



**City Council and Urban Renewal Agency (URA) Joint Work Session Meeting
Tuesday, March 11, 2025
6:00 p.m. – Joint Work Session Meeting**

Welcome! The public is strongly encouraged to participate remotely but there is seating at Civic Hall for those who are not able to participate remotely. However, if you are not feeling well, please stay home and take care of yourself.

*You can live broadcast the City Council Meeting on cable channels Xfinity 11 and 331,
Ziplay Fiber 29 or webstream here:
www.mcm11.org/live*

Joint Work Session Meeting

You may join online via Zoom Webinar Meeting:

<https://mcminnvilleoregon.zoom.us/j/81798053988?pwd=IUaAqYhQaABowvJTnfUZG4KPbpQBNp.1>

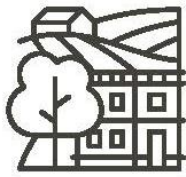
Or you can call in and listen via Zoom: 1-253- 215- 8782

Webinar ID: 817 9805 3988

6:00 PM – JOINT MEETING MCMINNVILLE URBAN RENEWAL AGENCY MEETING & MCMINNVILLE CITY COUNCIL WORK SESSION – VIA ZOOM AND SEATING AT CIVIC HALL

1. CALL TO ORDER JOINT WORK SESSION
2. FISCAL YEAR 2023-24 ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE CITY OF MCMINNVILLE.
3. FISCAL YEAR 2023-24 ANNUAL FINANCIAL REPORT FOR THE MCMINNVILLE URBAN RENEWAL DISTRICT.
4. ADJOURNMENT OF JOINT WORK SESSION MEETING

Meeting Accessibility Services and Americans with Disabilities Act (ADA) Notice: Kent Taylor Civic Hall is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours before the meeting to the City Recorder (503) 435-5702 or CityRecorderTeam@mcminnvilleoregon.gov.



City of McMinnville

CITY OF MCMINNVILLE, OREGON

ANNUAL COMPREHENSIVE FINANCIAL REPORT



YEAR ENDED JUNE 30, 2024

CITY OF MCMINNVILLE, OREGON

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

YEAR ENDED JUNE 30, 2024

Prepared by:

Finance Department

Jennifer K. Cuellar-Smith
Finance Director

City of McMinnville, Oregon
Annual Comprehensive Financial Report
Year Ended June 30, 2024

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal.....	7
GFOA Certificate of Achievement.....	17
Elected Officials and Principal Appointed Officers.....	18
Organizational Chart.....	19
 FINANCIAL SECTION	
Independent Auditor’s Report.....	22
Management’s Discussion and Analysis.....	26
Basic Financial Statements:.....	44
Government-Wide Financial Statements:	
Statement of Net Position.....	46
Statement of Activities.....	47
Fund Financial Statements:.....	49
Governmental Funds:	
Balance Sheet.....	50
Reconciliation of the Balance Sheet of Governmental Funds to the	
Statement of Net Position.....	51
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	52
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
Fund Balance of Governmental Funds to the Statement of Activities.....	53
Proprietary Funds:.....	54
Statement of Net Position.....	55
Statement of Revenues, Expenses, and Changes in Net Position.....	56
Statement of Cash Flows.....	57
Fiduciary Funds:.....	58
Statement of Net Position.....	58
Statement of Revenues, Expenses, and Changes in Net Position.....	59
Notes to Basic Financial Statements.....	60
Required Supplementary Information.....	106
Statement of Revenues, Expenditures, and Changes in Fund Balances –	
Budget and Actual:	
General Fund.....	108
Airport Maintenance Fund.....	109
Affordable Housing Fund.....	110
Schedule of the Proportionate Share of the Net Pension Liability.....	111
Schedule of Contributions - Pensions.....	112
Schedule of the Proportionate Share of OPEB - RHIA.....	113
Schedule of Contributions to OPEB - RHIA.....	114
Schedule of Changes in OPEB Liability and Related Ratios –	
Implicit Rate Subsidy.....	115
Notes to the Required Supplementary Information.....	116

**City of McMinnville, Oregon
Annual Comprehensive Financial Report
Year Ended June 30, 2024**

TABLE OF CONTENTS (Continued)

	PAGE
FINANCIAL SECTION (Continued)	
Other Supplementary Information:.....	119
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Transportation Fund.....	121
Debt Service Fund.....	122
Urban Renewal Debt Services Fund.....	123
Combining and Individual Fund Statements and Schedules.....	124
Governmental Funds:	
Combining Balance Sheet – Non-Major Governmental Funds.....	125
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds.....	126
Combining Balance Sheet – Non-Major Special Revenue Funds.....	127
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Special Revenue Funds.....	129
Combining Balance Sheet – Non-Major Capital Projects Funds.....	131
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Capital Projects Funds.....	132
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:.....	133
Grants and Special Assessment Fund.....	134
Transient Lodging Fund.....	135
Telecommunications Fund.....	136
Emergency Communications Fund.....	137
Street Fund.....	138
Building Fund.....	139
Park Development Fund.....	140
Urban Renewal Fund.....	141
Proprietary Funds:.....	142
Combined Schedule of Revenues, Expenditures, and Changes in Fund Balance – Wastewater Operations.....	143
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Wastewater Services Fund.....	144
Wastewater Capital Fund.....	145
Internal Services Funds:.....	146
Combining Statement of Net Position – Internal Service Funds.....	147
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds.....	148
Combining Statement of Cash Flows – Internal Service Funds.....	149
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Informational Systems & Services Fund.....	150
Insurance Services Fund.....	151

City of McMinnville, Oregon
Annual Comprehensive Financial Report
Year Ended June 30, 2024

TABLE OF CONTENTS (Continued)

	PAGE
STATISTICAL SECTION	152
Financial Trends:	
Net Position by Component.....	153
Changes in Net Position.....	155
Fund Balances, Governmental Funds.....	161
Changes in Fund Balances, Governmental Funds.....	163
Program Revenues by Functions/Programs.....	167
Revenue Capacity:	
Assessed and Estimated Actual Value of Property.....	169
Property Tax Rates of Direct and Overlapping Governments.....	171
Principal Property Tax Payers.....	173
Property Tax Levies and Collections.....	174
Sewer Revenue Base by Type of Customer.....	175
Number of Sewer Connections by Customer Type.....	177
Sewer Rates.....	178
Debt Capacity:	
Ratios of Outstanding Debt by Type.....	179
Direct and Overlapping Governmental Activities Debt.....	181
Principal Employers.....	182
Legal Debt Margin Calculation.....	183
Demographic and Economic Information:	
Demographic and Economic Statistics.....	185
Full-time Equivalent Employees by Function/Program.....	186
Construction Activity.....	187
Operating Information:	
Operating Indicators by Function/Program.....	189
Capital Asset Statistics by Function/Program.....	195
AUDIT COMMENTS AND DISCLOSURES	
Independent Auditor’s Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Oregon State Regulation</i>	200
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	202

INTRODUCTORY SECTION



City of McMinnville

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

December 30, 2024

Mayor Remy Drabkin
City Councilors
Residents of the City of McMinnville

City management is pleased to submit the City of McMinnville's *Annual Comprehensive Financial Report (ACFR)* for the fiscal year ended June 30, 2024. The ACFR presents the financial position of the City of McMinnville (City) as of June 30, 2024, and the results of City operations and proprietary fund cash flows for the year then ended. The City's financial statements and schedules were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The City's statements and schedules were audited by Merina and Company, LLP in accordance with auditing standards generally accepted in the United States of America. Merina and Company, LLP concluded the basic financial statements are free of material misstatement and issued an unmodified opinion which is presented in the second section of this report. Financial accuracy, completeness, and fairness of presentations in the ACFR are the responsibility of City of McMinnville's management. City management has established a comprehensive framework of internal controls to provide a reasonable basis for asserting that the financial statements are fairly presented. Since the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. City management asserts the ACFR is complete and reliable in all material respects.

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

Profile of the Government:

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

The City is a municipal government, incorporated as a town in 1876 and as a city in 1882, operating under the council-manager form of government. The elected officials are a Mayor and six City Council members. The City provides a full range of services, including police; municipal court; wastewater treatment, system construction and maintenance; street construction and maintenance; engineering and planning services; building permitting and inspection services; parks, recreational and cultural activities; and a municipal airport. In the current fiscal year, fire protection and ambulance services transitioned away from the City to an independent taxing district created by a ballot initiative in May 2023.

Transmittal Letter
Year Ended June 30, 2024

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

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

Local Economy:

McMinnville's local economy is operating within the environment of the overall Oregon experience. The Oregon Economic and Revenue Forecast of December 2024 (put together by the Oregon Office of Economic Analysis) is projecting that Oregon's baseline economic outlook is on track to normalize relative to distortions from the pandemic and recovery except for restoring, low and stable inflation. Excerpts from the report include:

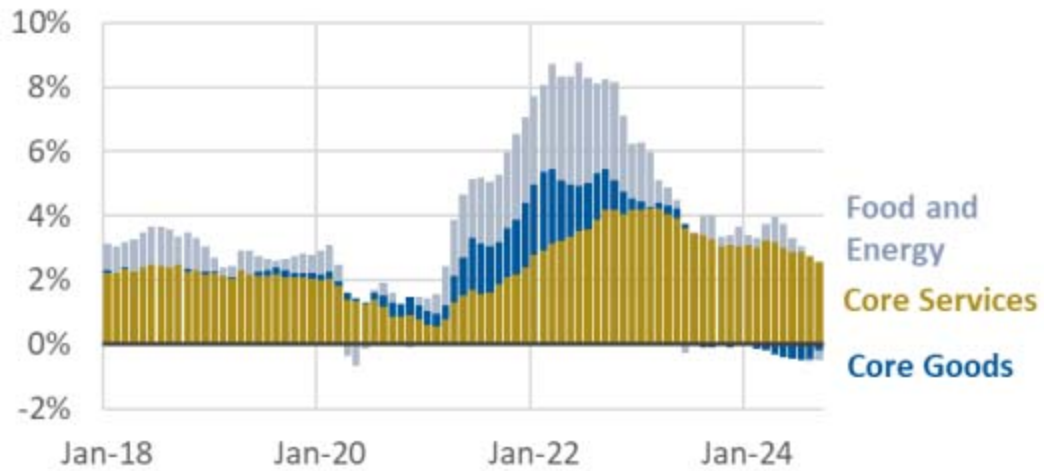
The consensus among forecasters anticipates real GDP growth of 2.7% in 2024 (annual average) compared to 2.9% in 2023. For reference, trend growth—that which would reflect the economy growing near its potential, and thereby be consistent with inflation returning to policymakers' 2% objective is generally assumed to be closer to 1.8%. With the labor market near full capacity, as reflected in a national unemployment rate of 4.1%, continued progress toward lower inflation is likely to prove difficult with growth exceeding potential. At the time of writing, tracking nowcasts for current quarter growth (~2.6%) were again exceeding forecasters' estimates.

Oregon economic activity will be highly vulnerable to the national priorities... Oregon's labor market has proven resilient in the post-pandemic era and is operating at high levels of labor utilization, based on measures such as labor force participation or the employment-population ratio. As such, the state will need to depend on in-migration (from other states or internationally) to supply sufficient additional workforce. Tariffs will be extremely consequential to key industrial pillars of the Oregon economy, including timber, agriculture, tech/semiconductors and apparel.

The Forecast includes several charts that give additional context. The first included in this transmittal letter focuses on sectors in year over year inflation rates in the West Region from 2018 through 2024. While the inflationary impact of food, energy and core goods is diminishing, core services (all non-energy services such as housing, medical, education, travel) inflationary pressures remain notable.

Inflation is slowing

Decomposing Year-over-Year Change in the West Region Consumer Price Index



Latest Data: Sept 2024 | Source: BLS, Oregon Office of Economic Analysis

The next graphic plots actual and forecasted interest rates. The Forecast describes the trend further by saying "The Federal Reserve has begun the process of reducing interest rates as the risks around its dual mandate of price stability and maximum employment come into better balance. Inflation is still running above the Fed's 2% objective, but it has retreated considerably over the past several quarters."

Fed Funds Rate

Fed Funds Rate | Taylor Rule (guide based on state of economy)

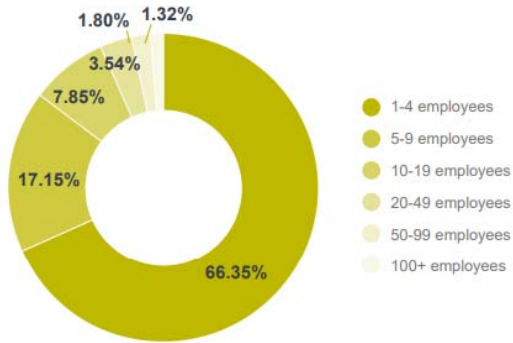


Latest Data: Sept 2024
Source: BEA, BLS, Federal Reserve, Oregon Office of Economic Analysis

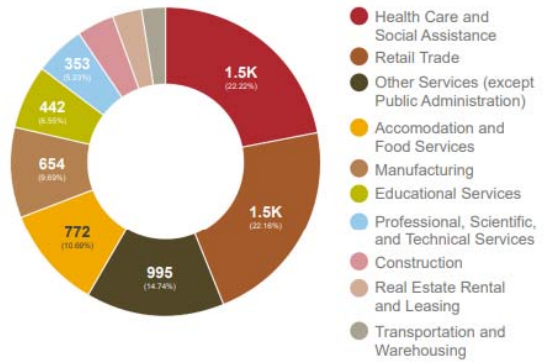
McMinnville, as the regional seat of government and the largest of Yamhill County's municipalities, has a diverse economic base that blends all of the County's commercial sectors. The top five employers in McMinnville are in economic sectors related to education, government, healthcare and manufacturing, providing a stable base for the City's economy. The McMinnville Economic Development Partnership (MEDP) includes this graphic on McMinnville workforce in its October 2024 annual report.

MCMINNVILLE WORKFORCE

Number of Employees by Business



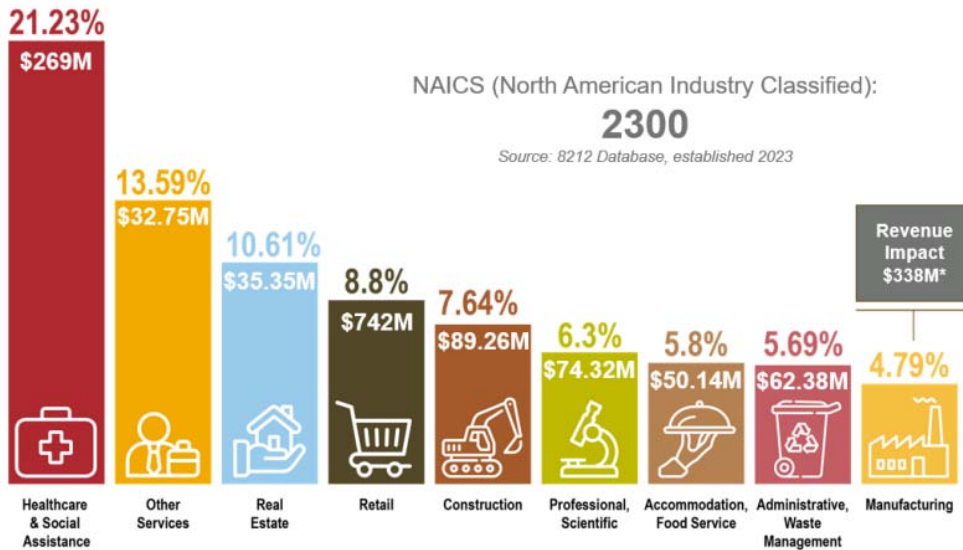
Number of Employees per Industry



Data Source: Applied Geographic Solutions and GIS Planning 2024, TaxFoundation.Org 2021 and GIS Planning research.

McMinnville hosts over 100 manufacturers that employ over 2,200 individuals. While this sector is among the smallest in business percentage, its revenue impact on the City is only surpassed by retail (see MEDP graphic below). These businesses are engaged in the

MCMINNVILLE BUSINESS BREAKDOWN



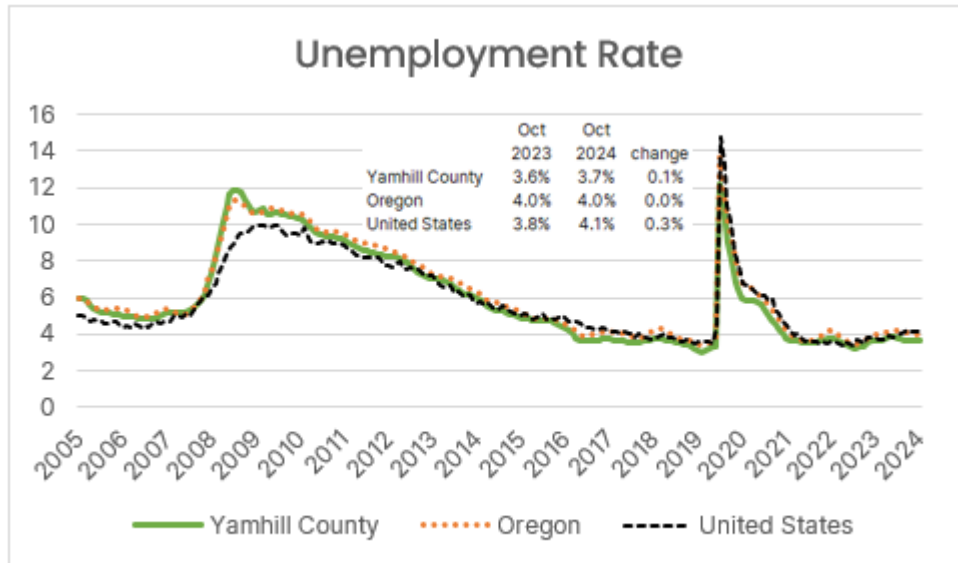
* Business Oregon via Data Axle-GIS Planning integration, September 2024

production of a diverse range of products such as recycled steel rebar, food and beverage, metalworking and metal fabrication, Computer Numerical Control (CNC) machining, medical devices, aerospace products and parts, unmanned aerial vehicles, software, electronics, and high technology. Additionally, McMinnville has attracted emerging, potentially high-value businesses at the forefront of pioneering research and development in sustainability, carbon sequestration, and regenerative agricultural.

Transmittal Letter
Year Ended June 30, 2024

Along Three Mile Lane, on Highway 18, a 140-acre property, has been identified for a future Innovation Campus. In 2023, the City of McMinnville secured funds for a master planning effort and public infrastructure feasibility study to build an innovation campus on this property. The community plan includes a vision for high-density, high-wage job creation with office space, research and development companies, and sites for industrial entrepreneurs and manufacturers.

Employment: Yamhill County unemployment rates (seasonally adjusted) are trending lower than those of the state and nation as a whole. According to the Oregon Employment Department (OED), the Yamhill County’s unemployment rate in October 2023 was 3.6% while in October of 2024 it grew slightly to 3.7%. The state’s unemployment rate stayed the same year over year and the national rate increased by 0.3%. According to the OED, Yamhill County has only had annual unemployment below 4% for 6 years since 1990 (2017-2019 and 2022-2024).



Source: Oregon Employment Department, seasonally adjusted

Tourism and wine sector: McMinnville is located in the heart of Oregon wine country, where an ideal combination of soil types and a mild climate enable area winemakers to produce world-class wines. Approximately 250 wineries are found within a 20-mile radius of McMinnville with 20 craft beverage tasting rooms and nine wineries operating within the City. The strength of the wine industry in McMinnville and surrounding area has been a significant factor in growth of the local economy. Yamhill County, the Oregon county with the largest number of acreage in vineyards, is part of the North Willamette Valley region; the latest data released in September 2024 shows an increase of 5% in wine production year over year. Wineries and tasting rooms open to the public are a natural draw for tourists throughout the year. Many wineries also have festivals, music performances, and picnics during the summer.

Other notable annual activities that take place in McMinnville and draw significant visitors include the Oregon International Air Show (in its third year) and McMinnville UFO festival (since 1999).

The Evergreen Museum campus buildings include the Evergreen Air Museum, the Space Museum, the Wings and Waves Waterpark, an event center, and an iMax theatre. The Museums display a number of military and civilian aircraft and spacecraft, most notably, the Hughes H-4 Hercules Spruce Goose.

The City imposes a transient lodging tax to provide funding for tourism promotion and marketing of McMinnville as a premiere destination for wine and culinary tourism. These dollars have rebounded after the

Transmittal Letter
Year Ended June 30, 2024

pandemic and were 4.9% higher in FY2023-24 compared to the prior year with next year’s anticipated modest increase of 1-2% due to higher rates over higher occupancy.

Population Growth: Over the last ten years, McMinnville’s population has grown by 5.1%, with the most recent census estimates indicating a very small increase in 2024. For comparison, during the same ten-year period, Yamhill County’s population grew 7.3%, while the State of Oregon’s population grew 6.2%.

Population Estimates

<u>Year</u>	<u>McMinnville</u>		<u>Yamhill County</u>		<u>State of Oregon</u>	
	<u>Population</u>	<u>Percent Change</u>	<u>Population</u>	<u>Percent Change</u>	<u>Population</u>	<u>Percent Change</u>
2015	33,080	1.15%	102,252	0.00%	4,013,845	1.29%
2021	33,946	-1.45%	107,702	-0.12%	4,218,425	-0.44%
2022	34,099	0.45%	108,009	0.29%	4,233,291	0.35%
2023	34,734	1.86%	108,866	0.79%	4,250,027	0.40%
2024	34,774	0.12%	109,682	0.75%	4,263,385	0.31%

Source: Portland State University Population Research Center (PRC) yearly estimates.

McMinnville’s population is projected to reach approximately 38,981 by 2035, an increase of 12.1% from its 2024 population. Yamhill County’s population is projected to increase by 12.3% to 123,163 in 2036, according to the PRC’s population forecast program.

Both new employers and residents are attracted to McMinnville because of its livability and proximity to the Portland metropolitan area, Salem (the state capital), the Cascade mountain range, and the Oregon coast. Other factors contributing to the livability are the vitality of McMinnville’s Historic Downtown District, Linfield University, and excellence of medical and City services.

Residential, Commercial, and Industrial Development: Fiscal year 2023-24 saw a decline in permits issued relative the prior year with 1,013 this year compared to 1,176 in FY2022-23. The total value of the permits this year was just over \$87.2 million. The McMinnville Growth Management and Urbanization Plan (MGMUP) was adopted in December 2020, adding 662.40 gross buildable acres to the McMinnville Urban Growth Boundary.

