205.30</u></u>	<u><u>203.65</u></u>	<u><u>199.87</u></u>

Source: City of McMinnville Adopted Budgets

(a) Prior to fiscal year 2008-09, the Building division was included in community development, a governmental activity. Beginning fiscal year 2008-09, the Building division is a business-type activity.

(b) Fire and ambulance FTEs are a single group of employees whose time is allocated between the two functions. Prior to fiscal year 2008-09, fire and ambulance FTEs were associated with one function or the other and the costs were allocated via transfers. Beginning fiscal year 2008-09, FTEs are allocated between the two functions directly resulting in no transfers of costs.

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

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
14.49	13.38	13.31	13.71
10.35	9.60	9.39	9.83
35.00	34.00	37.00	37.00
13.57	14.77	11.18	13.39
14.95	14.03	14.48	14.47
8.90	8.90	8.66	8.68
15.00	14.00	14.00	14.00
29.18	28.67	27.94	29.94
17.01	15.55	15.38	15.52
<u>158.45</u>	<u>152.90</u>	<u>151.34</u>	<u>156.54</u>
20.46	22.40	20.46	21.46
20.72	20.46	22.65	22.65
3.65	2.00	1.90	2.00
<u>44.83</u>	<u>44.86</u>	<u>45.01</u>	<u>46.11</u>
<u>203.28</u>	<u>197.76</u>	<u>196.35</u>	<u>202.65</u>

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

Functions/Programs	Fiscal Year Ended June 30,				
	2006	2007	2008	2009	2010
Primary government:					
Community development:					
Building division: (b)					
Building permits issued	517	463	332	-	-
Plumbing permits issued	374	261	247	-	-
Mechanical permits issued	189	188	180	-	-
Demolition permits issued	25	25	11	-	-
Fire life safety permits issued	53	22	40	-	-
Miscellaneous permits issued	69	57	48	-	-
Manufactured home permits issued	35	34	32	-	-
Total permits issued	<u>1,262</u>	<u>1,050</u>	<u>890</u>	<u>-</u>	<u>-</u>
Police:					
Calls for service (a) (f)	26,349	30,609	29,128	28,401	29,133
Crimes: (a)					
Part I Crimes Against Persons	958	1,006	1,143	1,093	1,302
Part II Crimes Against Property	2,541	2,452	2,846	2,975	2,784
Part III Behavioral Crimes	1,075	1,218	1,100	1,138	1,070
Total crimes	<u>4,574</u>	<u>4,676</u>	<u>5,089</u>	<u>5,206</u>	<u>5,156</u>
Traffic crashes	336	250	245	228	297
Traffic citations/warnings	7,391	12,636	11,569	9,559	7,090
Fire:					
Self fire inspections conducted	1,330	1,390	-	-	-
On-site fire inspections conducted	560	610	120	230	320
Fire responses	1,070	1,063	838	869	815
Fire/rescue responses	2,603	2,839	2,933	3,120	3,212
Level of insurance service	Class 3	Class 3	Class 3	Class 3	Class 3
Parks and recreation:					
Aquatic center attendance:					
General recreation programs	53,420	60,586	71,575	71,877	79,998
Fitness classes	17,535	17,190	18,303	16,830	19,801
Swim instruction	15,073	15,274	15,227	14,790	14,381
School district #40 programs	10,744	9,504	8,593	8,759	5,949
Rental attendance	16,298	15,308	16,452	14,651	13,747
Total attendance	<u>113,070</u>	<u>117,862</u>	<u>130,150</u>	<u>126,907</u>	<u>133,876</u>

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
27,848	32,153	29,419	29,823	n/a
1,404	1,206	1,251	1,132	n/a
2,949	2,873	2,677	2,418	n/a
<u>1,032</u>	<u>1,107</u>	<u>1,133</u>	<u>1,287</u>	n/a
<u>5,385</u>	<u>5,186</u>	<u>5,061</u>	<u>4,837</u>	
265	276	235	334	n/a
5,754	10,581	8,522	8,003	n/a
-	-	-	-	-
375	450	512	562	484
800	923	650	786	856
3,303	2,823	2,912	2,932	2,996
Class 3	Class 3	Class 3	Class 3	Class 3
84,094	70,629	70,500	73,729	84,301
19,852	19,487	18,586	18,229	19,989
15,318	15,312	16,016	16,862	16,523
6,179	5,323	4,953	6,454	6,177
<u>13,857</u>	<u>24,245</u>	<u>24,730</u>	<u>18,789</u>	<u>14,794</u>
<u>139,300</u>	<u>134,996</u>	<u>134,785</u>	<u>134,063</u>	<u>141,784</u>

(Continued)