Property Values: Taxable values and real market values are factors that are useful in measuring the economic health of a community. As illustrated in the table below, the taxable value for McMinnville increased by over 20% in the last five years and 51% over the last ten years. Real market value increases moderated this year both in the City and the County relative the prior year. The taxable value increase was primarily related to new construction and major commercial building improvements.

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

<u>Fiscal Year End</u>	<u>McMinnville</u>				<u>Yamhill County</u>	
	<u>Taxable Value</u>	<u>Percent Change</u>	<u>Real Market Value</u>	<u>Percent Change</u>	<u>Real Market Value</u>	<u>Percent Change</u>
2015	2,298,038	2.90%	2,861,726	4.11%	9,699,390	5.93%
2021	2,989,998	3.72%	4,617,332	10.15%	15,713,023	5.67%
2022	3,144,390	5.16%	5,072,516	9.86%	17,480,598	11.25%
2023	3,296,309	4.83%	6,155,627	21.35%	21,280,443	21.74%
2024	3,476,523	5.47%	6,751,156	9.67%	22,501,533	5.74%

Source: Yamhill County Assessor's Office

From 2015 to 2024, real market value for McMinnville increased by over 135% and Yamhill County's real market value grew by over 130% in the last ten years. The City's real market value has shown a steady increase over the last five years with a spike in the prior year. Taxable value as a percentage of estimated real market value was 52% in 2024.

Property Tax Rates: In FY2023-24, the City opted to under-levy its permanent rate of \$5.02 per thousand of assessed value by \$1.50 due to the establishment of a separate fire services taxing district enacted by voters in May 2023 and, as a result, the City of McMinnville's specific property tax levy rate declined by 24.4% year over year. With the addition of the new McMinnville Fire District for city property taxpayers, the total levy increased by 2.5% relative last year.

Property Tax Rates
(per thousand of assessed valuation)

<u>Fiscal Year Ended</u>	<u>City of McMinnville Only</u>				<u>McMinnville Tax Code #40</u>
	<u>Permanent Operating Levy</u>	<u>Debt Service Levy</u>	<u>Urban Renewal</u>	<u>Total Property Tax Levy</u>	<u>Consolidated Property Tax Rate</u>
2015	5.02	0.68	0.04	5.74	16.49
2021	5.02	1.27	0.14	6.43	17.09
2022	5.02	0.92	0.17	6.11	16.51
2023	5.02	0.89	0.20	6.11	16.69
2024	3.52	0.89	0.21	4.62	17.11

Source: Yamhill County Assessor's Office

Oregon law allows the City to levy property taxes for payment on debt that has been approved by the voters. The City's debt service levy includes Public Safety-Civic Building bonds (ending in FY2026-27) and two rounds of Transportation bonds issued as authorized by voters in 2014. The property taxes received to support McMinnville's Urban Renewal (UR) plan do not result in an additional property tax extended to payers but are shares of tax receipts that would have otherwise gone to taxing districts that the UR district overlaps with such as the City of McMinnville, Yamhill County, McMinnville School District and the new McMinnville Fire District.

Transmittal Letter
Year Ended June 30, 2024

Fiscal Policy and Financial Planning:

FY2023-24 is the transition year when the fire services function will be moved from the City to the new district; the Budget Committee recommended, and the Council adopted, a budget foregoing the approximate amount of property tax that had annually supported fire and emergency medical activities pending a community engagement effort to discuss how much of the full permanent rate should be brought back in future years and allocated to which core city services and one-time investments. In FY2024-25, the City will add back 50 cents of the original \$1.50 underlevy and intends to prepare the FY2025-26 budget with another 50 cent addition to bring the total levy to \$4.52 per thousand of assessed value in that year.

Concerns about the erosion of property taxes as a sustainable funding source to support the City's General Fund and the core services it encompasses (police, parks and recreation, library and general governmental services) have driven study for solutions and difficult decisions by the governing body. As the table in the Statistical Section of the ACFR on the difference between taxable value and estimated real market value, 10 years ago taxable value was 80.5% real market value. In 2024, it was 51.5%.

To facilitate long-term planning, City management utilizes a five-year financial forecast model. Forecasting enables policymakers to take action in a timely manner, to mitigate future financial problems, and to allow planning for expansion when economic conditions improve. The City's fiscal policy is to budget for the upcoming fiscal year, while taking into consideration factors that will impact subsequent years' budgets.

For fiscal year 2023-24, the City's General Fund ending fund balance is 30% of total General Fund operating expenditures. This meets the minimum General Fund reserve targeted in the fund balance policy adopted by the City Council in October 2020. This policy recommends that two months of operating expenditures (personnel and materials and services costs) should be maintained as an unrestricted cash reserve. Additional information on the City's fund balance policy is included in the notes to the financial statements, Note I.F.17.

Major Initiatives:

After several years of review and assessment by third-party experts on the best way to serve residents, voters were asked in May 2023 to consider a proposal to provide fire and ambulance services through a single service district encompassing the City of McMinnville and the current McMinnville Rural Fire Protection District outside the city and establish a new tax rate of \$2 per thousand of assessed value to support those services. Transitioning fire and ambulance services to the new taxing district has been a focus of the current year.

The FY2023-24 period has seen advancement on and completion of a number of projects and core service activity metrics including:

- Biosolids Tank and Mixer project, FY2024-25 construction completion
- Work on Third Street Streetscape improvement continued, which will mean a significant, multi-year investment in the City's primary downtown thoroughfare
- Parks, Recreation and Open Space Plan Update was adopted, paving the way for investments in parks and recreation outdoor capital resources to serve current and future community members
- Summer Fun program brought 134 fun and free activities in different geographic areas of the city to our community, serving over 5,000 people at the events
- The Police took almost 32,000 calls for service in calendar year 2023, down 0.8% relative the prior calendar year
- The library had over 350,000 items in circulation and added almost 10,000 items to its collection, largely due to work on the new "library of things" initiative funded by a grant from the Yamhill Community Cares Organization
- The City largely completed its affordable housing and navigation construction project, FY2024-25 completion date anticipated

Transmittal Letter
Year Ended June 30, 2024

- Work to centralize human resources functions has resulted in more professional support to public-facing departments not only with employee recruitment but also in workforce support initiatives

In FY2022-23, the City formally spent its \$7.7 million allotment of American Rescue Plan Act (ARPA) grant dollars. This choice was made in an abundance of caution due to concerns about a possible federal initiative to pull back unspent ARPA dollars. The City established a committed reserve to hold the funding not yet spent on approved projects in order to make good on its commitment to implement those 28 Council-approved projects. During the current year, \$1.8 million was spent on these investments and \$4.7 million remains.

Certificate of Achievement:

The Government Finance Officers Association of the United States and Canada (GFOA) most recently awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of McMinnville for its *Annual Comprehensive Financial Report (ACFR)* for the fiscal year ended June 30, 2023. The City has received this recognition for over 30 consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized *ACFR* and must satisfy both generally accepted accounting principles and applicable legal requirements. This award is the highest form of recognition for excellence in state and local government financial reporting.

A Certificate of Achievement is valid for a period of one year only.

Acknowledgements:

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

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

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

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

Respectfully submitted,



Jeffrey R. Towery
City Manager



City of McMinnville



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of McMinnville
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

CITY OF McMinnville, Oregon
Elected Officials
AND
Principal Appointed Officers of the City
June 30, 2024

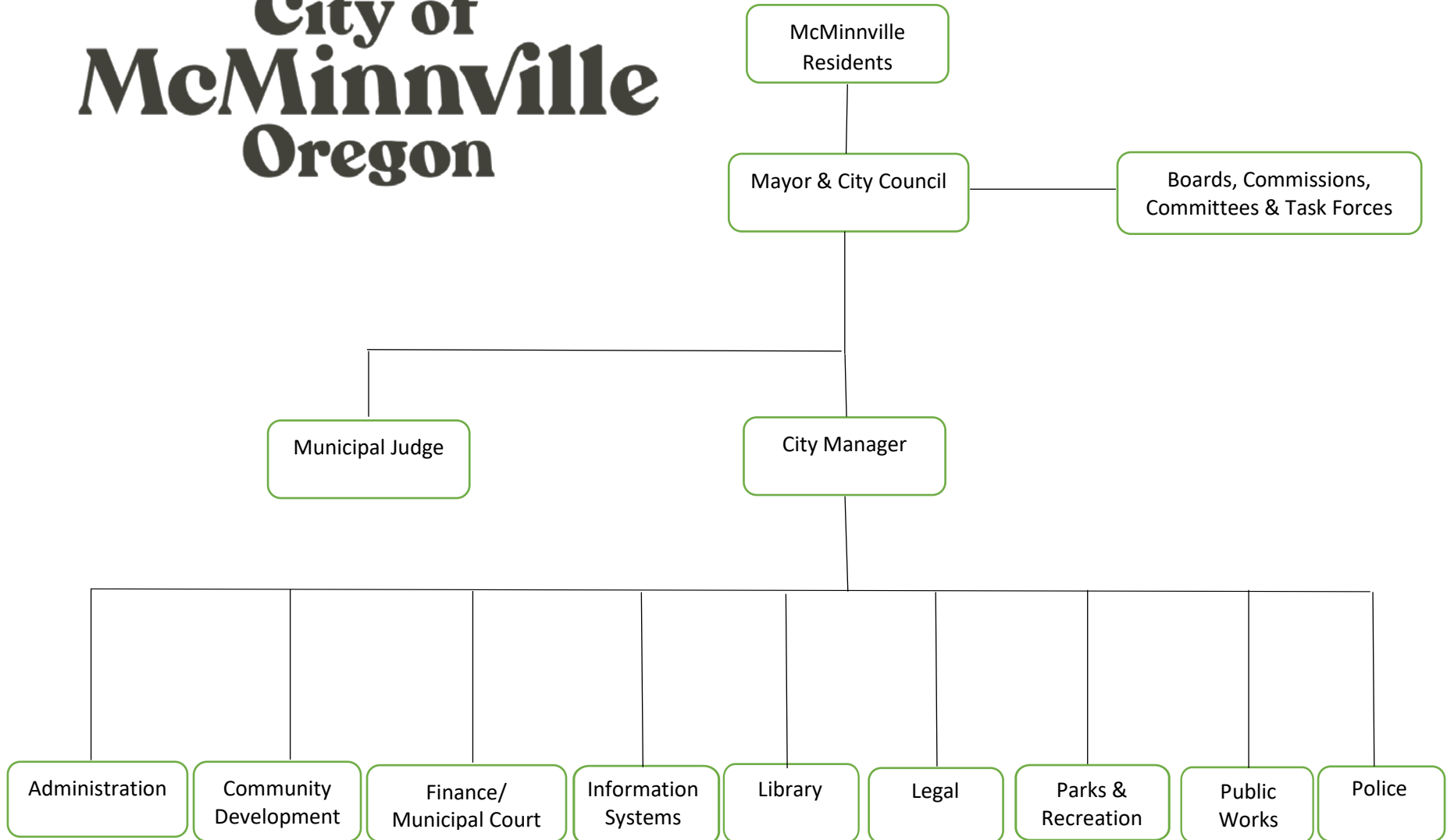
	<u>City Council</u>	<u>Term Expires</u>
Remy Drabkin	Mayor	December 31, 2024
Chris Chenoweth	Ward I	December 31, 2024
Sal Peralta	Ward I	December 31, 2026
Kellie Menke	Ward II	December 31, 2024
Zack Geary	Ward II	December 31, 2026
Adam Garvin	Ward III Council President	December 31, 2024
Jessica Payne	Ward III	December 31, 2026

CITY ADMINISTRATION

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

EST.  1856

City of McMinnville Oregon



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor, City Council, and Audit Committee
City of McMinnville, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of McMinnville, Oregon, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of McMinnville, Oregon's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of McMinnville, Oregon, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note IV. H. to the financial statements, the City of McMinnville adopted new accounting guidance, GASB Statement No. 102, *Certain Risk Disclosures*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. We did not audit the financial statements of the McMinnville Water & Light Department, a discretely presented component unit of the City of McMinnville. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the McMinnville Water & Light Department, is based solely on the report of other auditors.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis and statement of revenues, expenditures and changes in fund balance – budget and actual, schedule of the proportionate share of the net pension liability, schedule of contributions – pensions, schedule of the proportionate share of OPEB – RHIA, schedule of contributions to OPEB – RHIA, and schedule of changes in OPEB liability and related ratios – implicit rate subsidy, as listed in the table of contents under required supplementary information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions – pensions, schedule of the proportionate share of OPEB – RHIA, schedule of contributions to OPEB – RHIA, and schedule of changes in OPEB liability and related ratios – implicit rate subsidy, as listed in the table of contents under required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with

management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Supplementary Information

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

Other Information

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

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

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2024 on our consideration of City of McMinnville, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of McMinnville, Oregon's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of McMinnville, Oregon's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 23, 2024, on our consideration of City of McMinnville, Oregon’s compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.



For Merina+Co
Tualatin, Oregon
December 23, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of McMinnville, Oregon Management's Discussion and Analysis

The "Management's Discussion and Analysis" (MD&A) section of the City of McMinnville's (City) Annual Comprehensive Financial Report (ACFR) presents a narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2024. 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 the ACFR. In an effort to make the MD&A more readable, all amounts have been rounded to the nearest million or in some cases the nearest thousand.

Financial Highlights

- The City's assets and deferred outflows of resources totaled \$265.7 million at June 30, 2024, consisting of \$163.3 million in capital assets, \$54.01 million in unrestricted cash and investments, \$17.8 million in restricted cash and investments, and \$19.6 million in other assets and deferred outflows of resources. Total assets and deferred outflows of resources increased by \$1.5 million from the previous fiscal year.
- The City's liabilities and deferred inflows of resources totaled \$67.3 million at June 30, 2024 consisting of \$44.5 million in long-term liabilities and \$14.8 million in accounts payable and other liabilities, \$4.3 million in deferred inflows related to pensions and \$3.7 million in other deferred inflows of resources.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$198.4 million at the close of fiscal year 2024. Unrestricted net position totaled \$34.8 million. The City's net investment in capital assets totaled \$153.0 million and net position restricted for capital projects, the airport, OPEB, and debt service totaled \$10.6 million.
- For its governmental activities, the City generated \$11.4 million in charges for services and received \$700,000 in operating grants and \$5.1 million in capital grants and contributions. Direct expenses, including interest on long-term debt, were \$45.0 million for the year. Total revenues, including \$29.4 million of general revenues received, and total expenditures resulted in an increase in net position of \$1.6 million.
- For its business-type activities, the City generated \$13.1 million in charges for services, capital grants and contributions, and other revenue to fund direct expenses of \$8.7 million. Year over year, an increase in net position of \$6.7 million was seen.
- Fund balance in the City's governmental funds was \$23.6 million on June 30, 2024, a decrease of \$2.7 million from June 30, 2023. Approximately \$2.5 million is available for spending at the City's discretion (unassigned fund balance), down \$3.8 million from the prior year. Additional information regarding governmental funds ending fund balances is included in the Fund Financial Analysis section of Management's Discussion and Analysis.
- During the fiscal year, the fire and emergency medical services function was transferred to a separate taxing district.

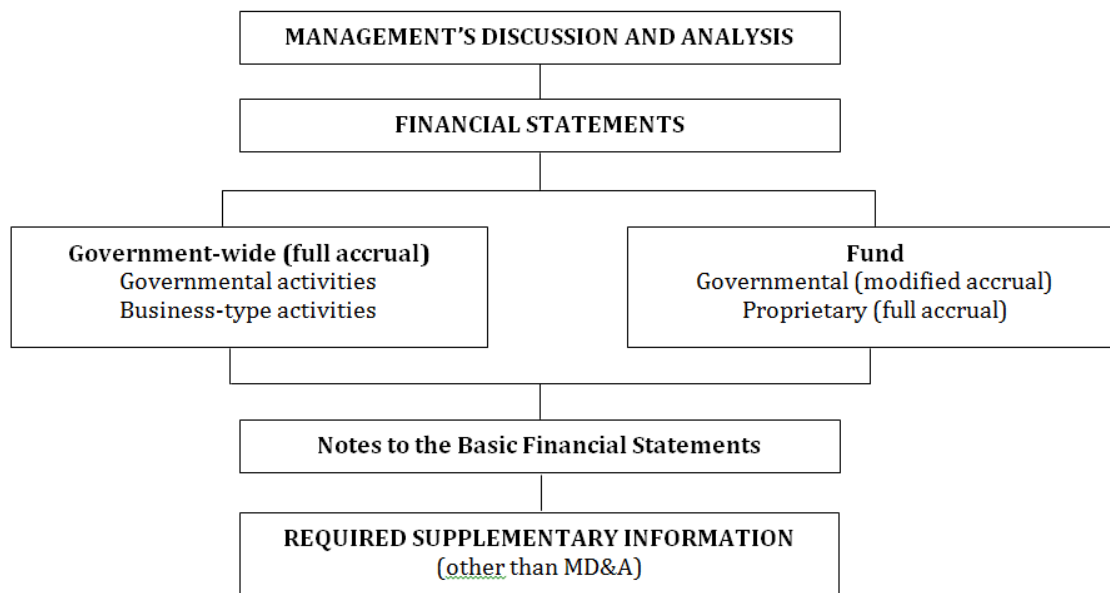
Overview of the Financial Statements

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

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

City of McMinnville - Management's Discussion and Analysis

Chart 1 – Required Elements of the Annual Comprehensive Financial Report



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

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

City of McMinnville - Management's Discussion and Analysis

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 has fourteen governmental funds this year, six of which are considered major funds. The General Fund, Airport Maintenance Fund and Urban Renewal Debt Service Fund are major funds; the Transportation Fund, Affordable Housing Fund and Debt Service Fund are also classified as a major fund due to public interest in these activities. The remaining governmental funds, six special revenue 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. Wastewater Services is a major fund. Enterprise funds use the full accrual method of accounting, as do the government-wide financial statements; therefore, no separate reconciliation is necessary.

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

- **Fiduciary funds:** The City has a single fiduciary fund. This accounts for funds advanced and services provided through an intergovernmental agreement while fire and emergency services transition to the newly formed, separate legal entity, the McMinnville Fire District, following passage of a May 2023 ballot measure.

Government-Wide Financial Analysis

As previously noted, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$198.4 million at the close of fiscal year 2024.

City of McMinnville - Management's Discussion and Analysis

Statement of Net Position:

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

Statement of Net Position
June 30, 2024 and 2023
(in millions)

	Governmental Activities			Primary Government Business-Type Activities			Total City			Component Unit Water and Light The "Department"		
	2024	2023	Change	2024	2023	Change	2024	2023	Change	2024	2023	Change
Cash and investments	\$ 29.9	\$ 29.6	\$ 0.3	\$ 41.9	\$ 48.2	\$ (6.3)	\$ 71.8	\$ 77.8	\$ (6.0)	\$ 72.2	\$ 63.4	\$ 8.8
Other assets	3.1	10.0	(6.9)	6.6	2.1	4.5	9.7	12.1	(2.4)	11.1	10.8	0.3
Capital assets	106.0	105.1	0.9	68.3	58.2	10.1	174.3	163.3	11.0	154.5	152.9	1.6
Total assets	139.0	144.7	(5.7)	116.8	108.5	8.3	255.8	253.2	2.6	237.8	227.1	10.7
Deferred outflows of resources	9.0	10.2	(1.2)	0.9	0.8	0.1	9.9	11.0	(1.1)	4.5	3.8	0.7
Other liabilities	12.5	10.5	2.0	2.3	0.7	1.6	14.8	11.2	3.6	5.7	5.9	(0.2)
Non-current liabilities	42.0	47.8	(5.8)	2.5	2.3	0.2	44.5	50.1	(5.6)	12.5	9.5	3.0
Total liabilities	54.5	58.3	(3.8)	4.8	3.0	1.8	59.3	61.3	(2.0)	18.2	15.4	2.8
Deferred inflows of resources	7.4	12.0	(4.6)	0.6	0.8	(0.2)	8.0	12.8	(4.8)	1.1	2.9	(1.8)
Net investment in capital assets	84.7	81.2	3.5	68.3	58.2	10.1	153.0	139.4	13.6	154.5	152.9	1.6
Restricted	10.6	8.0	2.6	-	-	-	10.6	8.0	2.6	-	0.2	(0.2)
Unrestricted	(9.2)	(4.6)	(4.6)	44.0	47.3	(3.3)	34.8	42.7	(7.9)	68.5	59.5	9.0
Total net position	\$ 86.1	\$ 84.6	\$ 1.5	\$ 112.3	\$ 105.5	\$ 6.8	\$ 198.4	\$ 190.1	\$ 8.3	\$ 223.0	\$ 212.6	\$ 10.4

The largest portion of the City's net position, or \$153.0 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 \$10.6 million and represents amounts that are legally restricted for capital expansion, debt service, or other purposes. The total \$34.8 million unrestricted net position is the net of a \$9.2 million unrestricted net position deficit in governmental activities and \$44.0 million unrestricted net position in business-type activities.

For governmental activities, total net position increased by \$1.5 million compared to fiscal year 2023. Net investment in capital assets increased by \$3.5 million. Restricted net position increased by \$2.6 million and the unrestricted net position deficit became smaller by \$4.6 million compared to the previous fiscal year. Capital assets increased by \$900,000 compared to 2023. The disposal of fire-related capital assets to the new organization was offset by a property purchase that exceeded depreciation for the year. Deferred outflow of resources, predominantly

City of McMinnville - Management's Discussion and Analysis

related to future pension obligations, decreased by \$1.2 million. Long term liabilities decreased by \$5.8 million, primarily due to a decrease in net pension liabilities and notes and bonds payable.

For business-type activities, total net position increased by \$6.8 million. The increase is primarily due to the outlays for construction in progress offset somewhat by a lower cash and investment position in Wastewater Services.

Department - Statement of Net Position: Total net position for the Department increased by \$10.4 million due to increased net investment in capital assets as well as a stronger cash and investment position relative the prior year. Total combined non-current liabilities increased in 2024 by \$3.0 million.

Statement of Activities: The table below is a summary of the City's governmental and business-type activities compared to the prior fiscal year.

	Primary Government									Component Unit		
	Governmental Activities			Business-Type Activities			Total City			Water and Light The "Department"		
	2024	2023	Change	2024	2023	Change	2024	2023	Change	2024	2023	Change
Revenues:												
Program revenues:												
Charges for service	\$ 11.4	\$ 13.1	\$ (1.7)	\$ 11.5	\$ 11.1	\$ 0.4	\$ 22.9	\$ 24.2	\$ (1.3)	\$ 50.5	\$ 51.6	\$ (1.1)
Operating grants & contributions	0.7	8.1	(7.4)	-	-	-	0.7	8.1	(7.4)	-	0.5	(0.5)
Capital grants & contributions	5.1	4.8	0.3	1.7	1.0	0.7	6.8	5.8	1.0	1.2	3.8	(2.6)
General revenues:												
Property taxes	15.4	19.3	(3.9)	-	-	-	15.4	19.3	(3.9)	-	-	-
Franchise taxes	4.4	4.2	0.2	-	-	-	4.4	4.2	0.2	-	-	-
Other	9.6	8.2	1.4	2.2	0.9	1.3	11.8	9.1	2.7	7.3	6.0	1.3
Total revenues	46.6	57.7	(11.1)	15.4	13.0	2.4	62.0	70.7	(8.7)	59.0	61.9	(2.9)
Expenses:												
Governmental activities:												
General government	14.8	7.5	7.3	-	-	-	14.8	7.5	7.3	-	-	-
Community development	4.7	3.2	1.5	-	-	-	4.7	3.2	1.5	-	-	-
Public safety	10.9	19.5	(8.6)	-	-	-	10.9	19.5	(8.6)	-	-	-
Highways and streets	4.9	5.4	(0.5)	-	-	-	4.9	5.4	(0.5)	-	-	-
Culture and recreation	8.0	6.9	1.1	-	-	-	8.0	6.9	1.1	-	-	-
Airport	1.0	0.6	0.4	-	-	-	1.0	0.6	0.4	-	-	-
Interest on long-term debt	0.7	0.7	-	-	-	-	0.7	0.7	-	-	-	-
Business-type activities:												
Wastewater	-	-	-	8.7	8.1	0.6	8.7	8.1	0.6	-	-	-
Component unit	-	-	-	-	-	-	-	-	-	48.6	49.5	(0.9)
Total expenses	45.0	43.8	1.2	8.7	8.1	0.6	53.7	51.9	1.8	48.6	49.5	(0.9)
Change in net position	1.5	13.9	(12.3)	6.8	4.9	1.8	8.3	18.8	(10.5)	10.4	12.4	(2.0)
Beginning net position as previously reported	84.6	70.7	13.9	105.5	100.6	4.9	190.1	171.3	18.8	212.6	200.2	12.4
Change in accounting principle	-	-	-	-	-	-	-	-	-	-	-	-
Beginning net position as restated	84.6	70.7	13.9	105.5	100.6	4.9	190.1	171.3	18.8	212.6	200.2	12.4
Total net position	\$ 86.1	\$ 84.6	\$ 1.6	\$ 112.3	\$ 105.5	\$ 6.7	\$ 198.4	\$ 190.1	\$ 8.3	\$ 223.0	\$ 212.6	\$ 10.4

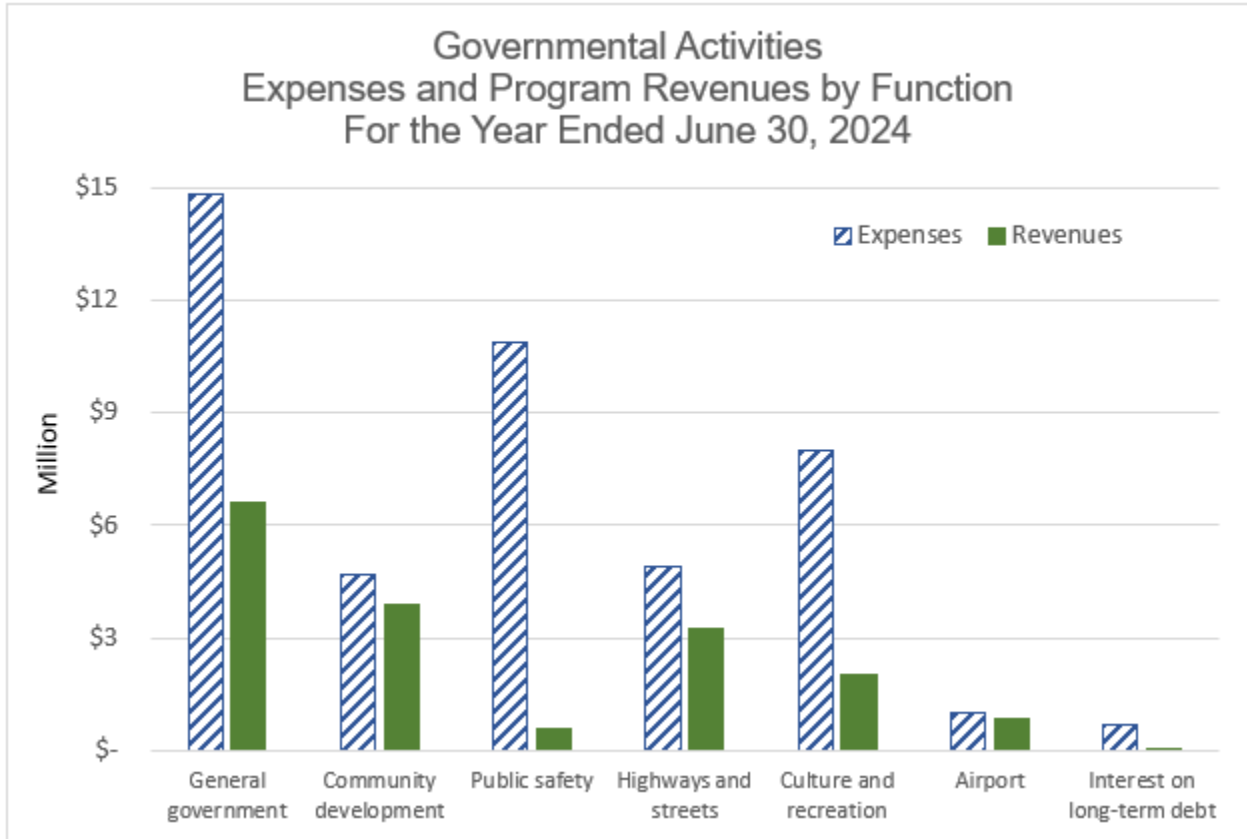
For governmental activities, program revenues decreased by \$8.8 million due to decreased operating grants and charges for services. Lower operating grants was due to one-time revenue recognized in the prior year of \$7.3 million from the American Rescue Plan Act federal program. Charges for services are down due to transition out in current year of ambulance revenues that now go to the new independent fire district. General revenues decreased by \$2.3 million compared to the prior year due principally to an underlevy of almost 30% of the City's permanent property tax rate during this first year of the new fire district. This decline was offset by interest revenue earned.

Total expenses for governmental activities increased by \$1.2 million compared to the prior year. This year was an unusual one with the transition of the fire and emergency medical services moving out of the City, driving a \$8.6 million decline in public safety expenses. This was offset by the one-time purchase of a property of \$4.3 million and one-time investments in public housing assets for the community. As is generally the case, in this year expenses

City of McMinnville - Management's Discussion and Analysis

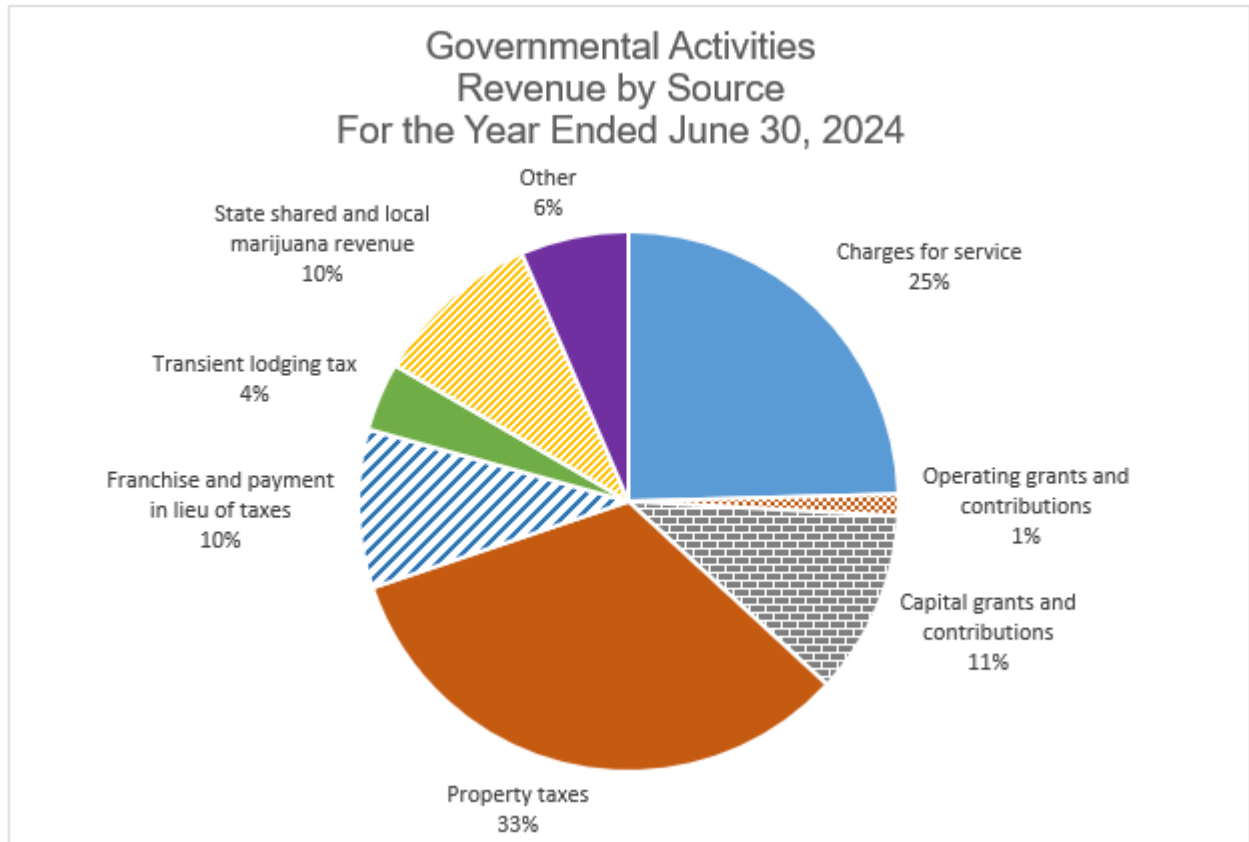
for on-going governmental activities increased due to higher salaries and fringe benefits costs. Frequently the impacts of pension expense (income) related to GASB 68 as well as GASB 75 can vary significantly year to year depending on changes in the total pension liability, changes in actuarial assumptions, and differences between projected and actual earnings on pension plan investments, as well as other factors but FY24 expense relative FY23 was approximately \$600,000 in lower expense. The City's employee retirement pension plan is discussed in more detail in the notes to the financial statements, Note III.M.

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



City of McMinnville - Management's Discussion and Analysis

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

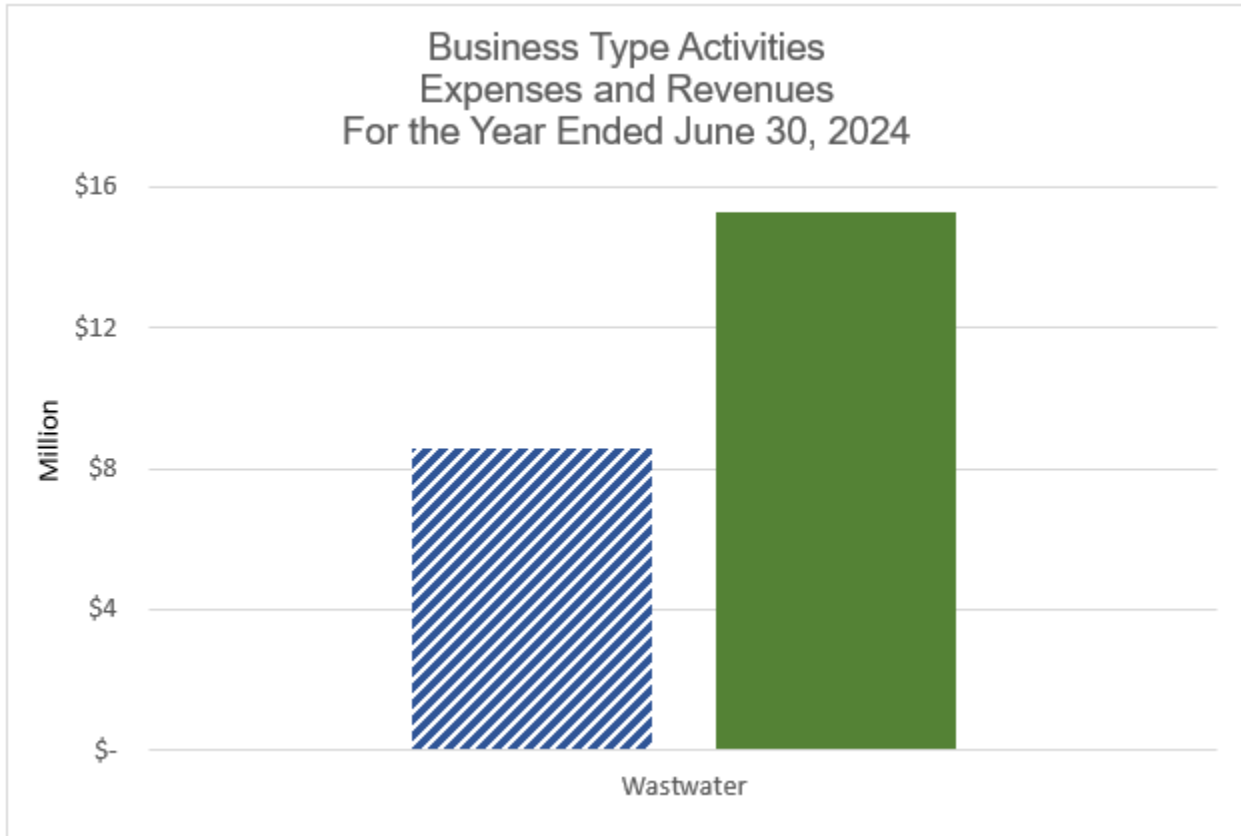


City of McMinnville - Management's Discussion and Analysis

For business-type activities, total revenue increased by \$2.4 million, the largest driver of the increase was higher interest earnings this year followed by charges for services given a rate increase of 3.5% year over year for rate payers for wastewater services.

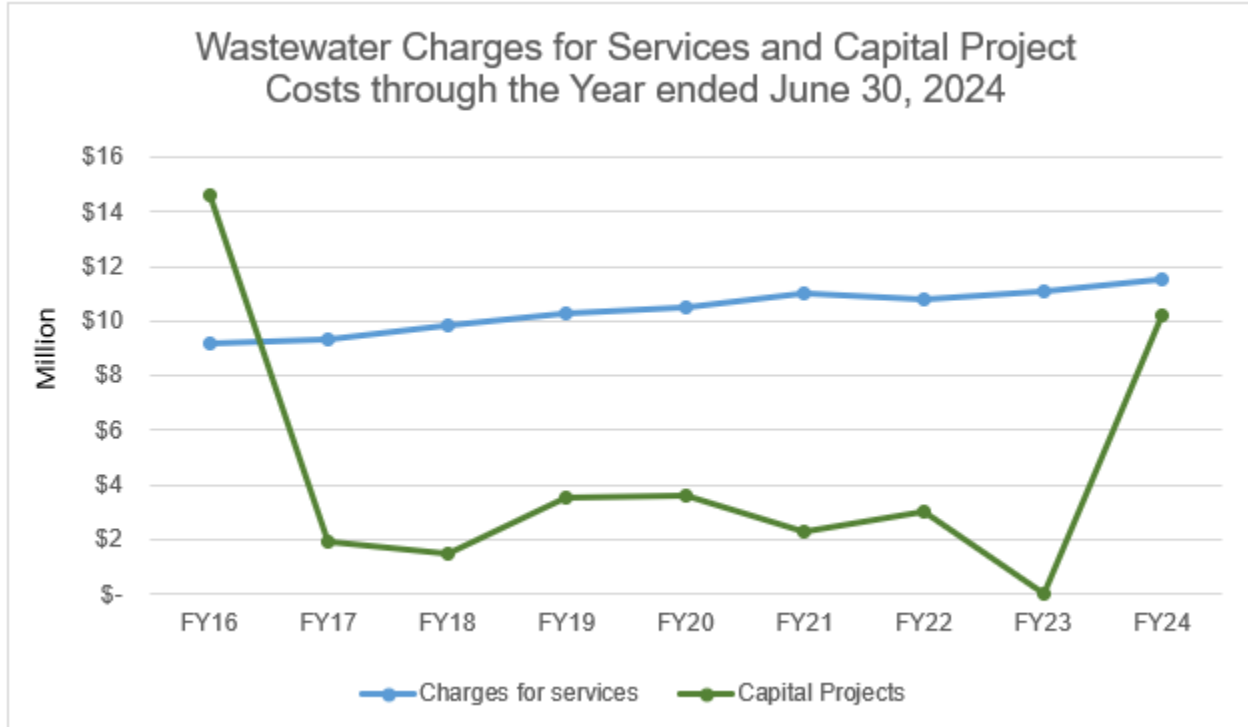
Expenses for business-type activities increased by \$600,000 compared to the prior year. This is largely due to higher payroll costs year over year, and a small pension cost increase.

The following bar chart compares each business-type activity expense with the revenue stream for that activity. The significant difference between Wastewater revenue and expenses is due to a financial policy adopted by City Council to set sewer rates at a level sufficient to fund future capital projects on a "pay as you go" basis.



City of McMinnville - Management's Discussion and Analysis

The line graph below focuses on Wastewater charges for services and capital project costs for the last nine years. The graph illustrates that charges for services are relatively consistent. Capital spending varies due to the number and size of projects in any given year. In the current fiscal year, investment in the renewal of capital assets for the community was the highest it's been in a number of years.



Department - Statement of Activities: Combined operating revenue for electric and water decreased by 2% from the prior year. The decrease was primarily due to lower Industrial customer sales and residential water sales (load and weather related decreases). Total combined fiscal year 2024 operating expenses decreased \$419,000 (1%) from the prior year. However, excluding supply and transmission costs, total combined operating costs increased approximately \$1.4 million (7%). This was largely due to the continuation of BPA's Reserve Distribution Clause that reduced MWL power and transmission bills during the fiscal year. Total BPA invoice reductions were approximately \$1.9 million for distribution customers which was about \$700,000 less than the prior year contributing to the \$658,000 year over year decrease in operating income. Increases in timber sales and interest income were offset by lower contributions in aid to construction resulting in a \$2 million decrease in change in net position for FY 2024. Economic and/or weather conditions, along with conservation continue to be factors for both water and electric consumption.

City of McMinnville - Management's Discussion and Analysis

Fund Financial Analysis

The General Fund is the City's main operating fund and is used to account for administration and finance (general government); engineering and planning (community development); police and municipal court (public safety); and parks and recreation and library (culture and recreation activities). In the current fiscal year, the transition of fire and ambulance services from the City to an independent taxing district meant that these services were removed from the General Fund going forward.

Total General Fund revenues decreased by \$10.0 million, or 26%, compared to the prior year. Property tax declined by over \$4.1 million year over year due to the previously mentioned underlevy of the City's permanent tax rate. In addition, the prior year had the one-time American Rescue Plan Act (ARPA) revenues recognized in that year for a net decline in overall intergovernmental revenues of \$4.8 million. Charges for Services also saw a decline due to no more ambulance charges starting in FY24. Licenses and permits saw a modest increase relative the prior year and miscellaneous increased by over \$500,000 principally due to higher interest earnings.

Total General Fund expenditure increased by \$2.8 million compared to the prior year. Almost 70% of the increase is in the community services function with economic development and engineering support for Third Street work. Over \$750,000 in increased culture and recreation activities took place, with park and recreation programs, library and park maintenance activities all increasing year over year. The FY24 outlay for public safety (public safety plus special payments out for transitional fire expenses during the first 6 months of the year) was \$3.8 million less than the prior year as operating costs of the fire services were fully transferred to the new district starting in January 2024. A one-time capital outlay of \$4.3 million for an economic development property purchase was the other significant year over year variance.

Fund accounting segregates revenues according to their intended purposes and is used to aid management in demonstrating legal and contractual compliance with revenue source spending requirements. The following schedule reflects fund balance classifications as defined in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Governmental Fund - Ending Fund Balances
June 30, 2024 and 2023
(in thousands)

	Ending Fund Balances															
	Major Funds										Non-major Funds		Total			
	General		Airport Maintenance		Affordable Housing		Transportation		Debt Service		Urban Renewal Debt Service		2024	2023	2024	2023
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Nonspendable	\$ 21	\$8	\$ -	\$ -	\$ -	\$ -	\$ 201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27	\$ -	\$ 249	\$ 8
Restricted	-	-	1,098	819	795	307	5,978	4,128	301	314	-	-	5,519	4,809	13,691	10,377
Committed	4,654	6,494	-	-	-	-	-	-	-	-	-	-	170	154	4,824	6,648
Assigned	-	884	-	-	-	-	-	-	-	-	-	-	2,289	2,065	2,289	2,949
Unassigned	2,473	6,779	-	-	-	-	-	-	-	-	25	(475)	-	-	2,498	6,304
Ending Fund Balance	\$ 7,148	\$ 14,165	\$ 1,098	\$ 819	\$ 795	\$ 307	\$ 6,179	\$ 4,128	\$ 301	\$ 314	\$ 25	\$ (475)	\$ 8,005	\$ 7,028	\$ 23,551	\$ 26,286

General Fund nonspendable fund balance includes \$21,000 in prepaid expenses. The committed fund balance is for programs and projects created to assist the City and community in the response and recovery from the COVID-19 pandemic by the City Council. The assigned fund balance is zero now that the Length of Service Award Program (LOSAP) plan assets were transferred to the new fire district. Unassigned fund balance decreased by \$4.3 million compared with the prior year, due principally to one-time costs associated with the fire district transition.

The Airport Maintenance Fund restricted balance was \$1.1 million at the end of FY24, up by approximately \$279,000. Charges for services revenue, including rental payments for land and building leases, were 2.3% under the previous year due to a decline in hangar rentals. Beginning balance resources, grant funds to offset management activities and increased interest earnings are the major contributors to the increased fund balance. Expenditures were up this year by \$340,000 with one-time expenses associated with planned investments approved by the Federal Aviation Administration and reimbursed with grant funds.

The Transportation Fund's fund balance rose by \$2 million in FY24 with revenue up by \$2.3 million and expenses up by \$250,000. A draw down of \$1.3 million in fund exchange funds that previously had been held at the State of

City of McMinnville - Management's Discussion and Analysis

Oregon took place this year with most of it contributing to the higher fund balance. Higher System Development Charge and miscellaneous (interest earnings) revenues made up the rest of the funds driving the increased fund balance.