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

Functions/Programs	Fiscal Year Ended June 30,				
	2006	2007	2008	2009	2010
Community center and recreation programs:					
Facility reservations	1,002	1,144	1,200	1,373	1,932
Children's programs (children per session):					
Kids on the block (after school) (c)	530	434	500	648	781
STARS (summer)	98	120	130	114	57
Recreational sports:					
Soccer:					
Participants	1,500	1,720	1,750	2,443	2,039
Teams	107	118	120	201	187
Matches	1,190	1,220	1,250	1,279	1,190
Baseball/softball:					
Participants	1,170	1,380	1,400	1,230	920
Teams	92	106	110	96	87
Games	645	720	740	643	590
Other sports:					
Participants	570	600	550	443	472
Games/matches	340	375	360	354	377
Senior center:					
Attendance (e)	3,920	10,000	9,750	16,950	17,800
Facility rentals	52	62	55	123	130
Senior meals served	31,827	27,388	27,000	22,890	22,000
Day trips taken	27	10	8	12	12
Day trip attendance	568	191	240	212	220
Overnight trips taken	8	9	2	5	8
Overnight trip attendance	102	93	100	77	120
Park maintenance:					
Picnic reservations (a)	107	129	130	135	116
Library:					
Items circulated	306,808	325,197	334,960	363,204	378,061
Items in collections / resources	82,308	83,446	93,398	104,059	112,461
Service hours per week	47	47	47	51	51

2011	2012	2013	2014	2015
1,944	1,960	2,559	2,698	2,051
950	594	682	694	449
60	60	55	62	65
1,907	2,054	1,837	1,694	1,683
169	173	147	140	173
910	857	787	730	824
1,188	1,067	1,162	1,042	1,120
105	89	91	83	93
588	577	600	506	535
560	486	492	554	598
394	378	331	346	357
16,838	27,782	29,001	27,779	27,610
208	327	269	194	203
19,500	19,250	24,574	27,997	19,920
24	16	19	19	15
276	163	207	265	221
9	16	11	12	6
70	50	69	37	34
145	160	155	154	160
381,814	382,344	352,211	351,672	359,093
117,016	192,766	136,629	87,995	142,904
51	51	45	45	45

(Continued)

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

Functions/Programs	Fiscal Year Ended June 30,				
	2006	2007	2008	2009	2010
Community development:					
Building division: (b)					
Building permits issued	-	-	-	222	207
Plumbing permits issued	-	-	-	224	269
Mechanical permits issued	-	-	-	241	266
Demolition permits issued	-	-	-	11	10
Fire life safety permits issued	-	-	-	41	21
Miscellaneous permits issued	-	-	-	48	41
Manufactured home permits issued	-	-	-	7	22
Total permits issued	-	-	-	794	836
Wastewater Services:					
Daily average treatment in gallons (d)	3,217,000	2,951,000	3,287,000	2,948,000	2,937,000
Service connections:					
Residential	11,380	12,431	11,319	11,398	11,319
General services/commercial	1,452	1,284	1,316	1,326	1,199
Ambulance:					
Emergency Medical Service (EMS) calls	4,268	4,330	4,806	5,185	5,480
EMS patients transported	3,225	3,193	3,528	4,163	4,001
Component unit:					
Water and light:					
Water system:					
Daily average consumption in gallons	5,200,000	4,900,000	5,000,000	5,000,000	4,200,000
Service connections:					
Residential	11,276	11,520	11,674	11,718	11,617
General services/commercial	1,447	1,500	1,562	1,573	1,424
Electric system:					
Type	public power	public power	public power	public power	public power
Service connections:					
Residential	12,350	12,748	12,917	13,027	13,000
General services/small industrial	3,332	2,603	2,691	2,689	2,158
Large industrial	2	2	2	2	2

Source: City of McMinnville departments

(a) Calendar year

(b) The Building Division was a governmental activity, included in Community Development, prior to fiscal year 2008-09. Beginning fiscal year 2008-09, the Building Division is a business-type activity.

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

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

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
192	119	201	282	270
298	132	243	275	184
197	103	173	232	245
5	5	12	4	6
33	12	29	40	60
40	28	26	44	44
17	4	2	8	21
<u>782</u>	<u>403</u>	<u>686</u>	<u>885</u>	<u>830</u>
3,461,000	2,960,000	2,740,000	3,240,000	2,950,000
11,768	11,664	11,784	12,042	12,280
1,246	1,170	1,164	1,097	1,157
5,603	5,713	5,795	5,879	6,211
4,100	4,204	4,388	4,385	4,546
4,400,000	4,324,000	5,020,000	4,500,000	4,700,000
12,063	11,886	12,006	12,192	12,431
1,521	1,479	1,485	1,511	1,551
public power	public power	public power	public power	public power
13,051	13,116	13,160	13,260	13,526
2,182	2,184	2,206	2,189	2,002
2	2	2	2	2

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

(f) 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.