The Debt Service Fund restricted balance decreased by \$130,000 compared with the prior year as debt service payments are made as planned and no new voter-approved bonded debt was added in the year. The restricted balance includes the amount of taxes carried forward from the previous fiscal year to pay general obligation debt service payments that are due in August before property taxes are collected in November.

The Affordable Housing Fund's fund balance rose by \$488,000 this year. This fund established in FY22 includes the Affordable Housing Construction Excise Tax and its programming and grants that pay for affordable housing projects. In FY24, the grant revenues and expenses offset and did not impact fund balance. The fund balance increase is due to the new excise tax which began in FY23 and the delay in building out the programming for the activities supported by this restricted revenue source.

The Urban Renewal Debt Service fund is positive this year due to a combination of factors: debt service on an internal loan included in its fund balance has declined with its annual payment, a higher beginning fund balance for the year and a change of practice where the UR Debt Service fund only reimburses its companion UR project fund by its requirements to offset its costs and it no longer holds ending fund balance like it has in prior years.

Non-major governmental fund ending fund balances include amounts restricted for urban renewal programs, street maintenance, and transient lodging taxes. Year over year the resources available for those activities grew by \$977,000 each of these eight funds had modest increases in fund balance with the exception of the UR project fund.

For proprietary funds, total ending net position, including internal services funds, increased by \$6.6 million compared to FY23; Wastewater's unrestricted net position increased by \$6.7 million while internal service fund net position declined by \$134,000. The increase occurred due to Wastewater charges for services revenue exceeding expenses, as the City continues to build a reserve in the Wastewater Fund to pay for future capital projects.

Proprietary Fund - Ending Fund Balances June 30, 2024 and 2023 (in thousands)

	Ending Net Position					
	Wastewater		Internal Service		Total	
	2024	2023	2024	2023	2024	2023
Unrestricted	\$ 43,981	\$47,330	\$ 117	\$291	\$ 44,098	\$ 47,621
Restricted	27	27	7	7	34	34
Net investment in capital assets	68,254	58,209	510	470	68,764	58,679
Ending Fund Balance	\$ 112,262	\$ 105,566	\$ 634	\$ 768	\$ 112,896	\$ 106,334

Internal service funds include Information Systems & Services (IS) and Insurance Services Funds. Net position for the IS fund increased by \$17,000 relative to the prior year. IS Department personnel provide computer support to other funds of the City, this year extraordinary support was needed for the fire district transition. The Insurance Services fund has an ending fund balance \$158,000 less than the prior year. That was primarily driven by a beginning balance decline of \$123,000. Operating departments pay premiums to the Insurance Services Fund for property, liability, and workers compensation insurance. The City purchases property, liability insurance from City County Insurance Services, a public entity risk pool, and workers compensation insurance from an Oregon non-profit called SAIF.

City of McMinnville - Management's Discussion and Analysis

General Fund and Other Budgetary Highlights

During the fiscal year, ten supplemental budgets were adopted by the City Council that amended City's adopted budget. The first authorized a contingency transfer in the Wastewater Capital Fund to the transfer out category and an appropriation transfer from that fund to the General Fund to purchase a property in the City's urban renewal area. The second added appropriations to the General Fund's engineering department to support the multi-year Third Street project. The third added committed funds to the FY24 budget for a previously authorized project to add an emergency manager to staff, affecting both the General Fund and IS Fund as well as appropriations for two new grants in the General Fund's community development department. The fourth added appropriations for a grant to the Affordable Housing Fund. At the same Council meeting, the fifth covered a contingency transfer in the General Fund for the transfer of leave balances to the new McMinnville Fire District (MFD) which included added funds for personnel vacation buy back in the Fire District Transition Fund. The next three supplemental budgets were associated with the fire and ambulance services transition: one recognizing revenues that would continue to come to the City's Fire District Transition Fund which would then be paid to the MFD from the special payments out category; another adding two special payments out from the General Fund to the MFD to pay the MFD for a property tax revenue loss associated with the ballot measure process creating the new fire district and to budgetarily expense the asset transfer of the Length of Service Award Program (LOSAP) to the MFD; and to add the debt service appropriation to the Fire District Transition Fund for the City's loan for fire vehicles and equipment that originally was planned to be transferred by the lender from the City to the MFD. The ninth and tenth were to address year end appropriations needs and two new grants; one covered the General Fund, Emergency Communications Fund, Information Services Fund, Affordable Housing Fund and Building Fund; the other was for Parks Development Fund and Insurance Services Fund.

City of McMinnville - Management's Discussion and Analysis

Capital Assets

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

Capital Assets June 30, 2024 and 2023 (in millions)						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total City</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Capital assets						
Land	\$ 13.7	\$ 31.6	\$ 0.8	\$ 0.8	\$ 14.4	\$ 32.4
Easements	23.9	1.9	0.3	0.2	24.2	2.1
Public art	0.4	0.3	-	-	0.4	0.3
Land improvements	31.0	31.1	0.1	0.1	31.1	31.2
Buildings	31.0	33.4	55.5	55.5	86.5	88.9
Machinery and equipment	6.3	6.9	3.7	3.1	10.0	10.0
Vehicles	3.4	7.1	2.0	1.0	5.4	8.1
Infrastructure	95.4	94.3	60.6	58.9	155.9	153.2
Construction in progress	1.0	0.3	11.9	2.9	12.9	3.2
Total capital assets	<u>206.1</u>	<u>206.9</u>	<u>134.6</u>	<u>122.5</u>	<u>340.8</u>	<u>329.4</u>
Accumulated depreciation	(101.8)	(102.9)	(66.4)	(64.3)	(168.2)	(167.2)
Lease assets						
Land	0.5	0.4	-	-	0.5	0.4
Equipment	0.1	0.1	0.0	0.0	0.1	0.1
Total lease assets	<u>0.6</u>	<u>0.5</u>	<u>0.0</u>	<u>-</u>	<u>0.6</u>	<u>0.5</u>
Accumulated lease amorti	(0.15)	(0.12)	0.00	0.00	(0.1)	(0.1)
Subscription-based information technology arrangement assets						
SBITA assets	1.6	0.8	0.1	0.1	1.7	0.9
Total SBITA assets	<u>1.6</u>	<u>0.8</u>	<u>0.1</u>	<u>0.1</u>	<u>1.7</u>	<u>0.9</u>
SBITA amortization	(0.3)	(0.1)	0.0	0.0	(0.3)	(0.1)
Net capital assets	<u>\$ 106.0</u>	<u>\$ 105.1</u>	<u>\$ 68.3</u>	<u>\$ 58.3</u>	<u>\$ 174.4</u>	<u>\$ 163.4</u>

Capital Assets: The City's total net capital assets was flat year over year.

- Governmental activities total capital assets increased by almost \$1 million including the capital categories of lease assets and subscription-based information technology arrangement assets.
- For business-type activities, total capital assets increased \$10 million, because wastewater asset additions exceeded depreciation and amortization expense by that margin.

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

City of McMinnville - Management’s Discussion and Analysis

Debt Administration

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

**Outstanding Debt
June 30, 2024 and 2023
(in millions)**

	Governmental Activities		Business-Type Activities		Total City	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 16.4	\$ 18.9	\$ -	\$ -	\$ 16.4	\$ 18.9
Full faith and credit	3.3	4.3	-	-	3.3	4.3
Pension related debt	1.3	1.6	0.1	0.1	1.4	1.7
Leases and subscriptions	1.5	1.0	0.1	0.1	1.6	1.1
Total outstanding debt	\$ 22.5	\$ 25.8	\$ 0.2	\$ 0.2	\$ 22.7	\$ 26.0

Outstanding Debt: At June 30, 2024, the City had \$22.7 million in outstanding debt compared to \$26.0 million in the prior year, excluding liabilities related to other post-employment benefits (OPEB), for a net decrease of \$3.3 million. The decrease in general obligation bonds of \$2.5 million was due to planned debt service payments. Full faith and credit debt also decreased due to planned debt service payments. PERS related debt also decreased by \$0.3 million due to principal payments on the loan executed in 2017 to pay off the balance of the City’s PERS transition liability. Leases and subscription technology arrangements increased primarily due to new contracts for body cameras and other police technology. Of the total outstanding debt for governmental activities, approximately \$4.4 million is due within one year.

For business-type activities, the total debt outstanding of \$0.2 million at June 30, 2024 is PERS related debt and contract commitments. Business type PERS related debt came down by \$30,000 relative the prior year due to planned principal payments in the fiscal year.

The \$16.4 million in governmental activities general obligation debt is entirely payable from property taxes levied specifically for that purpose. The remaining \$3.3 million in full faith and credit obligation and \$1.3 million in PERS related debt will be repaid from general revenues of the City. City and Department outstanding debt are described in more detail in the notes to the financial statements, beginning with Note III. J.

Bond Ratings: The City maintained its Aa3 rating from Moody’s Investor’s Services, Inc. in its Annual Comment publication issued in April 2024. The review was of the City’s 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 2024, taxable assessed property values increased by 5.5% compared to the prior year, per the Yamhill County Assessor. The increase in assessed values was due to growth in the value of existing property and new construction.
- Real market values increased by 9.7% in 2024 compared to the prior year. Real market values have been steadily increasing the last five years. For fiscal year 2024, assessed property values are 51.5% of real market value compared to 53.6% in 2023.

City of McMinnville - Management's Discussion and Analysis

- The total value of commercial, industrial and residential building permits increased to \$97.4 million in 2024 compared to \$64.1 million in 2023.
- Yamhill County unemployment rates (seasonally adjusted) were lower than the employment trends both of the state of Oregon and US as a whole with 3.7% unemployed in October 2024 compared to 3.6% in October 2023.
- For the fiscal year ended June 30, 2024, the assessed value of McMinnville's Urban Renewal district was \$141.2 million, an increase of 63.5% compared to the frozen base of \$86.3 million. The goal of the district is to promote development of the historic downtown and neighboring properties.
- The cost of employee fringe benefits, including health insurance premiums, continues to rise.
- The City's PERS employer contribution rates for the FY2023-53 biennia increased by 5.7% compared to the average of PERS categories in the prior biennia.

Business-type activities:

- **Wastewater operations:** The updated Wastewater System Financial Plan from 2020 available on the City's website projected moderate annual rate increases of 2.5% for the five-year period from FY22 to FY26. The plan projected a FY25 rate of 24.70 for residential customers whereas the actual rate next fiscal year will be slightly lower at 23.97. The plan also includes approximately \$75 million in capital projects through FY29 that will continue be covered with a "pay as you go" funding strategy for wastewater capital improvements and no anticipated need to get outside financing to support these investments in the system. The financial information in the updated plan was reviewed in 2022 and the original financial outlook remains on track. Updates to the Wastewater Conveyance and Facilities master plans are underway and will likely be before Council for adoption in 2025.

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

Information Requests

The City's *Annual Comprehensive 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 department can also be contacted at 503-434-7301.



City of McMinnville

THIS PAGE IS INTENTIONALLY BLANK

BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

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

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

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

CITY OF McMINNVILLE, OREGON
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 12,121,880	\$ 41,897,234	\$ 54,019,114	\$ 72,169,413
Accounts receivable, net	3,072,193	834,606	3,906,799	4,774,141
Due from component unit	346,508	861,260	1,207,768	-
Assessments receivables	8,244	-	8,244	-
Lease receivable	270,936	11,545	282,481	15,404
Loans receivable	13,478	1,914	15,392	231,973
Prepays and inventories	650,914	-	650,914	2,604,778
Other current assets	-	-	-	352,506
Internal balances	(4,573,195)	4,573,195	-	-
Net OPEB asset	157	-	157	-
Restricted cash and investments	17,782,957	-	17,782,957	-
Total current assets	29,694,072	48,179,754	77,873,826	80,148,215
Noncurrent assets:				
Intergovernmental receivable	409,708	153,803	563,511	-
Lease receivable	2,561,302	83,216	2,644,518	1,321
Loans receivable	74,129	-	74,129	1,280,595
Renewable energy certificates	-	-	-	266,800
Regulatory asset-pension	-	-	-	855,973
Regulatory asset-conservation charges	-	-	-	706,321
Capital assets:				
Non-depreciable	39,010,813	12,918,829	51,929,642	13,908,914
Depreciable, net	65,261,191	55,333,611	120,594,802	140,583,981
Lease asset, net	460,688	3,432	464,120	-
Subscription-based information technology asset, net	1,262,548	59,523	1,322,071	-
Net OPEB asset	261,690	26,617	288,307	-
Total noncurrent assets	109,302,069	68,579,031	177,881,100	157,603,905
Total assets	138,996,141	116,758,785	255,754,926	237,752,120
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding	101,268	-	101,268	-
Deferred outflows related to pensions	8,699,892	884,367	9,584,259	4,440,552
Deferred outflows related to OPEB	237,933	24,186	262,119	132,769
Total deferred outflows of resources	9,039,093	908,553	9,947,646	4,573,321
Total assets and deferred outflows of resources	\$ 148,035,234	\$ 117,667,338	\$ 265,702,572	\$ 242,325,441
LIABILITIES:				
Current liabilities:				
Accounts payable and accrued expenses	\$ 1,424,475	\$ 1,798,448	\$ 3,222,923	\$ 2,286,355
Due to primary government	-	-	-	1,207,768
Accrued payroll and other payroll liabilities	1,406,051	54,034	1,460,085	411,235
Retainage payable	113,950	-	113,950	-
Deposits	264,587	-	264,587	377,470
Other liabilities	-	-	-	471,126
Unearned revenue	1,222,058	22,261	1,244,319	-
Interest payable	337,901	-	337,901	-
Total pension liability	3,776,750	383,917	4,160,667	-
Total OPEB liability	73,564	9,618	83,182	-
PERS related liabilities	355,782	30,938	386,720	-
Compensated absences	251,318	33,682	285,000	938,448
Current lease payable	72,535	1,805	74,340	-
Current subscription-based information technology payable	197,210	13,871	211,081	-
Current notes and bonds payable	2,959,020	-	2,959,020	-
Total current liabilities	12,455,201	2,348,574	14,803,775	5,692,402
Noncurrent liabilities:				
Compensated absences	652,960	87,510	740,470	-
Total pension liability	21,360,517	2,171,354	23,531,871	11,041,547
Total OPEB liability	1,025,017	102,056	1,127,073	1,474,770
PERS related liability	995,459	86,561	1,082,020	-
Lease payable	218,110	1,672	219,782	-
Subscription-based information technology arrangements payable	1,037,750	44,197	1,081,947	-
Notes and bonds payable	16,753,457	-	16,753,457	-
Total noncurrent liabilities	42,043,270	2,493,350	44,536,620	12,516,317
Total liabilities	54,498,471	4,841,924	59,340,395	18,208,719
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pensions	3,888,689	395,296	4,283,985	678,807
Deferred inflows related to OPEB	769,694	78,242	847,936	353,964
Deferred inflows related to leases	2,726,664	90,356	2,817,020	16,725
Total deferred inflows of resources	7,385,047	563,894	7,948,941	1,049,496
NET POSITION:				
Net investment in capital assets	84,744,476	68,253,850	152,998,326	154,492,895
Restricted for:				
Airport	1,098,360	-	1,098,360	-
Capital projects	8,957,819	-	8,957,819	-
Debt service	301,475	-	301,475	-
Highways and streets	-	-	-	-
Urban Renewal	-	-	-	-
OPEB asset	261,847	26,617	288,464	-
Unrestricted	(9,212,261)	43,981,053	34,768,792	68,574,331
Total net position	86,151,716	112,261,520	198,413,236	223,067,226
Total liabilities, deferred inflows of resources, and net position	\$ 148,035,234	\$ 117,667,338	\$ 265,702,572	\$ 242,325,441

The accompanying notes are an integral part of these financial statements

CITY OF MCMINNVILLE, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 14,767,239	\$ 6,244,276	\$ 284,936	\$ 79,234
Public safety	10,941,588	506,835	25,431	40,467
Highways and streets	4,924,846	721,014	-	2,519,030
Culture and recreation	7,971,465	1,599,775	356,555	87,278
Community development	4,728,718	1,894,114	13,020	1,960,460
Airport	991,196	409,723	16,567	446,893
Interest on long-term debt	674,399	-	-	-
Total governmental activities	44,999,451	11,375,737	696,509	5,133,362
Business-type activities:				
Wastewater	8,690,289	11,471,070	-	1,676,398
Total government	\$ 53,689,740	\$ 22,846,807	\$ 696,509	\$ 6,809,760
Component Unit				
Water and Light	\$ 48,641,399	\$ 50,523,335	\$ -	\$ 1,175,203

General revenues:
Taxes:
Property taxes
Franchise taxes
Transient lodging tax
State shared and local tax revenue
Unrestricted interest and investment earnings
Timber sales, net of related expenses
Miscellaneous revenues
Contribution of LOSAP assets to McMinnville Fire District
Gain (loss) on sale of capital assets
Transfers in (out)

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Change in Net Position			
Governmental Activities	Business Type Activities	Total	Component Unit Water and Light
\$ (8,158,793)	\$ -	\$ (8,158,793)	\$ -
(10,368,855)	-	(10,368,855)	-
(1,684,802)	-	(1,684,802)	-
(5,927,857)	-	(5,927,857)	-
(861,124)	-	(861,124)	-
(118,013)	-	(118,013)	-
(674,399)	-	(674,399)	-
(27,793,843)	-	(27,793,843)	-
-	4,457,179	4,457,179	-
(27,793,843)	4,457,179	(23,336,664)	-
			3,057,139
15,408,921	-	15,408,921	-
4,387,479	-	4,387,479	-
1,915,759	-	1,915,759	-
4,107,843	-	4,107,843	-
680,771	2,151,862	2,832,633	3,147,781
-	-	-	3,565,678
4,153,862	24,422	4,178,284	1,118,589
(930,615)	-	(930,615)	-
(294,215)	-	(294,215)	(463,979)
(61,690)	61,690	-	-
29,368,115	2,237,974	31,606,089	7,368,069
1,574,272	6,695,153	8,269,425	10,425,208
84,577,444	105,566,367	190,143,811	212,642,018
\$ 86,151,716	\$ 112,261,520	\$ 198,413,236	\$ 223,067,226

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS
Major Governmental Funds

General Fund

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

Airport Maintenance Fund

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

Affordable Housing Fund

This fund accounts for housing related grant projects and activity associated with the City's Construction Excise Tax.

Transportation Fund

This fund accounts for capital street, road and bridge projects supported by federal highway funds, transfers of state gas tax funds from the Street Fund and system development charges.

Debt Service Fund

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

Urban Renewal Debt Services Fund

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

CITY OF MC MINNIVILLE, OREGON
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 June 30, 2024

	General Fund	Airport Maintenance Fund	Affordable Housing Fund	Transportation Fund	Debt Service Fund	Urban Renewal Debt Services Fund	Total Non-Major Governmental Funds	Total Governmental
ASSETS:								
Cash and cash equivalents	\$ 11,575,759	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,575,759
Accounts receivable, net	1,705,978	253,066	-	16,388	173,298	35,690	869,959	3,054,379
Assessments receivables	-	-	-	-	-	-	8,244	8,244
Lease receivable	-	2,832,238	-	-	-	-	-	2,832,238
Loans receivable	-	-	-	-	-	-	87,607	87,607
Prepays	21,365	-	-	201,248	-	-	26,800	249,413
Advances to other funds	166,197	-	-	-	-	-	-	166,197
Due from component unit	346,508	-	-	-	-	-	-	346,508
Intergovernmental receivables	409,708	-	-	-	-	-	-	409,708
Interfund loan receivables	1,296,410	-	-	-	-	-	-	1,296,410
Restricted cash and investments	-	933,438	1,050,646	5,970,849	262,005	1,313,292	8,252,727	17,782,957
Total assets	\$ 15,521,925	\$ 4,018,742	\$ 1,050,646	\$ 6,188,485	\$ 435,303	\$ 1,348,982	\$ 9,245,337	\$ 37,809,420
LIABILITIES:								
Accounts payable and accrued expenses	\$ 684,569	\$ 67,445	\$ 139,404	\$ 2,651	\$ -	\$ -	\$ 499,555	\$ 1,393,624
Accrued payroll and other payroll liabilities	1,349,584	1,230	1,868	-	-	-	40,234	1,392,916
Retainage payable	-	-	113,950	-	-	-	-	113,950
Deposits	264,587	-	-	-	-	-	-	264,587
Advances payable to other funds	-	-	-	-	-	-	166,197	166,197
Interfund loans payable	4,573,195	-	-	-	-	1,296,410	-	5,869,605
Unearned revenue	778,506	19,469	-	-	-	-	424,083	1,222,058
Total liabilities	7,650,441	88,144	255,222	2,651	-	1,296,410	1,130,069	10,422,937
DEFERRED INFLOWS OF RESOURCES:								
Unavailable revenue - property taxes	606,663	-	-	-	133,828	27,257	-	767,748
Unavailable revenue - other	116,599	-	-	7,278	-	-	111,226	235,103
Unavailable revenue - leases receivable	-	2,832,238	-	-	-	-	-	2,832,238
Total deferred inflows of resources	723,262	2,832,238	-	7,278	133,828	27,257	111,226	3,835,089
FUND BALANCES:								
Nonspendable	21,365	-	-	201,248	-	-	26,800	249,413
Restricted	-	1,098,360	795,424	5,977,308	301,475	25,315	5,518,507	13,716,389
Committed	4,653,705	-	-	-	-	-	170,007	4,823,712
Assigned	-	-	-	-	-	-	2,288,728	2,288,728
Unassigned	2,473,152	-	-	-	-	-	-	2,473,152
Total fund balances	7,148,222	1,098,360	795,424	6,178,556	301,475	25,315	8,004,042	23,551,394
Total liabilities, deferred inflows of resources, and fund balances	\$ 15,521,925	\$ 4,018,742	\$ 1,050,646	\$ 6,188,485	\$ 435,303	\$ 1,348,982	\$ 9,245,337	\$ 37,809,420

The accompanying notes are an integral part of these financial statements

CITY OF MCMINNVILLE, OREGON
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2024

Total fund balances - governmental funds		\$ 23,551,394
Amounts reported for governmental activities in the statement of net position are different because:		
Prepaid leases are not financial resources and therefore are not reported in the governmental funds.		158,005
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Non-depreciable	39,010,813	
Depreciable, net	64,751,106	
Lease assets, net	460,688	
Subscription-based information technology arrangements, net	<u>1,262,548</u>	105,485,155
Other long-term assets are unearned or not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds:		
Property taxes earned but not available	767,748	
Other receivables earned but not available	235,103	
Leases receivable earned but not available	105,574	1,108,425
Pension-related changes		(19,803,267)
OPEB related-changes		(1,333,297)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Compensated absences payable	(852,142)	
Lease payable	(290,645)	
Subscription-based information technology arrangements payable	(1,234,960)	
Notes and bonds payable	(19,712,477)	
PERS related liabilities	(1,321,866)	
Deferred amount on bond refunding	101,268	
Interest payable	<u>(337,901)</u>	(23,648,723)
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.		<u>634,024</u>
Total net position - governmental activities		<u>\$ 86,151,716</u>

The accompanying notes are an integral part of these financial statements

CITY OF McMINNVILLE, OREGON
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2024

	General Fund	Airport Maintenance Fund	Affordable Housing Fund	Transportation Fund	Debt Service Fund	Urban Renewal Debt Services Fund	Total Non-Major Governmental Funds	Total Governmental
REVENUES:								
Property taxes	\$ 11,726,204	\$ -	\$ -	\$ -	\$ 2,958,794	\$ 702,008	\$ -	\$ 15,387,006
Payments in lieu of tax	2,496,781	-	-	-	-	-	-	2,496,781
Special assessments	-	-	-	-	-	-	60,937	60,937
Licenses and permits	2,159,073	-	611,875	-	-	-	3,083,372	5,854,320
Intergovernmental	5,646,268	463,460	2,094,131	1,550,507	1,225	247	2,971,009	12,726,847
Charges for services	4,856,520	381,179	-	721,002	-	-	752,383	6,711,084
Fines and forfeitures	391,785	-	-	-	-	-	2,400	394,185
Miscellaneous	1,689,106	64,946	84,395	247,711	35,381	59,247	407,787	2,588,573
Total revenues	28,965,737	909,585	2,790,401	2,519,220	2,995,400	761,502	7,277,888	46,219,733
EXPENDITURES:								
Current:								
General government	3,361,994	-	2,770,393	-	-	-	1,623,511	7,755,898
Public safety	11,438,498	-	-	-	-	-	578,942	12,017,440
Highways and streets	-	-	-	158,784	-	-	2,424,832	2,583,616
Culture and recreation	7,541,156	-	-	-	-	-	180,557	7,721,713
Community development	3,681,884	-	-	-	-	-	1,197,494	4,879,378
Airport	-	630,252	-	-	-	-	-	630,252
Nondepartmental	155,664	-	-	-	-	-	-	155,664
Capital outlay:								
Highways and streets	-	-	-	338,325	-	-	271,147	609,472
Community development	4,272,595	-	-	-	-	-	17,013	4,289,608
Airport	-	340	-	-	-	-	-	340
Special payments	4,370,827	-	-	-	-	-	-	4,370,827
Debt service:								
Principal	552,474	-	-	176,102	2,290,000	-	32,903	3,051,479
Interest	131,640	-	-	25,146	717,500	28,875	4,269	907,430
Total expenditures	35,506,732	630,592	2,770,393	698,357	3,007,500	28,875	6,330,668	48,973,117
Revenues over (under) expenditures	(6,540,995)	278,993	20,008	1,820,863	(12,100)	732,627	947,220	(2,753,384)
OTHER FINANCING SOURCES (USES):								
Contribute asset to McMinnville Fire Department	(930,615)	-	-	-	-	-	-	(930,615)
Issuance of debt	928,732	-	-	-	-	-	-	928,732
Transfers in	789,859	-	567,200	230,000	-	-	822,192	2,409,251
Transfers out	(1,263,762)	-	(98,661)	-	-	(231,988)	(793,727)	(2,388,138)
Total other financing sources (uses)	(475,786)	-	468,539	230,000	-	(231,988)	28,465	19,230
Net change in fund balance	(7,016,781)	278,993	488,547	2,050,863	(12,100)	500,639	975,685	(2,734,154)
FUND BALANCE, BEGINNING	14,165,003	819,367	306,877	4,127,693	313,575	(475,324)	7,028,357	26,285,548
FUND BALANCE, ENDING	\$ 7,148,222	\$ 1,098,360	\$ 795,424	\$ 6,178,556	\$ 301,475	\$ 25,315	\$ 8,004,042	\$ 23,551,394

The accompanying notes are an integral part of these financial statements

CITY OF MCMINNVILLE, OREGON
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

Amounts reported in the statement of activities are different because:

Net change in fund balance \$ (2,734,154)

Governmental funds report lease payments as expenditures. However, for governmental activities the cost of those assets is allocated over the life of the lease. This is the amount of prepaid lease recognized as an expense when earned. (2,665)

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

Current year depreciation	(4,862,451)	
Current year amortization	(256,234)	
Loss on disposal of asset	(294,215)	
Contribution of assets to McMinnville Fire District	(1,535,668)	
Capital asset additions	6,093,535	(855,033)

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

Capital contributions 792,549

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,779,488)

Governmental funds report pension contributions as expenditures. However, in the statements of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. 1,711,693

Governmental funds report OPEB contributions as expenditures. However, in the statements of activities, the cost of OPEB earned net of employee contributions is reports as OPEB expense. 85,811

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

Accrued interest expense	13,252	
Interest expense associated with deferred charge on refunding	(36,825)	(23,573)

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

Changes in compensated absences	227,541	
Lease principal payments	201,185	
Subscription-based information technology arrangement principal payments	242,946	
Debt service principal payments	3,515,288	
PERS related liability payments	325,989	4,512,949

Internal service funds are used by management to charge the costs of the administrative services department to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. (133,817)

Change in net position of governmental activities \$ 1,574,272

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

Proprietary Funds

Enterprise Funds

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

Wastewater Operations

Wastewater Services Fund

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

Wastewater Capital Fund

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

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

Internal Service Funds

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

Informational Systems & Services Fund

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

Insurance Services Fund

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

CITY OF MCMINNVILLE, OREGON
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 June 30, 2024

	Business-Type Activities - Enterprise Funds		Governmental Activities
	Wastewater Operations	Total	Internal Service Funds
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 41,897,234	\$ 41,897,234	\$ 546,121
Accounts receivable, net	834,606	834,606	17,814
Due from component unit	861,260	861,260	-
Lease receivable, current portion	11,545	11,545	-
Prepaid expenses	1,914	1,914	243,496
Interfund loan receivable	4,573,195	4,573,195	-
Total current assets	48,179,754	48,179,754	807,431
Noncurrent assets:			
Intergovernmental receivable	153,803	153,803	-
Lease receivable	83,216	83,216	-
Capital assets:			
Non-depreciable	12,918,829	12,918,829	-
Depreciable, net	55,333,611	55,333,611	510,085
Lease assets, net	3,432	3,432	-
Subscription-based information technology arrangement assets, net	59,523	59,523	-
Net OPEB asset	26,617	26,617	6,735
Total noncurrent assets	68,579,031	68,579,031	516,820
Total assets	116,758,785	116,758,785	1,324,251
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	884,367	884,367	223,765
Deferred outflows related to OPEB	24,186	24,186	6,120
Total deferred outflows of resources	908,553	908,553	229,885
Total assets and deferred outflows of resources	\$ 117,667,338	\$ 117,667,338	\$ 1,554,136
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 1,798,448	\$ 1,798,448	\$ 30,851
Accrued payroll and other payroll liabilities	54,034	54,034	13,135
Unearned revenue	22,261	22,261	-
PERS related liabilities - due in one year	30,938	30,938	6,776
Accrued compensated absences	33,682	33,682	14,490
Current portion of lease payable	1,805	1,805	-
Current portion of subscription-based information technology arrangements payable	13,871	13,871	-
Total current liabilities	1,955,039	1,955,039	65,252
Noncurrent liabilities:			
Noncurrent portion of lease payable	1,672	1,672	-
Noncurrent portion of subscription-based information technology arrangements payable	44,197	44,197	-
Accrued compensated absences	87,510	87,510	37,646
Total pension liability	2,555,271	2,555,271	646,543
Total OPEB liability	111,674	111,674	28,256
PERS related liabilities	86,561	86,561	22,599
Total noncurrent liabilities	2,886,885	2,886,885	735,044
Total liabilities	4,841,924	4,841,924	800,296
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	395,296	395,296	100,019
Deferred inflows related to OPEB	78,242	78,242	19,797
Deferred inflows related to lease receivables	90,356	90,356	-
Total deferred inflows of resources	563,894	563,894	119,816
NET POSITION:			
Net investment in capital assets	68,253,850	68,253,850	510,085
Restricted for:			
OPEB asset	26,617	26,617	6,735
Unrestricted	43,981,053	43,981,053	117,204
Total net position	112,261,520	112,261,520	634,024
Total liabilities, deferred inflows of resources, and net position	\$ 117,667,338	\$ 117,667,338	\$ 1,554,136

The accompanying notes are an integral part of these financial statements

CITY OF MCMINNVILLE, OREGON
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2024

	Business-Type Activities - Enterprise Funds		Governmental Activities
	Wastewater Operations	Total	Internal Service Funds
OPERATING REVENUES:			
Charges for services	\$ 11,458,767	\$ 11,458,767	\$ 2,691,975
Intergovernmental	-	-	276,286
Miscellaneous	12,303	12,303	141,904
Total operating revenues	<u>11,471,070</u>	<u>11,471,070</u>	<u>3,110,165</u>
OPERATING EXPENSES:			
Personnel service	2,819,093	2,819,093	659,133
Materials and service	3,729,953	3,729,953	2,463,375
Depreciation/amortization	2,139,737	2,139,737	60,165
Total operating expenses	<u>8,688,783</u>	<u>8,688,783</u>	<u>3,182,673</u>
Operating income (loss)	<u>2,782,287</u>	<u>2,782,287</u>	<u>(72,508)</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest income	2,151,862	2,151,862	21,494
Interest expense	(1,506)	(1,506)	-
Other revenue	24,422	24,422	-
Total non-operating revenues (expenses)	<u>2,174,778</u>	<u>2,174,778</u>	<u>21,494</u>
Net income (loss) before transfers	4,957,065	4,957,065	(51,014)
TRANSFERS:			
Transfers from other funds	61,690	61,690	77,628
Transfers to other funds	-	-	(160,431)
Total transfers	<u>61,690</u>	<u>61,690</u>	<u>(82,803)</u>
Net income (loss) before contributions	5,018,755	5,018,755	(133,817)
CAPITAL CONTRIBUTIONS:			
Capital contributions - infrastructure	616,745	616,745	-
Capital contributions - grants and fees	1,059,653	1,059,653	-
Total capital contributions	<u>1,676,398</u>	<u>1,676,398</u>	<u>-</u>
Change in net position	6,695,153	6,695,153	(133,817)
NET POSITION, BEGINNING	<u>105,566,367</u>	<u>105,566,367</u>	<u>767,841</u>
NET POSITION, ENDING	<u>\$ 112,261,520</u>	<u>\$ 112,261,520</u>	<u>\$ 634,024</u>

The accompanying notes are an integral part of these financial statements

CITY OF MCMINNVILLE, OREGON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2024

	Business-Type Activities - Enterprise Funds		Governmental Activities
	Wastewater Operations	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and users	\$ 11,340,602	\$ 11,340,602	\$ -
Cash received from interfund services provided	-	-	2,950,447
Cash received from other operating sources - insurance reimbursements	-	-	141,904
Cash paid to employees and others for salaries and benefits	(2,520,443)	(2,520,443)	(618,677)
Cash paid to suppliers and others	(2,488,192)	(2,488,192)	(2,293,948)
Cash received for rental revenue	24,422	24,422	-
Net cash provided by (used for) operating activities	6,356,389	6,356,389	179,726
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Principal paid on pension-related obligations	(28,977)	(28,977)	(7,244)
Transfers (to)/from other funds	61,690	61,690	(82,803)
Net cash provided by (used for) non-capital financing activities	32,713	32,713	(90,047)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(11,551,648)	(11,551,648)	(100,546)
Principal paid on lease payable	(1,787)	(1,787)	-
Principal paid on subscription-based information technology arrangements	(14,293)	(14,293)	-
Capital contributions from other governments	1,059,653	1,059,653	-
Interest paid	(1,506)	(1,506)	-
Net cash provided by (used for) capital and related financing activities	(10,509,581)	(10,509,581)	(100,546)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	2,151,862	2,151,862	21,494
Interfund loans advanced to other funds	(8,389,213)	(8,389,213)	-
Interfund loan repayments received	4,082,584	4,082,584	-
Net cash provided by investing activities	(2,154,767)	(2,154,767)	21,494
Net increase (decrease) in cash and cash equivalents	(6,275,246)	(6,275,246)	10,627
CASH AND CASH EQUIVALENTS, BEGINNING	48,172,480	48,172,480	535,494
CASH AND CASH EQUIVALENTS, ENDING	\$ 41,897,234	\$ 41,897,234	\$ 546,121
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating Income	\$ 2,782,287	\$ 2,782,287	\$ (72,508)
Adjustments:			
Cash from rental activities, recognized as non-operating on the Statement of Revenue, Expenses, and Changes in Net Position	24,422	24,422	-
Depreciation and amortization	2,139,737	2,139,737	60,165
Amortization of deferred lease resources	(13,273)	(13,273)	-
Decrease (increase) in:			
Accounts receivable and due from other funds	(87,968)	(87,968)	(17,814)
Due from component unit	(50,188)	(50,188)	-
Prepays	(1,914)	(1,914)	206,831
Increase (decrease) in:			
Accounts payable	1,243,675	1,243,675	(37,404)
Accrued payroll and other payroll liabilities	3,995	3,995	-
Retainage payable	-	-	652
Unearned revenue	20,961	20,961	-
Compensated absences	21,941	21,941	(483)
Net other post employment benefits	13,017	13,017	1,419
Net pension benefits	259,697	259,697	38,868
Net cash provided by (used for) operating activities	\$ 6,356,389	\$ 6,356,389	\$ 179,726
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Capital contributions to other governments	\$ 616,745	\$ 616,745	\$ -
Total non-cash capital financing activities	\$ 616,745	\$ 616,745	\$ -

The accompanying notes are an integral part of these financial statements

CITY OF MCMINNVILLE, OREGON
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024

	<u>Fire District Transition Fund</u>
ASSETS:	
Cash and cash equivalents	\$ 33,160
Accounts receivable, net	<u>14,283</u>
Total assets	<u><u>\$ 47,443</u></u>
LIABILITIES:	
Accounts payable	<u>\$ 47,443</u>
Total liabilities	<u>47,443</u>
NET POSITION:	
Restricted	<u>-</u>
Total net position	<u>-</u>
Total liabilities and net position	<u><u>\$ 47,443</u></u>

**CITY OF MCMINNVILLE, OREGON
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES
 IN FIDUCIARY NET POSITION
 For the Fiscal Year Ended June 30, 2024**

	<u>Fire District Transition Fund</u>
ADDITIONS:	
Charges for services collected for other governments	\$ 2,328,014
Intergovernmental advances	4,828,476
Transfers in from other governments	<u>252,888</u>
Total additions	<u>7,409,378</u>
DEDUCTIONS:	
Payroll and benefits	4,080,305
Materials and services	1,034,606
Payment of debt to other governments	645,505
Special payment to other governments	<u>1,648,962</u>
Total deductions	<u>7,409,378</u>
Net increase (decrease) in fiduciary net position	<u>-</u>
NET POSITION, BEGINNING	<u>-</u>
NET POSITION, ENDING	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

City of McMinnville, Oregon
Notes to Basic Financial Statements
Year Ended June 30, 2024

I. Summary of Significant Accounting Policies

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

A. Description of Government-Wide Financial Statements

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

B. Reporting Entity

1. Primary Government

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

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

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

2. Blended Component Unit

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

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 payments from the Department based on a percentage established by the City Council and as outlined in state law for municipal electric utilities that are otherwise exempt from property taxes.

Financial statements for the Department may be obtained at the McMinnville Water and Light Department, Administrative Office, 855 Marsh Lane, McMinnville, Oregon 97128.

C. Basic Financial Statements

1. Government-Wide Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements present information about the primary government and its component units. The effect of interfund activity has been removed from these statements except for interfund services provided and used between funds which, if eliminated, would distort the direct costs and program revenues reported for the various functions. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as net position.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from a function or segment or are otherwise directly affected by it; 2) operating grants and contributions that are restricted to meeting requirements of a particular function or segment; and 3) capital grants and contributions that are restricted to meeting requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

2. Fund Financial Statements

Fund financial statements present information at the individual fund level. Funds are classified and summarized as governmental, proprietary, or fiduciary type. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are combined into a single column in the fund financial statements and are detailed in the supplemental information. Internal service funds are also combined into a single column in the fund financial statements and are detailed in the supplemental information.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

E. Financial Statement Presentation

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

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

The City reports the following major governmental funds:

- General Fund – is the City’s primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund. Principal sources of revenue are property taxes; licenses and permits, which includes franchise fees; intergovernmental revenues; and charges for services. Expenditures are for police, municipal court, 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.
- Affordable Housing Fund – is a special revenue fund which accounts for housing-related grant projects and activity associated with the City’s Affordable Housing Construction Excise Tax.
- Transportation Fund – accounts for the acquisition and construction of major capital projects related to highways and roads.
- Debt Service Fund – accounts for property taxes levied for payment of principal and interest on general obligation bonds.
- Urban Renewal Debt Service Fund – accounts for urban renewal tax increment revenue and payment of principal and interest on urban renewal debt.

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

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

The City reports the following major enterprise funds:

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

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

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

The City reports the following fiduciary funds:

- Fire District Transition Fund – accounts for funds advanced and services provided through an intergovernmental agreement while fire and emergency services transition to the newly formed, separate legal entity, the McMinnville Fire District, following passage of a May 2023 ballot measure.

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 seven months or less from the date of acquisition, and the State of Oregon Local Government Investment Pool (LGIP) deposits. Investments in the LGIP are stated at share value, which approximates fair value, and is the value at which the shares can be withdrawn.

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

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

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

2. Receivables and Payables

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

Property taxes are assessed as of January 1 and become a lien as of July 1 on all taxable property. Property taxes are due on November 15. Collection dates are November 15, February 15, and May 15.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

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

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

3. Lease Receivables

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the City, reduced by principal payments received.

4. 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 they are 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.

5. Restricted Assets

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

6. 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, land rights, and right-to-use assets) 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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

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

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

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

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

<u>Assets</u>	<u>Years</u>
City:	
Land improvements	20
Buildings and buildings 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
Right-to-use assets	*
Department:	
Office and other equipment	5-10
Transportation and equipment	5-10
Electricity and water infrastructures	20-100

* Estimated useful life depends on the life of the lease or subscription

7. Lease and Subscription-Based Information Technology Arrangement Assets

Lease and subscription-based information technology arrangement assets are assets which the City has the right to use for a term of more than one year. The value of these assets is determined by the net present value of the asset's payback at the City's incremental borrowing rate at the time of the agreement, amortized over the term of the agreement.

8. 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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

The Department receives RECs as part of its purchase agreements with Bonneville Power Administration (BPA), Grant County Public Utility District, and Waste Management Renewable Energy (WMRE). RECs received include Incremental Efficiency Hydro RECs (from BPA and Grant County), Wind Resource RECs (from BPA), and Bio Gas RECs from WMRE. These RECs are also available for sale or are banked to satisfy future Oregon Renewable Portfolio Standard obligations. Markets for the sale of RECs are very limited at the present time. Future sales will be transaction specific and subject to Commission approval. The RECs are recorded at cost, based on the most recent price at which the Department purchases the RECs.

9. Regulatory Asset – Conservation Charges

In November 2008, the Department entered into a long-term power purchase agreement with the BPA. The McMinnville Water and Light (MWL) 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. The amortization period is equivalent to the period these charges will be recovered through the Department's rates.

10. Compensated Absences

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

11. Leases and Subscription-Based Information Technology Arrangements Payable

In the government-wide financial statements, leases and subscription-based information technology arrangements payable are both reported as liabilities in the Statement of Net Position.

12. 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 issuance received, are reported as expenditures.

13. Pensions

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

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

14. Other Postemployment Benefit Obligations

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

15. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has three types of deferred inflows that qualify for reporting in this category. *Unavailable revenue* is reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that amount becomes available. The governmental funds report unavailable revenues from three sources: property taxes, other receivables, and lease receivables where a timing requirement has not been met and grants that have been approved for payment that have not been received within 60 days. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City and Department also reports deferred amounts related to pension and OPEB. These amounts are deferred and recognized as inflows of resources in the period when the City and Department recognizes pension and OPEB income. Deferred inflows are included in the government-wide statement of net position, and proprietary funds statement of net position.

16. 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, the proprietary fund, and the fiduciary 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.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

17. 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.

The McMinnville fund balance policy establishes a goal for General Fund unassigned fund balance levels and is intended to serve as a guide for important budgetary decisions. It also establishes fund balance targets for other City funds. For the General Fund, two months of budgeted operating expense is the target for unassigned ending fund balance. The City plans to make progress toward this two-month's operating reserve target in or prior to the fiscal year 2025-26 budget cycle.

G. Use of Estimates

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

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

All changes and amendments to the budget require the approval of the City Council. Supplemental budgets less than 10 percent of a fund's original budget may be adopted by the City Council at a regular City Council meeting. A supplemental budget greater than 10 percent of a fund's original budget requires publication, a hearing before the public, and approval by the City Council. The City Council approved seven amendments to the budget during the fiscal year ending June 30, 2024. 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 three appropriation transfers during the fiscal year ending June 30, 2024. 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.

For the year ended June 30, 2024, expenditures exceeded appropriations as follows:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
Urban Renewal Fund	Transfers out to other funds	\$ 2,599

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

III. Detailed Notes on Accounts

A. Cash and Investments

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

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, 2024 was unmodified. The fair value of the City's position in the Pool at June 30, 2024 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 \$12,629,944 and the bank balance was \$12,668,693. The City's bank balances were covered by \$250,000 Federal Depository Insurance. Of the Department's bank balances, \$250,000 was covered by Federal Depository Insurance. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer.

At June 30, 2024, the City's cash, cash equivalents and investment balances were as follows:

Cash held in city offices	\$ 2,500
Deposits with financial institutions	12,629,944
Oregon State Local Government Investment Pool – City's general account	48,599,655
Investments:	
Certificates of deposits	10,569,972
Total City cash and investments	\$ 71,802,071

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

	Governmental Activities	Business-type Activities	Total	Fiduciary Activities
Cash and investments:				
Unrestricted	\$ 12,121,880	\$ 41,897,234	\$ 54,019,114	\$ -
Restricted	17,782,957	-	17,782,957	33,160
Total cash and investments	\$ 29,904,837	\$ 41,897,234	\$ 71,802,071	\$ 33,160

At June 30, 2024, the Department's cash and investment balances were as follows:

	Fair Value
Cash on hand	\$ 23,322
Deposits with financial institutions	921,894
Oregon State Local Government Investment Pool	42,797,104
Oregon State Local Government Intermediate Fund	5,619,198
US Treasury investments	22,807,895
Total Department cash and investments	\$ 72,169,413

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

1. Custodial Risk

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, 2024, the City does not have investments exposed to custodial credit risk.