n/a - not available

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

Functions/Programs	Fiscal Year Ended June 30,			
	2006	2007	2008	2009
Primary government:				
General government:				
Computers - desktops and laptops	163	165	204	210
Computers - physical servers	17	18	20	21
Police:				
Station	1	1	1	1
Off-site evidence facility	1	1	1	1
Training facility	1	1	1	1
Patrol units	15	15	15	15
Command vehicle	-	1	1	1
Motorcycles	-	1	1	2
Fire:				
Stations	1	1	1	1
Training facility	1	1	1	1
Vehicles	18	18	18	16
Highways and streets:				
Miles of streets	100	102	103	103
Miles of storm drain sewers	72	74	75	75
Number of street lights	n/a	n/a	n/a	n/a
Parks and recreation:				
Aquatic center	1	1	1	1
Community center	1	1	1	1
Senior citizen center	1	1	1	1
Parks:				
Neighborhood parks (a)	1	1	2	2
Community parks	5	5	5	5
Linear park	2	2	2	2
Mini parks and play lots	7	7	7	7
Nature parks	2	2	2	2
Special use park (b)	-	-	-	-
Greenway/greenspaces	15	15	15	15
Park system acreage (a)	335	335	343	347
Tennis courts	4	4	4	4
Baseball/softball fields	10	10	11	11
Soccer fields	11	11	11	11
Outdoor basketball courts	7	7	7	7
Skate parks	2	2	2	2
Library:				
Facility	1	1	1	1
Bookmobile	1	1	1	1

2010	2011	2012	2013	2014	2015
251	264	264	267	285	280
33	21	14	17	17	17
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
15	15	16	14	14	15
1	1	2	2	2	2
2	2	2	2	2	2
1	1	1	2	2	2
1	1	1	1	1	1
16	16	16	16	16	16
103	103	103	103	103	104
75	75	75	76	76	77
n/a	2,677	2,684	2,684	2,679	2,679
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
2	3	3	3	3	3
5	5	5	5	5	5
2	2	2	2	2	2
7	7	7	7	7	7
2	2	2	2	2	2
1	1	1	1	1	1
15	15	15	15	15	15
353	353	353	353	353	357
4	4	4	4	4	4
11	11	11	11	11	11
11	11	11	11	11	11
7	8	8	8	8	8
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1

(Continued)

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

Functions/Programs	Fiscal Year Ended June 30,			
	2006	2007	2008	2009
Primary government (continued):				
Airport:				
Runways	2	2	2	2
Runway 04/22: 150 ft x 5420 ft with 1,000 ft asphalt stopway				
Runway 17/35: 75 ft x 4394 ft				
Connecting taxiways	2	2	2	2
Automated weather station	1	1	1	1
Instrument landing system (ILS)	1	1	1	1
Precision approach path indicator (PAPI)	2	2	2	2
FAA automated flight service station	1	1	1	-
City owned hangars:				
Maintenance	2	2	2	2
Rental	27	27	27	27
Land leased hangars:				
Private	83	83	83	83
Corporate	2	2	2	2
Wastewater Services:				
Treatment plant	1	1	1	1
Maximum daily capacity of treatment plant				
in gallons	5,600,000	5,600,000	5,600,000	5,600,000
Miles of sanitary sewers	144	149	152	152
Ambulance:				
Vehicles	3	3	3	3
Component unit:				
Water and light:				
Water system:				
Maximum daily capacity of plant in gallons (c)	13,300,000	13,300,000	13,300,000	13,300,000
Watershed storage in billions of gallons	3.5	3.5	3.5	3.5
Miles of water mains	140	152	154	154
Fire hydrants	944	1,012	1,014	1,017
Electric system:				
Substations	7	7	7	7
Miles of distribution	307	315	318	318

Source: City of McMinnville departments

(a) In fiscal year 2007-08, West Hills Neighborhood park land was purchased. In fiscal year 2008-09 Northeast Neighborhood park land was aquired. 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 park land was purchased.

(b) In fiscal year 2009-10, a dog park was constructed.

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

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
2	2	2	2	2	2
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
-	-	-	-	-	-
2	2	2	2	2	2
27	27	27	27	27	27
83	84	84	84	84	84
2	2	2	2	2	2
1	1	1	1	1	1
5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000
152	152	152	152	153	155
3	4	5	5	5	6
13,300,000	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
154	172	172	172	175	176
1,023	1,023	1,023	1,024	1,044	1,055
8	7	7	7	7	7
318	314	320	323	325	326



COMPLIANCE SECTION

- Independent Auditor's Report Required by Oregon State Regulations





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Certified Public Accountants
& Consultants

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Honorable Mayor and City Council
City of McMinnville
McMinnville, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of McMinnville, Oregon (the City), as of and for the year ended June 30, 2015, and have issued our report thereon dated December 23, 2015. We did not audit the financial statements of the McMinnville Water & Light (the Department), a discretely presented component unit of the City. 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 Department, is based solely on the report of the other auditors.

COMPLIANCE

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- 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, 279C).

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS (Continued)**

COMPLIANCE (Continued)

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *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 the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

RESTRICTIONS ON USE

This report is intended solely for the information and use of the City Council, Oregon Secretary of State Audits Division, and management and is not intended to be and should not be used by anyone other than these specified parties.

Talbot, Kowola & Warwick LLP

Lake Oswego, Oregon
December 23, 2015