2. Interest Rate 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.

As of June 30, 2024, the City had the following investments organized using the segmented time distribution method as noted below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity < 12 Months</u>
Certificates of deposits	10,569,972	10,569,972
	\$ 10,569,972	\$ 10,569,972

3. Credit Risk

State statutes govern the City's investment policy. Permissible investments for governmental funds include general obligations of the United States government and its agencies, obligations of the states of Oregon, California, Idaho, and Washington that have a rating at settlement of AA or better, A-1 rated commercial paper and bankers' acceptances, Aa rated corporate bonds, time deposits, repurchase agreements, and the LGIP.

The LGIP was created to offer a short-term investment alternative to Oregon local governments. The investments are regulated by the Oregon Short-Term Fund Board, which is not registered with the U.S. Securities and Exchange Commission as an investment company. The LGIP funds are approved by the Oregon Investment Council (ORS 294.805 to 294.898). Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer. The State of Oregon LGIP and money market account are unrated for credit quality.

4. Concentration of Credit Risk

To avoid incurring unreasonable risks inherent in over-investing in specific instruments or in individual financial institutions, the City diversifies its portfolio and follows the City's investment policy which sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. In accordance with GASB 40, the City is required to report all individual non-federal investments which exceed 5.0% of total invested funds. As of June 30, 2024 the City held no individual investments which exceeded this threshold.

5. Fair Value of Investments

The City categorizes its fair value investments within the guidelines established by GAAP. All of the City's investments are classified as level 1 and are valued using prices quoted in active markets for those securities.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

B. Receivables

1. Government Funds and Governmental Activities

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

Receivables:	Airport		Transportation	Debt	UR Debt	Total	Governmental
	General	Maintenance		Service	Service	Non-Major	
Accounts	\$ 939,046	\$ 253,066	\$ 16,388	\$ -	\$ -	\$ 887,773	\$ 2,096,273
Property taxes	667,237	-	-	148,605	30,248	-	846,090
Cash with county	99,695	-	-	24,693	5,442	-	129,830
Intergovernmental	409,708	-	-	-	-	-	409,708
Assessments	-	-	-	-	-	8,244	8,244
Lease	-	2,832,238	-	-	-	-	2,832,238
Loans	-	-	-	-	-	87,607	87,607
Due from component unit	346,508	-	-	-	-	-	346,508
Total	\$ 2,462,194	\$ 3,085,304	\$ 16,388	\$ 173,298	\$ 35,690	\$ 983,624	\$ 6,756,498

As of June 30, 2024, the City reported the following development loans receivable:

Fiscal Year ending June 30	Principal	Interest
2025	\$ 13,478	\$ 1,436
2026	13,478	1,197
2027	13,478	958
2028	13,478	718
2029	13,478	479
2030-2031	20,217	270
Total	\$ 87,607	\$ 5,058

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

	Total Governmental
Gross revenue	\$ 15,945,555
Less: discounts and adjustment	(536,634)
Net revenue	<u>\$ 15,408,921</u>

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

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, 2024

2. Lease Receivable

Governmental Activities:	June 30, 2023				June 30, 2024
	Balance	Additions	Reductions	Adjustments	Balance
Airport Ground Leases; interest between 1.38% and 2.30%, total annual principal and interest payments range from \$4,850 to \$67,000, due 2053	\$ 807,738	\$ -	\$ 48,346	\$ -	\$ 759,392
Airport Building Leases; interest between 0.89% and 1.99%, total annual principal and interest payments range from \$131,000 to \$193,000, due 2036	1,991,803	-	139,354	-	1,852,449
Airport Land Leases; interest between 1.06% and 1.76%, total annual principal and interest payments range from \$7,100 to \$89,000, due 2033	289,739	-	69,342	-	220,397
Fire Cell Tower Lease; interest at 1.76%, total annual principal and interest payments range from \$29,000 to \$34,500, due 2033	294,297	-	14,759	279,538	-
	<u>\$ 3,383,577</u>	<u>\$ -</u>	<u>\$ 271,801</u>	<u>\$ 279,538</u>	<u>\$ 2,832,238</u>
Business-Type Activities:					
WRF Land Leases; interest at 1.45%, total annual principal and interest payments are \$12,500, due 2030	\$ 82,635	\$ -	\$ 11,301	\$ -	\$ 71,334
WRF Stormwater Discharge Pond Lease; interest at 2.58%, total annual principal and interest payments are \$686, due 2108	23,505	-	78	-	23,427
	<u>\$ 106,140</u>	<u>\$ -</u>	<u>\$ 11,379</u>	<u>\$ -</u>	<u>\$ 94,761</u>

Future maturities are as follows:

Fiscal Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 270,936	\$ 54,496	\$ 11,545	\$ 1,640
2026	278,880	49,745	11,714	1,472
2027	269,820	44,900	11,885	1,301
2028	200,758	40,051	12,058	1,127
2029	200,549	36,011	12,234	951
2030-2034	1,042,858	117,566	12,803	3,125
2035-2039	475,270	28,407	547	2,881
2040-2044	51,868	9,095	621	2,807
2045-2049	27,428	3,598	706	2,722
2050-2054	13,870	723	802	2,626
2055-2059	-	-	911	2,517
2060-2064	-	-	1,035	2,393
2065-2069	-	-	1,175	2,253
2070-2074	-	-	1,335	2,093
2075-2079	-	-	1,517	1,911
2080-2084	-	-	1,723	1,705
2085-2089	-	-	1,957	1,471
2090-2094	-	-	2,224	1,205
2095-2099	-	-	2,526	902
2100-2104	-	-	2,869	559
2105-2108	-	-	2,574	168
	<u>\$ 2,832,238</u>	<u>\$ 384,591</u>	<u>\$ 94,761</u>	<u>\$ 37,830</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

Deferred inflows of resources mirror the principal payment maturities described above.

3. Department

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

Accounts and notes receivable	\$ 4,815,959
Less: allowance for uncollectibles	(41,818)
Net receivables	\$ 4,774,141

The Department is a lessor for a non-cancellable lease of real property with lease terms through 2025. For the year ended June 30, 2024, the Department recognized lease revenue of \$14,227 and lease interest income of \$1,186.

C. Capital Assets

At June 30, 2024, the City's government-wide governmental activities construction in progress consisted of costs related to the Urban Renewal Agency's 3rd Street improvements, Discovery Meadows splash pad renovation, Dance Park irrigation renovation, and audio visual equipment.

Depreciation and amortization expense was charged to governmental activities functions as follows:

	Total
General government	\$ 133,194
Comm development	44,359
Public safety:	
Police	702,938
Fire / Ambulance	175,229
Emergency communications	7,159
Highways and streets	2,959,147
Parks & Rec/Maintenance	672,627
Library	47,729
Airport	360,604
I/S Fund	60,165
Building Fund (Govtl-Cmty Dev)	15,700
Total	\$ 5,178,851

In the government-wide financial statements and proprietary fund financial statements, the City's business-type activities' capital asset, lease, and subscription-based information technology arrangement activity for the year ended June 30, 2024 is illustrated in the following table. Activity includes additions, dispositions, annual depreciation/amortization expense, and adjustments.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

In the government-wide financial statements, the City's governmental activities' capital asset, lease, and subscription-based information technology arrangement activity for the year ended June 30, 2024 is illustrated in the following table.

	Balance June 30, 2023	Additions	Reductions	Reclassification	Balance June 30, 2024
Capital assets not being depreciated					
Land	\$ 31,616,627	\$ 4,337,253	\$ (292,800)	\$ (21,967,776)	\$ 13,693,304
Easements	1,949,599	-	(1,416)	21,967,776	23,915,959
Public art	294,053	89,520	-	10,000	393,573
Construction in process	270,735	798,605	(32,112)	(29,251)	1,007,977
Total capital assets not being depreciated	<u>34,131,014</u>	<u>5,225,378</u>	<u>(326,328)</u>	<u>(19,251)</u>	<u>39,010,813</u>
Capital assets being depreciated					
Land improvements	31,062,923	-	(28,719)	-	31,034,204
Buildings	33,383,074	141,764	(2,543,280)	-	30,981,558
Machinery and equipment	6,910,310	243,805	(858,943)	18,191	6,313,363
Vehicles	7,153,806	305,222	(4,049,910)	-	3,409,118
Infrastructure	94,278,978	1,070,461	-	1,060	95,350,499
Total capital assets being depreciated	<u>172,789,091</u>	<u>1,761,252</u>	<u>(7,480,852)</u>	<u>19,251</u>	<u>167,088,742</u>
Less accumulated depreciation					
Land improvements	(15,936,211)	(854,623)	28,719	-	(16,762,115)
Buildings	(23,690,403)	(677,633)	2,247,872	-	(22,120,165)
Machinery and equipment	(5,785,159)	(172,271)	479,534	-	(5,477,896)
Vehicles	(4,941,830)	(328,603)	3,221,171	-	(2,049,262)
Infrastructure	(52,528,629)	(2,889,485)	-	-	(55,418,114)
Total accumulated depreciation	<u>(102,882,232)</u>	<u>(4,922,615)</u>	<u>5,977,296</u>	<u>-</u>	<u>(101,827,551)</u>
Total capital assets being depreciated	<u>69,906,859</u>	<u>(3,161,363)</u>	<u>(1,503,556)</u>	<u>19,251</u>	<u>65,261,191</u>
Lease assets					
Land	435,404	88,781	-	-	524,185
Equipment	75,939	24,883	(12,673)	-	88,149
Total lease assets being amortized	<u>511,343</u>	<u>113,664</u>	<u>(12,673)</u>	<u>-</u>	<u>612,334</u>
Less accumulated amortization:					
Land	(65,246)	(31,541)	-	-	(96,787)
Equipment	(53,048)	(14,484)	12,673	-	(54,859)
Total accumulated amortization	<u>(118,294)</u>	<u>(46,025)</u>	<u>12,673</u>	<u>-</u>	<u>(151,646)</u>
Total lease assets being amortized	<u>393,049</u>	<u>67,639</u>	<u>-</u>	<u>-</u>	<u>460,688</u>
Subscription-based information technology arrangement assets					
Subscription-based information technology arrangements	764,370	839,951	(46,412)	-	1,557,909
Total subscription-based information technology arrangement assets being depreciated	<u>764,370</u>	<u>839,951</u>	<u>(46,412)</u>	<u>-</u>	<u>1,557,909</u>
Less accumulated amortization:					
Subscription-based information technology arrangements	(131,562)	(210,211)	46,412	-	(295,361)
Total accumulated amortization	<u>(131,562)</u>	<u>(210,211)</u>	<u>46,412</u>	<u>-</u>	<u>(295,361)</u>
Total subscription-based information technology arrangement assets being amortized	<u>632,808</u>	<u>629,740</u>	<u>-</u>	<u>-</u>	<u>1,262,548</u>
Total capital assets, net	<u>\$ 105,063,730</u>	<u>\$ 2,761,394</u>	<u>\$ (1,829,884)</u>	<u>\$ -</u>	<u>\$ 105,995,240</u>

Activity includes additions, dispositions, annual depreciation/amortization expense and adjustments. At June 30, 2024, all capital assets, lease assets and subscription-based information technology arrangement assets serving the provision of fire and ambulance services were no longer a part of the City's capital asset total, having been transferred to the new McMinnville Fire District.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

At June 30, 2024, the City's business-type activities construction in progress consisted of costs related to various wastewater projects.

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

	Total
Wastewater Operations	\$ 2,139,738
Total	\$ 2,139,738

In the government-wide financial statements, the City's business type activities' capital asset, lease, and subscription-based information technology arrangement activity for the year ended June 30, 2024 is illustrated in the following table.

	Balance June 30, 2023	Additions	Reductions	Reclassification	Balance June 30, 2024
Capital assets not being depreciated					
Land	\$ 785,223	\$ -	\$ -	\$ (27,737)	\$ 757,486
Easements	240,735	-	-	27,737	268,472
Construction in process	2,947,604	10,157,917	-	(1,212,650)	11,892,871
Total capital assets not being depreciated	3,973,562	10,157,917	-	(1,212,650)	12,918,829
Capital assets being depreciated					
Land improvements	80,655	-	-	-	80,655
Buildings	55,478,609	-	-	-	55,478,609
Machinery and equipment	3,060,116	328,452	-	268,534	3,657,102
Vehicles	1,028,418	922,358	-	-	1,950,776
Infrastructure	58,895,623	759,667	-	944,116	60,599,406
Total capital assets being depreciated	118,543,421	2,010,477	-	1,212,650	121,766,548
Less accumulated depreciation					
Land improvements	(80,656)	-	-	-	(80,656)
Buildings	(42,381,827)	(692,410)	-	-	(43,074,237)
Machinery and equipment	(2,084,974)	(170,238)	-	-	(2,255,212)
Vehicles	(896,291)	(41,064)	-	-	(937,355)
Infrastructure	(18,866,134)	(1,219,343)	-	-	(20,085,477)
Total accumulated depreciation	(64,309,882)	(2,123,055)	-	-	(66,432,937)
Total capital assets being depreciated	54,233,539	(112,578)	-	1,212,650	55,333,611
Lease assets					
Equipment	8,787	-	-	-	8,787
Total lease assets being amortized	8,787	-	-	-	8,787
Less accumulated amortization:					
Equipment	(3,570)	(1,785)	-	-	(5,355)
Total accumulated amortization	(3,570)	(1,785)	-	-	(5,355)
Total lease assets being amortized	5,217	(1,785)	-	-	3,432
Subscription-based information technology arrangement assets					
Subscription-based information technology arrangements	87,690	-	(1,375)	-	86,315
Total subscription-based information technology arrangement assets being depreciated	87,690	-	(1,375)	-	86,315
Less accumulated amortization:					
Subscription-based information technology arrangements	(13,269)	(14,898)	1,375	-	(26,792)
Total accumulated amortization	(13,269)	(14,898)	1,375	-	(26,792)
Total subscription-based information technology arrangement assets being amortized	74,421	(14,898)	-	-	59,523
Total capital assets, net	\$ 58,286,739	\$ 10,028,656	\$ -	\$ -	\$ 68,315,395

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

The Department's capital asset activity for the year ended June 30, 2024 was as follows:

	Balance June 30, 2023	Additions	Reductions	Reclassification	Balance June 30, 2024
Capital assets not being depreciated					
Land	\$ 10,970,697	\$ -	\$ -	\$ -	\$ 10,970,697
Construction in process	5,014,969	5,282,596	(7,359,348)	-	2,938,217
Total capital assets not being depreciated	<u>15,985,666</u>	<u>5,282,596</u>	<u>(7,359,348)</u>	<u>-</u>	<u>13,908,914</u>
Capital assets being depreciated					
Structures and improvements	12,031,977	443,229	-	-	12,475,206
Water treatment plant	35,057,326	682,306	-	-	35,739,632
Supply and distribution systems	154,206,246	7,174,162	(702,879)	-	160,677,529
Furniture and equipment	3,600,476	213,840	-	-	3,814,316
Transportation equipment	4,979,387	221,480	(38,692)	-	5,162,175
Total capital assets being depreciated	<u>209,875,412</u>	<u>8,735,017</u>	<u>(741,571)</u>	<u>-</u>	<u>217,868,858</u>
Less accumulated depreciation					
Structures and improvements	(4,821,791)	(233,021)	-	-	(5,054,812)
Water treatment plant	(6,067,907)	(353,674)	-	-	(6,421,581)
Supply and distribution systems	(56,062,073)	(3,949,300)	563,765	-	(59,447,608)
Furniture and equipment	(3,268,513)	(92,173)	-	-	(3,360,686)
Transportation equipment	(2,705,424)	(333,457)	38,691	-	(3,000,190)
Total accumulated depreciation	<u>(72,925,708)</u>	<u>(4,961,625)</u>	<u>602,456</u>	<u>-</u>	<u>(77,284,877)</u>
Total capital assets, net	<u>152,935,370</u>	<u>9,055,988</u>	<u>(7,498,463)</u>	<u>-</u>	<u>154,492,895</u>

D. Interfund Balances and Transfers

The City's General Fund receives a monthly payment in lieu of tax payment from the Department as required by ORS 225.270 when the electric utility is operated by the municipal government. The Department bills and collects the City's sewer user charges and its city services fee which are turned over to the City on a monthly basis. The City and Department also work together on common projects which result in miscellaneous reimbursements between the two entities.

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

Receivable Entity	Payable Entity	Amount
Major governmental fund - General Fund	Department	\$ 346,509
Major enterprise fund - Wastewater Fund	Department	861,260
		<u>\$ 1,207,769</u>

Interfund transfers for the year ended June 30, 2024, consisted of the following:

	Transfers In:						Total
	General Fund	Affordable Housing Fund	Transportation Fund	Nonmajor Governmental Funds	Wastewater Operations	Internal Service Funds	
Transfer Out:							
General Fund	\$ -	\$ 567,200	\$ -	\$ 572,620	\$ 46,314	\$ 77,628	\$ 1,263,762
Affordable Housing Fund	98,661	-	-	-	-	-	98,661
Urban Renewal Debt Service Fund	-	-	-	231,988	-	-	231,988
Nonmajor Governmental Funds	563,727	-	230,000	-	-	-	793,727
Internal Service Funds	130,147	-	-	12,232	18,052	-	160,431
	<u>\$ 792,535</u>	<u>\$ 567,200</u>	<u>\$ 230,000</u>	<u>\$ 816,840</u>	<u>\$ 64,366</u>	<u>\$ 77,628</u>	<u>\$ 2,548,569</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

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

E. Due To/From Other Funds

<u>Due From:</u>	<u>Due To:</u>		
	<u>Governmental</u>	<u>Business Type</u>	<u>Total Internal</u>
	<u>Activities</u>	<u>Activities</u>	
	<u>General</u>	<u>Wastewater</u> <u>Capital</u>	<u>Loans Payable</u>
<u>Governmental Activities:</u>			
General - General Government		\$ 71,056	\$ 71,056
General - Police		130,825	130,825
General - Community Development		4,316,238	4,316,238
General - Culture and Recreation		55,076	55,076
Urban Renewal Debt Service Fund	1,296,410		1,296,410
Total Internal Loans receivable	<u>\$ 1,296,410</u>	<u>\$ 4,573,195</u>	<u>\$ 5,869,605</u>

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

<u>Fiscal Year</u> <u>ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 161,660	\$ 241,392
2026	164,980	238,078
2027	168,370	234,695
2028	171,810	231,243
2029	175,350	227,720
2030-2032	454,240	13,994
Total	<u>\$ 1,296,410</u>	<u>\$ 1,187,122</u>

The amount payable to the Wastewater Capital Fund relates to the purchase of three patrol vehicles and emergency communications equipment for the police, general fund portion of information technology capital investments, resurfacing the Community Center gym, Community Development Center building improvements and the acquisition of a property in the general fund is as follows:

<u>Fiscal Year</u> <u>ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 111,140	\$ 226,331
2026	76,919	223,239
2027	35,857	220,887
2028	37,489	219,255
2029	4,311,790	217,549
Total	<u>\$ 4,573,195</u>	<u>\$ 1,107,262</u>

F. Renewable Energy Certificates (REC) – Department

As of June 30, 2024, the Department has 268,198 RECs banked in its Western Renewable Energy Generation Information System (WREGIS) account, valued at \$.50 per REC, for a total value of \$134,046. The value of these RECs is based on management’s estimate of fair value of \$266,800.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

The Department also holds \$560,312 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, 2024.

G. Regulatory Asset - Conservation Charges - Department

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

H. Leases Payable

Lease information with outstanding balances as of June 30, 2024 are as follows:

	<u>Interest Rate(s)</u>	<u>Date of Issue</u>	<u>Remaining Years</u>	<u>Amount of Original Note</u>	<u>Principal Outstanding</u>
Governmental Activities:					
Emergency Comms Equip, Govt Cap Corp	4.15	05/14/19	2024-2026	\$ 228,449	\$ 69,959
2019 MPD pursuit vehicles (3), Mun Asset Mgt	3.88	03/22/19	2024	153,497	-
Police parking storage lot	2.84	07/01/22	2024-2027	235,404	189,822
Copier and postage leases	0.51 - 11.26	Various	2024-2027	43,154	30,864
Total governmental leases payable:				<u>\$ 660,504</u>	<u>\$ 290,645</u>
Business-type Activities:					
Copier and postage leases	1.06	Various	2024-2027	\$ 8,787	\$ 3,477
Total business-type leases payable:				<u>\$ 8,787</u>	<u>\$ 3,477</u>

Lease payable outstanding as of June 30, 2023 are as follows:

<u>Fiscal Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 72,535	\$ 8,936
2026	71,899	6,413
2027	29,585	3,833
2028	29,316	2,985
2029	29,184	2,159
2030-2034	58,126	1,874
Total	<u>\$ 290,645</u>	<u>\$ 26,200</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

Annual debt service requirements for leases payable for business-type activities are as follows:

Fiscal Year ending June 30	Principal	Interest
2025	\$ 1,805	\$ 28
2026	1,672	9
Total	\$ 3,477	\$ 37

I. Subscription-Based Information Technology Arrangements Payable

The City has entered into several subscription-based information technology arrangements (SBITAs) involving various desktop, server, and equipment related applications with interest rates ranging from 1.71%-3.53%, terms ending up to 2034, with annual payments ranging from \$7,200-\$89,000.

The future subscription payments under subscription-based information technology arrangements are as follows:

Governmental Activities			Business-Type Activities		
Fiscal Year	Principal	Interest	Fiscal Year	Principal	Interest
2025	\$ 197,210	\$ 34,354	2025	\$ 13,871	\$ 1,172
2026	205,402	30,190	2026	14,155	891
2027	205,611	24,773	2027	14,441	603
2028	199,767	19,405	2028	14,735	309
2029	106,685	14,303	2029	737	19
2030-2034	320,285	27,184	2030-2034	129	2
	\$ 1,234,960	\$ 150,209		\$ 58,068	\$ 2,996

J. 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 transportation improvements and the public safety and civic hall buildings.

The 2006 Public Safety and Civic Buildings Bonds were subject to federal arbitrage rebate calculations. The final calculation was completed in 2016 and there is no contingent rebatable arbitrage liability as of June 30, 2024.

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

General Obligation bonds currently outstanding as of June 30, 2024, are as follows:

Governmental Activities:	Bond Series	Interest Rate(s)	Date of Issue	Remaining Years of Maturity	Amount of Original Issue	Principal Outstanding
Public Safety and Civic Center Bldgs	2015	2.50 - 5.00	04/16/15	2025-2027	\$ 7,235,000	\$ 2,375,000
Transportation	2015	2.50 - 5.00	04/16/15	2025-2030	16,085,000	7,650,000
Transportation	2018	3.00 - 4.00	02/28/18	2025-2033	7,915,000	5,150,000
Total Governmental Activities Bonds:					<u>\$ 31,235,000</u>	<u>\$ 15,175,000</u>

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

Fiscal Year ending June 30	Principal	Interest
2025	\$ 2,390,000	\$ 607,900
2026	2,500,000	498,500
2027	2,615,000	383,900
2028	1,865,000	263,950
2029	1,930,000	189,350
2030-2033	3,875,000	235,900
Total	<u>\$ 15,175,000</u>	<u>\$ 2,179,500</u>

2. Full Faith and Credit Obligations

Full Faith and Credit obligations include a loan from Oregon Department of Transportation related to the Newberg-Dundee Bypass (OTIB), a loan to purchase fire equipment, and an Urban Renewal Agency loan for capital improvement projects.

In December 2022, the original OTIB loan balance for the Dundee Bypass Project, originally issued in 2013, was refinanced and an additional \$3,622,000 loan was added to the new loan amount, as of June 30, 2024 no drawdowns had taken place so actual outstanding balance was \$2,008,252.

The fire equipment loan matured as of June 30, 2024.

In October 2016, the City also entered into a financing agreement with JPMorgan Chase Bank to borrow \$2,192,300 for urban renewal related capital improvements. The loan is subject to interest at 2.04% through 2032.

Loans and notes payable currently outstanding as of June 30, 2024, are as follows:

Governmental Activities:	Interest Rate(s)	Date of Issue	Remaining Years	Amount of Original Note	Principal Outstanding
OTIB Loan Dundee Bypass, ODOT*	2.88	12/13/23	2025-2066	\$ 2,330,450	\$ 2,008,252
Fire Vehicle, Key Bank	3.10	05/20/14	none	1,370,000	-
Urban Renewal, Chase	2.04	10/31/16	2025-2032	2,192,300	1,296,410
Total Governmental Activities Notes:				<u>\$ 5,892,750</u>	<u>\$ 3,304,662</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

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

Fiscal Year ending June 30	Principal	Interest
2025	\$ 305,070	\$ 71,013
2026	312,521	64,176
2027	320,160	57,191
2028	327,971	50,055
2029	336,009	42,766
2030-2034	1,329,662	108,504
2035-2036	373,270	121,311
Total	<u>\$ 3,304,662</u>	<u>\$ 515,016</u>

3. Pension Related Debt

In 2001 the City and Department became members of OPERS Local Government Rate Pool (LGRP). Subsequent to the City joining the LGRP, the Oregon legislature merged the LGRP with the State/Community College Pool, forming the State and Local Government Rate Pool (SLGRP). In 2001, the City elected to become a member of the SLGRP.

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

In 2024, the fire and ambulance workforce of the City was transferred to a new taxing district, the McMinnville Fire District. The total debt obligation remains with the City but the MFD has agreed to pay its proportion of the debt service ahead of each debt service payment through its 2028 maturity date.

The City and Department elected to pay the balance owed on the PERS transition liability in 2016. The City entered into a financing agreement to pay its share of the transition liability. The Department used available cash to pay its share. Pension obligation notes payable currently outstanding as of June 30, 2024, are as follows:

	Interest Rate(s)	Date of Issue	Remaining Years	Amount of Original Note	Principal Outstanding
PERS Transitional Liability, Chase	2.73	10/31/16	2025-2028	\$ 3,525,860	\$ 1,468,740
	Allocation				
Governmental Activities:					
Allocation Governmental Funds	90.00%			\$ 3,173,274	\$ 1,321,866
Allocation Internal Service Funds	2.00%			70,517	29,375
Total Governmental					
Business Type	8.00%			282,069	117,499
Total Pension Obligation Notes				<u>\$ 3,525,860</u>	<u>\$ 1,468,740</u>

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

Fiscal Year ending June 30	Governmental Funds		Govt. Internal Service Funds		Business Type		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 348,048	\$ 33,750	\$ 7,734	\$ 750	\$ 30,938	\$ 3,000	\$ 386,720	\$ 37,500
2026	371,196	24,092	8,249	535	32,995	2,142	412,440	26,769
2027	395,442	13,795	8,788	307	35,150	1,226	439,380	15,328
2028	207,180	2,828	4,604	63	18,416	251	230,200	3,142
Total	<u>\$ 1,321,866</u>	<u>\$ 74,465</u>	<u>\$ 29,375</u>	<u>\$ 1,655</u>	<u>\$ 117,499</u>	<u>\$ 6,619</u>	<u>\$ 1,468,740</u>	<u>\$ 82,739</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2024 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 17,465,000	\$ -	\$ 2,290,000	\$ 15,175,000	\$ 2,390,000
Unamortized premium	1,496,765	-	263,950	1,232,815	263,950
Notes payable	4,266,000	-	961,338	3,304,662	305,070
PERS Transitional Liability, Chase	1,647,855	-	325,989	1,321,866	349,006
Lease Liabilities	371,636	113,664	194,653	290,645	72,535
Subscription Liabilities	637,957	839,951	242,948	1,234,960	197,210
Compensated absences	1,079,683	1,042,341	1,269,882	852,142	236,828
Governmental Totals	<u>\$ 26,964,896</u>	<u>\$ 1,995,956</u>	<u>\$ 5,548,761</u>	<u>\$ 23,412,090</u>	<u>\$ 3,814,599</u>
<u>Internal service funds</u>					
PERS Transitional Liability, Chase	\$ 36,619	\$ -	\$ 7,244	\$ 29,375	\$ 6,776
Compensated absences	52,619	28,511	28,994	52,136	14,490
Internal service fund Totals	<u>\$ 89,238</u>	<u>\$ 28,511</u>	<u>\$ 36,238</u>	<u>\$ 81,511</u>	<u>\$ 21,266</u>
<u>Business type activities</u>					
PERS Transitional Liability, Chase	\$ 146,476	\$ -	\$ 28,977	\$ 117,499	\$ 27,106
Lease Liabilities	5,264	-	1,786	3,478	1,805
Subscription Liabilities	72,361	-	14,293	58,068	13,871
Compensated absences	99,251	115,600	93,659	121,192	33,682
Business type totals	<u>\$ 323,352</u>	<u>\$ 115,600</u>	<u>\$ 138,715</u>	<u>\$ 300,237</u>	<u>\$ 76,464</u>

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

K. Fund Balances

Fund balances by classification for the year ended June 30, 2024 were as follows:

Fund Balances	General Fund	Airport Maintenance Fund	Affordable Housing Fund	Transportation Fund	Debt Service Fund	Urban Renewal Debt Service Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:								
In Form	\$ 21,365	\$ -	\$ -	\$ 201,248	\$ -	\$ -	\$ 26,800	\$ 249,413
Restricted for:								
Street Maintenance	-	-	-	-	-	-	2,413,870	2,413,870
Airport Maintenance	-	1,098,360	-	-	-	-	-	1,098,360
Grants and Assessments	-	-	795,424	-	-	-	150,926	946,350
Capital Projects	-	-	-	5,977,308	-	-	2,953,711	8,931,019
Debt Service	-	-	-	-	301,475	25,315	-	326,790
Committed to:								
Emergency Communications	-	-	-	-	-	-	170,007	170,007
Community Impact	4,653,705	-	-	-	-	-	-	4,653,705
Assigned to:								
Telecommunications	-	-	-	-	-	-	2,123	2,123
Building	-	-	-	-	-	-	2,286,605	2,286,605
Unassigned:	2,473,152	-	-	-	-	-	-	2,473,152
Total fund balances	<u>\$ 7,148,222</u>	<u>\$ 1,098,360</u>	<u>\$ 795,424</u>	<u>\$ 6,178,556</u>	<u>\$ 301,475</u>	<u>\$ 25,315</u>	<u>\$ 8,004,042</u>	<u>\$ 23,551,394</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

L. Other Post-Employment Benefits (OPEB)

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

1. Financial Statement Presentation

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

	<u>Implicit Rate Subsidy</u>	<u>PERS RHIA Plan</u>	<u>Total OPEB on Financials</u>
OPEB Asset	\$ -	\$ 288,464	\$ 288,464
Deferred Outflows of Resources			
Change in Assumptions	24,028	-	24,028
Difference in Expected and Actual Experience	82,491	-	82,491
Difference in Earnings	-	818	818
Change in Proportionate Share	-	71,443	71,443
Contributions After MD	83,182	157	83,339
OPEB Liability	(1,210,255)	-	(1,210,255)
Deferred Inflows of Resources			
Difference in Expected and Actual Experience	(507,570)	(7,242)	(514,812)
Difference in Earnings	-	-	-
Change in Assumptions	(330,014)	(3,110)	(333,124)
Change in Proportionate Share	-	-	-
OPEB Expense/(Income)*	(28,559)	40,657	12,098

*Included in program expenses on Statement of Activities

2. Post-Employment Healthcare Plan – City

Plan Description:

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

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

Benefits Provided:

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2022, the following employees were covered by the benefit terms:

Active employees	133
Eligible retirees	10
Spouses of ineligible retirees	0
Total participants	143

OPEB Plan Liability, OPEB (Income) / Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

The City's total OPEB liability of \$1,210,255 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

For the fiscal year ended June 30, 2024, the City recognized OPEB income from this plan of \$28,559. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 82,491	\$ 507,570
Changes of assumptions	24,028	330,014
Total (prior to post-MD contributions)	106,519	837,584
Contributions subsequent to the MD	83,182	-
Total	\$ 189,701	\$ 837,584

Deferred outflows of resources related to OPEB of \$83,182 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB (income) / expense as follows:

Actuarial Assumptions and Other Inputs:

Year ended June 30:	
2025	\$ (156,556)
2026	(156,556)
2027	(156,556)
2028	(145,049)
2029	(30,141)
Thereafter	(86,207)
Total	\$ (731,065)

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

The total OPEB liability in the July 1, 2022, valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Discount Rate	3.65 percent
Projected Salary Increases	3.40 percent overall payroll growth
Retiree Healthcare Participation	55% of eligible employees 60% of male members and 35% of female members will elect spouse coverage.
Mortality	<p>Health retirees and beneficiaries: Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.</p> <p>Future mortality improvement: Generational Unisex Social Security Data Scale</p> <p>Healthcare cost trend rate: Medical and vision: 6.50 percent per year decreasing to 6.00 percent.</p> <p>Dental: 4.00 percent per year until 2072, then 3.75 percent thereafter.</p>

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

Changes in Total OPEB Liability:

Changes in assumptions are the result of the change in the discount rate from 3.54% to 3.65%.

	<u>Total OPEB Liability</u>
Balance as of June 30, 2023	\$ 1,179,983
Changes for the year:	
Service cost	84,767
Interest on total OPEB liability	43,230
Effect of changes to benefit terms	-
Effect of economic demographic gains or losses	-
Effect of assumptions changes or inputs	(9,839)
Benefit payments	(87,886)
Balance as of June 30, 2024	<u>\$ 1,210,255</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

Sensitivity of the total OPEB liability:

The following presents the City's OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate:

	<u>1% Decrease (2.65%)</u>	<u>Current Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Total OPEB Liability	\$ 1,300,948	\$ 1,210,255	\$ 1,125,689

Healthcare Cost Trend:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 1,093,993	\$ 1,210,255	\$ 1,346,537

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

Plan Description:

The City contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. The plan is closed to new entrants hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or online at <https://www.oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.pdf>.

Benefits Provided:

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

Contributions:

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2021 actuarial valuation and a percentage of payroll that first became effective July 1, 2023. The City contributed 0.05% of PERS-covered salaries for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits. No unfunded actuarial liability (UAL) rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2019. The City's total for the year ended June 30, 2024 contributions was \$157.

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

At June 30, 2024, the City reported an asset of \$288,464 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2023, and the net OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2021 rolled forward to June 30, 2023. The City's proportion of the net OPEB asset was based on the City's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2024, the City's proportionate share was 0.0788%, which is a decrease from its proportion of 0.0967% as of June 30, 2023.

For the year ended June 30, 2024, the City recognized OPEB expense from this plan of \$40,657. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,242
Changes of assumptions	-	3,110
Net difference between projected and actual earnings on investments	818	-
Changes in proportionate share	71,443	-
Total (prior to post-MD contributions)	72,261	10,352
Contributions subsequent to the MD	157	-
Total	\$ 72,418	\$ 10,352

Deferred outflows of resources related to OPEB of \$157 resulting from the City's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB (income) / expense as follows:

	Year ended June 30:
2025	\$ 51,046
2026	(3,622)
2027	10,660
2028	3,825
2029	-
Total	\$ 61,909

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

Actuarial Methods & Assumptions:

The net OPEB asset in the December 31, 2021 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation Date	December 31, 2021
Measurement Date	June 30, 2023
Experience Study Report	2020, published July 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Long-Term Expected Rate of Return	6.90 percent
Projected Salary Increases	3.40 percent
Retiree Healthcare Participation	Healthy retirees: 27.5% Disabled retirees: 15%
Mortality	Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active Members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>Target Allocation</u>
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5%	32.5%	27.5%
Real Estate	9.0%	16.5%	12.5%
Private Equity	17.5%	27.5%	20.0%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Global Equity	27.50%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge Fund of Funds - Multistrategy	1.25%	6.27%
Hedge Fund Equity - Hedge	0.63%	6.48%
Hedge Fund - Macro	5.62%	4.83%
Total	100.00%	
Assumed Inflation - Mean		2.35%

Discount rate:

The discount rate used to measure the net OPEB asset was 6.90% for the RHIA Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the RHIA Plan was applied to all periods of projected benefit payments to determine the net OPEB asset.

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

The following presents the City's proportionate share of the net OPEB asset calculated using the discount rate of 6.90%, as well as what the City's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

Discount Rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net OPEB Asset	\$ (262,214)	\$ (288,464)	\$ (310,986)

OPEB plan fiduciary net position:

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

Changes in Plan Provisions During the Measurement Period:

There were no changes during the June 30, 2023 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date:

There were no changes subsequent to the June 30, 2023 measurement period that require disclosure.

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

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

Contributions:

The Department contributed 0.04% of PERS-covered salaries for Tier One/Tier Two members to fund the normal cost portion of RHIA benefits. The Department's total for the year ended June 30, 2024 contributions was \$64.

5. Post-Employment Healthcare Plan – Department

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

Employees covered by benefit terms:

At July 1, 2023, the following employees were covered by the benefit terms:

Active employees	68
Retired employees	<u>4</u>
Total	<u>72</u>

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

Changes in Total OPEB Liability:

	Total OPEB Liability
Balance as of June 30, 2023	\$ 1,454,570
Changes for the year:	
Service cost	56,309
Interest on total OPEB liability	57,525
Effect of changes to benefit terms	-
Effect of economic demographic gains or los	-
Effect of assumptions changes or inputs	(13,268)
Benefit payments	(80,122)
Net RHIA change	(244)
Balance as of June 30, 2024	\$ 1,474,770

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

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

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	\$ 1,616,653	\$ 1,474,770	\$ 1,342,039

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

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

	1% Decrease	Current Health Care Trend Rates	1% Increase
Total OPEB Liability	\$ 1,341,732	\$ 1,474,770	\$ 1,632,705

OPEB (Income) / Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2024, the Department recognized an OPEB income of \$13,177. At June 30, 2024, the Department reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,643	\$ 5,501
Changes of assumptions	20,956	346,530
Net difference between projected and actual earnings on investments	436	-
Changes in proportionate share	2,124	1,933
Total (prior to post-MD contributions)	38,159	353,964
Contributions subsequent to the MD	94,610	-
Total	\$ 132,769	\$ 353,964

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

Deferred outflows of resources related to OPEB of \$94,610 resulting from the Department's contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB (income) / expense as follows:

<u>Year ended June 30:</u>		
2025	\$	(109,310)
2026		(102,514)
2027		(57,434)
2028		(8,984)
2029		(10,262)
Thereafter		(27,301)
Total	\$	<u>(315,805)</u>

M. 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 defined benefit pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Annual Comprehensive Financial Report and Actuarial Valuation that can be obtained at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

ORS 238 Tier One/Tier Two Retirement Benefits:

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

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit will be equal to \$225,533 in 2023 and will be indexed with inflation in later years.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

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

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

A member's beneficiary may choose a monthly payment for life instead of the lump-sum or a combination of lumpsum and monthly payments, if eligible. The monthly payment must be a minimum of \$200 per month for deaths that occur after July 30, 2023.

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

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

ORS 238A OPSRP Pension Program Benefits:

The Pension Program ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits under this portion of OPSRP provide a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

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

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit will be equal to \$225,533 in 2023 and will be indexed with inflation in later years.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

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

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

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

Benefit Changes after Retirement – Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

OPSRP Individual Account Program (IAP):

Pension Benefits – The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established.

Employers have the option to make employer contributions for a member under ORS 238A.340. Contributions for these accounts are deposited into a separate employer-funded account. The member becomes vested in this optional employer-funded account on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. The accounts fall under Internal Revenue Code Section 414(k).

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

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

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

Contributions:

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

Employer Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salaries as if they were an active member, excluding IAP (6 percent) contributions. Re-employed retirees do not accrue additional benefits while they work after retirement. Employer contributions for the year ended June 30, 2024 were \$4,160,667, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2024 were 28.74 percent for Tier One/Tier Two General Service Member and Tier One/Tier Two Police and Fire, 22.15 percent for OPSRP Pension Program General Service Members, 26.94 percent for OPSRP Pension Program Police and Fire Members.

Employee Contributions – Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements. As permitted, the City has opted to pick-up the contributions on behalf of employees; contributions were \$882,598 for the year ended June 30, 2024.

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than \$3,570 per month, 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

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

At June 30, 2024, the City and Department reported liabilities of \$27,692,538 and \$11,041,547, respectively for their proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to June 30, 2023. 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 entities, actuarially determined. At June 30, 2023, the City's proportionate share of the net pension liability as of the measurement date was 0.1478% and the Department's proportion was 0.0589%. The City's and Department's proportionate share at the prior measurement date was 0.1631% and 0.0524%, respectively.

For the year ended June 30, 2024, the City and Department recognized pension expense of \$3,971,616 and \$2,162,165, respectively. The Department has elected to use regulatory accounting to recognize pension expense in conjunction with the required employer contribution rates.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

At June 30, 2024, the City and Department reported deferred outflows of resources and deferred inflows of resources related to pensions. The City's deferred inflows and outflows were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,354,250	\$ 109,803
Changes of assumptions	2,460,041	18,342
Net difference between projected and actual earnings on investments	497,748	-
Changes in proportion	586,972	2,222,208
Differences between employer contributions and proportionate share of contributions	524,581	1,933,632
Total (prior to post-MD contributions)	<u>5,423,592</u>	<u>4,283,985</u>
Contributions subsequent to the MD	<u>4,160,667</u>	<u>-</u>
Total	<u>\$ 9,584,259</u>	<u>\$ 4,283,985</u>

Deferred outflow and inflow pension data for the Department:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 539,965	\$ 43,781
Changes of assumptions	980,866	30,382
Net difference between projected and actual earnings on investments	198,462	-
Changes in proportion	1,081,715	7,313
Differences between employer contributions and proportionate share of contributions	22,314	597,331
Total (prior to post-MD contributions)	<u>2,823,322</u>	<u>678,807</u>
Contributions subsequent to the MD	<u>1,617,230</u>	<u>-</u>
Total	<u>\$ 4,440,552</u>	<u>\$ 678,807</u>

City and Department's contributions subsequent to the measurement date of \$4,160,667 and \$1,617,230, respectively, are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

City:

Year ended June 30:	
2025	\$ (385,315)
2026	(1,430,261)
2027	2,326,293
2028	640,377
2029	(11,487)
Total	\$ 1,139,607

Department:

Year ended June 30:	
2025	\$ 419,369
2026	(120,790)
2027	1,236,219
2028	513,521
2029	96,196
Total	\$ 2,144,515

Actuarial Methods and Assumptions:

The total pension liability in the December 31, 2021 actuarial valuation was determined using the actuarial methods and assumptions that are the same as listed above in Note III.L.3 – Actuarial Methods and Assumptions.

Long-Term Expected Rate of Return:

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

Depletion Date Projection:

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

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

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Discount Rate:

The discount rate used to measure the total pension liability was 6.90 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.

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

The following presents the City and Department's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	<u>1% Decrease (5.90%)</u>	<u>Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
City's proportionate share of the net pension liability (asset)	\$ 45,742,859	\$ 27,692,538	\$ 12,586,333
Department's proportionate share of the net pension liability (asset)	\$ 18,238,556	\$ 11,041,547	\$ 5,018,412

Pension Plan Fiduciary Net Position:

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

Payable to OPERS:

At June 30, 2024, the City's payable to OPERS for defined benefit contributions was approximately \$353,307. 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, 2024.

Changes in Plan Provisions During the Measurement Period:

There were no changes during the June 30, 2023 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Period:

There were no changes subsequent to the June 30, 2023 measurement period that require disclosure.

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

2. McMinnville Fire Department Length of Service Awards Program (LOSAP)

Plan Disposal:

During fiscal year 2024, the LOSAP balances were transferred to the McMinnville Fire District as part of the separation between the City of McMinnville and the McMinnville Fire District. Additional information regarding this change is reflected in Note IV.F – Transfer of Operations to McMinnville Fire District below.

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.

Additional insurance policies are in place to cover cybersecurity risk and the specialized risks associated with operating a municipal airport. For property and liability insurance, cyber security, airport and for workers' compensation insurance, settlements did not exceed insurance coverage in any of the past four fiscal years.'

2. Department

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. The Department is covered for comprehensive liability, property, auto liability and physical damage, employer's liability, and workers' compensation insurance through City County Insurance Services (CIS), a public entity risk pool. For property and liability insurance, settlements did not exceed insurance coverage in any of the past three fiscal years.

B. Commitments and Contingencies

1. City

At June 30, 2024, the City was committed to 37 contracts. In the major governmental funds, approximately \$140,000 remains to complete construction of a transitional housing facility and navigation center, \$205,000 for a variety of non-capital professional services, \$285,000 in audit and city engineering services, \$1.12 million in economic development contracts, \$395,000 in HVAC and building maintenance services, \$325,000 for a slurry seal road rehabilitation project and \$1.19 million in Municipal Airport master planning and professional services. In the non-major fund for Emergency Communication \$80,000 is for communications equipment maintenance; other non-major fund commitments include \$27,000 for parks planning services, \$225,000 in street sweeping services, \$55,000 for building inspection and planning services and \$15,000 in building and HVAC preventative maintenance. In the Wastewater Fund, a business-type activity, a single contract balance of \$9.5 million to complete construction of a solids treatment facility remains. Approximately \$3.6 million in other capital contracts for sanitary sewer projects and \$1.6 million on other contracts including wastewater planning, biosolid hauling services, and facilities maintenance,

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

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, 2024 were approximately \$783,000.

C. Pollution Remediation Liability

GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations established accounting and financial reporting standards for pollution remediation obligations. The City has three properties with remediation issues. Estimated remediation costs for each property are being provided through external contractors. The City recognizes a pollution remediation obligation when it can reasonably estimate the range of expected cash outlays.

The remediation obligation estimates that appear in this report are subject to change over time. Costs may vary due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, changes to statutes or regulations, and other factors that could result in revisions to these estimates. Prospective recoveries from responsible parties may reduce the City's obligation. The City of McMinnville became aware of an unresolved pollution issue at the City Hall and Fire Department through June 30, 2023. The City Hall issue has since been resolved. The remaining estimate for continued exploration of the issue is \$26,992 for the Fire Department site; Evren Northwest will either resolve the issue or determine the scope of any necessary remediation.

D. Major Customer and Supplier – Department

Department sales of electricity were made to one major commercial customer during the year ended June 30, 2024 in amounts exceeding 29% of total sales. This customer accounted for approximately \$12,590,000 of revenues during the year ended June 30, 2024. At June 30, 2024, accounts receivable from this same customer amounted to approximately \$940,000

Department purchases were made from one major supplier of power, including supply, transmission and distribution during the year ended June 30, 2024, which accounted for 89% of the total of such purchases. The supplier accounted for \$24,100,000 of purchases during the year ended June 30, 2024. At June 30, 2024, amounts due to this same supplier, and included in accounts payable, amounted to approximately \$1,697,000.

E. Jointly Governed Organization – City

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

YCOM is partially funded by member contributions, which are based on a cost-sharing formula determined by the YCOM Executive Board. The City paid \$540,800 in member contributions to YCOM in fiscal year 2024. 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 \$32,600 from YCOM for providing operational space within the Police Department.

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

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

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.

F. Transfer of Operations to McMinnville Fire District

During fiscal year 2024, the City transferred the assets and liabilities comprising its fire and emergency service operations to the McMinnville Fire District (MFD) for the purpose of enhancing emergency fire and ambulance services. The City provided a transition period for partial operational support through fiscal year 2024.

As a result of the transfer, the City recognized contributions of capital assets of \$1,694,382 of capital assets, net of accumulated depreciation as a general government expense. Other contributed items consist of leases and subscription related assets and liabilities, including cell tower leases, reimbursed insurance refunds, and existing grant monies related to an ambulance purchase totaling \$1,278,935.

Expenditures and revenues of the fire services operations reported in the general fund were \$4,340,581 and \$3,984,417 million, respectively.

G. Tax Abatement

The City of McMinnville has entered into property tax abatement agreements whereby the assessed value of property tax has been reduced. The City’s property tax revenue for the year ended June 30, 2024 has been abated under the following programs:

Program and Statutory Authority	Amount of Abatement
Housing for low income rental ORS 307.517	\$ 55,280
Historic property ORS 358.475 - 358.545	<u> 2,112</u>
Total	<u><u> \$ 57,392</u></u>

H. New Accounting Pronouncement

The Government Accounting Standards Board (GASB) issues new pronouncements from time to time. For copies of original pronouncements please visit the GASB's website www.gasb.org.

GASB Statement No. 99, “Omnibus 2022”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. There is no impact on the financial reporting for the fiscal years ended June 30, 2023 and 2024.

GASB Statement No. 100, “Accounting Changes and Error Corrections”—an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing

City of McMinnville, Oregon
Notes to Basic Financial Statements (Continued)
Year Ended June 30, 2024

accountability. Effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. There is no impact on the financial reporting for the fiscal years ended June 30, 2023 and 2024.

GASB Statement No. 101, “Compensated Absences”. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, “Certain Risk Disclosures”. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 103, “Financial Reporting Model Improvements”. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, “Disclosure of Certain Capital Assets”. The objective introduces new disclosure requirements for state and local governments for affected asset categories. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

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

- Budgetary Comparison Schedules
 - General Fund
 - Airport Maintenance Fund
 - Affordable Housing Fund
- Schedule of the Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pensions
- Schedule of the Proportionate Share of OPEB - RHIA
- Schedule of Contributions to OPEB - RHIA
- Schedule of Changes in OPEB Liability and Related Ratios - Implicit Rate Subsidy
- Notes to Required Supplementary Information

CITY OF MCMINNVILLE, OREGON
GENERAL FUND - BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 11,575,000	\$ 11,575,000	\$ 11,726,204	\$ 151,204
Payments in lieu of tax	2,475,000	2,475,000	2,496,781	\$ 21,781
Licenses and permits	2,087,480	2,087,480	2,159,073	71,593
Intergovernmental	7,516,606	7,951,220	5,646,268	(2,304,952)
Charges for services	3,145,067	3,145,067	3,190,035	44,968
Fines and forfeitures	389,600	389,600	391,785	2,185
Miscellaneous	1,004,168	1,004,168	1,660,230	656,062
Total revenues	28,192,921	28,627,535	27,270,376	(1,357,159)
EXPENDITURES:				
General government:				
Administration	2,235,513	6,650,171	6,342,291	307,880
Finance	1,153,296	1,127,796	842,429	285,367
Community development:				
Engineering	1,898,359	2,058,083	1,713,555	344,528
Planning	2,696,554	2,911,554	1,879,548	1,032,006
Public safety:				
Police	11,055,374	11,055,374	9,944,138	1,111,236
Municipal court	681,556	691,556	654,409	37,147
Fire	-	-	-	-
Culture and recreation:				
Parks and recreation	3,517,171	3,517,171	2,951,544	565,627
Park maintenance	3,903,863	3,903,863	2,025,661	1,878,202
Library	2,679,298	2,779,298	2,563,951	215,347
Nondepartmental:				
Personnel services	10,080	10,080	-	10,080
Materials and services	145,800	155,800	155,664	136
Debt service:				
Principal	552,475	552,475	552,474	1
Interest	77,665	77,665	77,664	1
Special payments	5,386,303	5,862,228	4,370,827	1,491,401
Contingency	1,500,000	143,460	-	143,460
Total expenditures	37,493,307	41,496,574	34,074,155	7,422,419
Revenues over (under) expenditures	(9,300,386)	(12,869,039)	(6,803,779)	6,065,260
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	6,000	6,000	-	(6,000)
Interfund loan proceeds received	5,690,441	10,040,441	8,389,213	(1,651,228)
Interfund loan payments received from other funds	187,295	187,295	187,295	-
Interfund loan payments made to other funds	(4,459,153)	(4,459,153)	(4,065,045)	394,108
Contribute asset to McMinnville Fire Department	-	(930,615)	(930,615)	-
Transfers in	2,514,564	2,521,608	2,456,344	(65,264)
Transfers out	(2,024,763)	(2,083,763)	(1,716,306)	367,457
Total other financing sources (uses)	1,914,384	5,281,813	4,320,886	(960,927)
Net change in fund balance	(7,386,002)	(7,587,226)	(2,482,893)	5,104,333
FUND BALANCE, BEGINNING - BUDGETARY BASIS	12,832,353	12,832,353	13,130,542	298,189
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 5,446,351	\$ 5,245,127	10,647,649	\$ 5,402,522
Distribution of interfund loan payable to McMinnville Fire District			(222,642)	
Outstanding interfund loan receivable			1,296,410	
Outstanding interfund loan payable			(4,573,195)	
FUND BALANCE, ENDING GAAP BASIS			\$ 7,148,222	
* Appropriated together as non-departmental				

CITY OF MCMINNVILLE, OREGON
AIRPORT MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 370,000	\$ 370,000	\$ 463,460	\$ 93,460
Charges for services	448,000	448,000	381,179	(66,821)
Fines and forfeitures	-	-	-	-
Miscellaneous	32,800	32,800	64,946	32,146
Total revenues	850,800	850,800	909,585	58,785
EXPENDITURES:				
Airport:				
Personnel services	61,435	61,435	58,312	3,123 *
Materials and services	837,654	837,654	511,787	325,867 *
Capital outlay	406	406	340	66 *
Contingency	300,000	300,000	-	300,000
Total expenditures	1,199,495	1,199,495	570,439	629,056
Revenues over (under) expenditures	(348,695)	(348,695)	339,146	687,841
OTHER FINANCING SOURCES (USES):				
Transfers out	(60,153)	(60,153)	(60,153)	-
Total other financing sources (uses)	(60,153)	(60,153)	(60,153)	-
Net change in fund balance	(408,848)	(408,848)	278,993	687,841
FUND BALANCE, BEGINNING - BUDGETARY BASIS	779,786	779,786	819,367	39,581
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 370,938	\$ 370,938	\$ 1,098,360	\$ 727,422

* Expenditures are appropriated together as airport operations.

CITY OF MCMINNVILLE, OREGON
AFFORDABLE HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 500,000	\$ 800,000	\$ 611,875	\$ (188,125)
Intergovernmental	1,440,074	2,094,131	2,094,131	-
Miscellaneous	30,000	30,000	84,395	54,395
Total revenues	1,970,074	2,924,131	2,790,401	(133,730)
EXPENDITURES:				
General government:				
Personnel services	125,766	125,766	33,579	92,187
Materials and services	1,508,322	1,008,322	347,874	660,448
Capital outlay	1,355,561	2,509,618	2,388,940	120,678
Contingency	34,000	34,000	-	34,000
Total expenditures	3,023,649	3,677,706	2,770,393	907,313
Revenues over (under) expenditures	(1,053,575)	(753,575)	20,008	773,583
OTHER FINANCING SOURCES (USES):				
Transfers in	831,442	831,442	567,200	(264,242)
Transfers out	(104,404)	(116,404)	(98,661)	17,743
Total other financing sources (uses)	727,038	715,038	468,539	(246,499)
Net change in fund balance	(326,537)	(38,537)	488,547	527,084
FUND BALANCE, BEGINNING - BUDGETARY BASIS	346,934	346,934	306,877	(40,057)
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 20,397	\$ 308,397	\$ 795,424	\$ 487,027

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

City	Measurement Date June 30,	(a) City's proportion of the net pension liability (asset)	(b) City's proportionate share of the net pension liability (asset)	(c) City's covered payroll	(b/c)	Plan fiduciary net position as a percentage of the total pension liability
					City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	
	2023	0.14784583%	\$ 27,692,538	\$ 16,333,325	169.55%	81.7%
	2022	0.16313456%	24,979,174	15,464,857	161.52%	84.50%
	2021	0.15898886%	19,025,370	15,074,044	126.21%	87.60%
	2020	0.15816053%	34,516,068	14,648,781	235.62%	75.80%
	2019	0.16803680%	29,066,342	14,345,060	202.62%	80.20%
	2018	0.14991760%	22,710,542	13,566,496	167.40%	82.10%
	2017	0.15823662%	21,330,356	12,704,671	167.89%	83.10%
	2016	0.16659100%	25,009,124	12,346,146	202.57%	80.53%
	2015	0.18762836%	10,772,610	11,689,472	92.16%	91.90%
	2014	0.18541902%	(4,202,920)	11,141,496	-37.72%	103.60%

Department	Measurement Date June 30,	(a) Department's proportion of the net pension liability (asset)	(b) Department's proportionate share of the net pension liability (asset)	(c) Department's covered payroll	(b/c)	Plan fiduciary net position as a percentage of the total pension liability
					Department's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	
	2023	0.05895000%	11,041,547	5,655,384	195.24%	84.50%
	2022	0.05244552%	8,030,461	5,630,164	142.63%	84.50%
	2021	0.05228808%	6,257,043	5,330,572	117.38%	75.80%
	2020	0.05025634%	10,967,662	5,000,050	219.35%	75.80%
	2019	0.04704994%	8,138,513	4,865,881	167.26%	80.20%
	2018	0.05375311%	8,142,888	4,888,679	166.57%	82.10%
	2017	0.05938144%	8,004,641	4,999,100	160.12%	83.10%
	2016	0.06251600%	9,385,171	4,876,213	192.47%	80.53%
	2015	0.07041000%	3,990,001	4,858,713	82.12%	91.90%
	2014	0.06593000%	(1,494,371)	4,665,911	-32.03%	103.60%

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

CITY OF MCMINNVILLE, OREGON
SCHEDULE OF CONTRIBUTIONS - PENSIONS
For the Last Ten Fiscal Years

City

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2024	\$ 4,160,667	\$ 4,160,667	\$ -	\$ 16,007,275	25.99%
2023	3,977,745	3,977,745	-	16,333,325	24.35%
2022	3,705,946	3,705,946	-	15,464,857	23.96%
2021	3,661,207	3,661,207	-	15,074,044	24.29%
2020	3,366,306	3,366,306	-	14,648,781	22.98%
2019	2,671,712	2,671,712	-	14,345,060	18.62%
2018	2,420,608	2,420,608	-	13,566,496	17.84%
2017	2,144,698	2,144,698	-	12,704,671	16.88%
2016	2,115,936	2,115,936	-	12,346,146	17.14%
2015	1,692,462	1,692,462	-	11,689,472	14.48%

Department

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) Department's covered payroll	(b/c) Contributions as a percent of covered payroll
2024	\$ 1,617,230	\$ 1,617,230	\$ -	\$ 6,032,786	26.81%
2023	1,344,110	1,344,110	-	5,655,384	23.77%
2022	1,287,835	1,287,835	-	5,630,164	22.87%
2021	1,154,464	1,154,464	-	5,330,572	21.66%
2020	1,086,161	1,086,161	-	5,000,050	21.72%
2019	820,096	820,096	-	4,865,881	16.85%
2018	751,095	751,095	-	4,888,679	15.36%
2017	804,840	804,840	-	4,999,100	16.10%
2016	691,701	691,701	-	4,876,213	14.19%
2015	601,765	601,765	-	4,858,713	12.39%

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

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

City - OPERS Retirement Health Insurance Account

Measurement Date June 30,	(a) City's proportion of the net OPEB liability (asset)	(b) City's proportionate share of the net OPEB liability (asset)	(c) City's covered payroll	(b/c)	Plan fiduciary net position as a percentage of the total OPEB liability
				City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	
2023	0.07877962%	\$ (288,464)	\$ 16,333,325	-1.77%	201.6%
2022	0.09667870%	(343,533)	15,464,857	-2.22%	194.6%
2021	0.17570348%	(603,367)	15,074,044	-4.00%	183.9%
2020	0.11569878%	(235,748)	14,648,781	-1.61%	150.1%
2019	0.13236308%	(255,773)	14,345,060	-1.78%	144.4%
2018	0.12981751%	(144,912)	13,566,496	-1.07%	124.0%
2017	0.12462946%	(52,013)	12,704,671	-0.41%	108.9%
2016	0.13230662%	35,930	12,346,146	0.29%	108.9%

Department - OPERS Retirement Health Insurance Account

Measurement Date June 30,	(a) Department's proportion of the net OPEB liability (asset)	(b) Department's proportionate share of the net OPEB liability (asset)	(c) Covered payroll	(b/c)	Plan fiduciary net position as a percentage of the total OPEB liability
				Department's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	
2023	0.04208064%	\$ (154,085)	\$ 5,655,384	-2.72%	201.6%
2022	0.04329466%	(153,841)	5,630,164	-2.73%	194.6%
2021	0.03948631%	(135,596)	5,330,572	-2.54%	183.9%
2020	0.02964946%	(60,414)	5,000,050	-1.21%	150.1%
2019	0.04619607%	(89,267)	4,865,881	-1.83%	144.4%
2018	0.04653525%	(51,946)	4,888,679	-1.06%	124.0%
2017	0.04676968%	(19,519)	4,999,100	-0.39%	108.9%
2016	0.04965069%	13,483	4,876,213	0.28%	108.9%

NOTES TO SCHEDULE

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

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

Changes of Assumptions:

The PERS Board adopted assumption changes that were used to measure the June 30, 2021 total OPEB liability. The changes include the lowering of the long-term expected rate of return from 7.20 to 6.90 percent and the inflation rate from 2.5 to 2.4 percent. In addition, the healthy healthcare participation and healthy mortality assumptions were changed to reflect an updated trends and mortality improvement scale for all groups.

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

City - OPERS Retirement Health Insurance Account

Year Ended June 30,	(a) Contractually determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) City's covered payroll	(b/c) Contributions as a percent of covered payroll
2024	\$ 157	\$ 157	\$ -	\$ 16,007,275	0.00%
2023	1,552	1,552	-	16,333,325	0.01%
2022	2,383	2,383	-	15,464,857	0.02%
2021	44,056	44,056	-	15,074,044	0.29%
2020	8,262	8,262	-	14,648,781	0.06%
2019	65,602	65,602	-	14,345,060	0.46%
2018	62,455	62,455	-	13,566,496	0.46%
2017	61,907	61,907	-	12,704,671	0.49%

Department - OPERS Retirement Health Insurance Account

Year Ended June 30,	(a) Contractually determined contribution	(b) Contributions in relation to the actuarially required contribution	(a-b) Contribution deficiency (excess)	(c) Covered payroll	(b/c) Contributions as a percent of covered payroll
2024	\$ 64	\$ 64	-	\$ 6,032,786	0.00%
2023	829	829	-	5,655,384	0.01%
2022	1,067	2,383	-	5,630,164	0.04%
2021	1,057	1,057	-	5,330,572	0.02%
2020	2,117	2,117	-	5,000,050	0.04%
2019	22,896	22,896	-	4,865,881	0.47%
2018	24,000	24,000	-	4,888,679	0.49%
2017	23,000	23,000	-	4,999,100	0.46%

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

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

NOTES TO SCHEDULE

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Effective:	July 2021 - June 2023	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Actuarial cost method:	Entry Age Normal				Projected Unit Credit
Amortization method:	Level percentage of payroll, closed				
Amortization period:	10 years				
Asset valuation method:	Market value				
Remaining amortization periods:	20 years				N/A
Actuarial assumptions					
Inflation rate	2.40 percent	2.50 percent	2.75 percent		
Projected salary increases	3.40 percent	3.50 percent	3.75 percent		
Investment rate of return	6.90 percent	7.20 percent	7.50 percent	7.75 percent	8.00 percent
Healthcare cost trend rates	None. Statute stipulates \$60 monthly payment for healthcare insurance				

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

City	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service Interest	\$ 84,767	\$ 104,287	\$ 101,203	\$ 79,797	\$ 70,664	\$ 143,891	\$ 156,197
Interest	43,230	33,119	32,133	45,165	45,716	79,991	64,110
Changes of benefit terms	-	-	-	-	-	-	-
Differences between economic/demographic gains or losses	-	(164,942)	-	142,487	-	(959,788)	-
Changes of assumptions	(9,839)	(188,509)	5,851	(70,713)	40,455	(179,625)	(164,168)
Benefit payment	(87,886)	(65,548)	(60,445)	(48,629)	(64,858)	(63,859)	(54,197)
Net change in total OPEB liability	30,272	(281,593)	78,742	148,107	91,977	(979,390)	1,942
Total OPEB liability - beginning	1,179,983	1,461,576	1,382,834	1,234,727	1,142,750	2,122,140	2,120,198
Total OPEB liability - ending (a)	\$ 1,210,255	\$ 1,179,983	\$ 1,461,576	\$ 1,382,834	\$ 1,234,727	\$ 1,142,750	\$ 2,122,140
Covered-employee payroll	\$ 16,007,275	\$ 16,333,325	\$ 15,464,857	\$ 15,074,044	\$ 14,648,781	\$ 14,345,060	\$ 13,566,496
Total OPEB liability as a percentage of covered-employee payroll	7.56%	7.22%	9.45%	9.17%	8.43%	7.97%	15.64%
Department							
Total OPEB Liability							
Service Interest	\$ 56,309	\$ 53,662	\$ 52,032	\$ 44,132	\$ 38,871	\$ 80,853	\$ 88,568
Interest	57,525	30,604	32,293	53,716	59,779	81,690	70,010
Differences between economic/demographic gains or losses	-	5,102	-	(3,225)	-	-	-
Difference between expected and actual experience	-	309,482	-	-	-	34,195	-
Changes of assumptions	(13,268)	(90,513)	4,803	(34,242)	42,160	(699,861)	(138,226)
Benefit payment	(80,122)	(125,515)	(144,637)	(138,581)	(173,010)	(210,866)	(164,408)
Net RHIA change	(244)	(18,245)	(75,182)	28,853	(37,320)	(32,427)	(33,002)
Net change in total OPEB liability	20,200	164,577	(130,691)	(49,347)	(69,520)	(746,416)	(177,058)
Total OPEB liability - beginning	1,454,570	1,289,993	1,420,684	1,470,031	1,539,551	2,285,967	2,463,025
Total OPEB liability - ending (a)	\$ 1,474,770	\$ 1,454,570	\$ 1,289,993	\$ 1,420,684	\$ 1,470,031	\$ 1,539,551	\$ 2,285,967
Covered-employee payroll	\$ 6,032,786	\$ 5,655,384	\$ 5,630,164	\$ 5,330,572	\$ 5,000,050	\$ 4,865,881	\$ 4,888,679
Total OPEB liability as a percentage of covered-employee payroll	24.45%	25.72%	22.91%	26.65%	29.40%	31.64%	46.76%

NOTES TO SCHEDULE

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

¹This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the Plan is provided to employees with other postemployment benefits through defined benefit plans that are not administered through trusts or equivalent arrangements.

City of McMinnville, Oregon
Notes to Required Supplementary Information
Year Ended June 30, 2024

A. Schedule of the Proportionate Share of the Total Pension Liability

Changes in Benefit Terms

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

A legislative change that occurred after the December 31, 2017 valuation date affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2022, annual salary in excess of \$210,582 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

A legislative change that occurred after the December 31, 2019 actuarial valuation date affected the plan provisions reflected for June 2021 financial reporting liability calculations. Senate Bill 111, enacted in June 2021, provides an increased pre-retirement death benefit for members who die on or after their early retirement age. For GASB 67 and GASB 68, the benefits valued in the Total Pension Liability are required to be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the plan. As a result, Senate Bill 111 was reflected in the June 30, 2021 Total Pension Liability. The increase in the Total Pension Liability resulting from Senate Bill 111, measured as of June 30, 2021, is shown in Exhibit A as the "Effect of plan changes" during the measurement period. While Senate Bill 111 also made changes to certain aspects of the System's funding and administration, the change in the death benefit provision is the only change that affects the measured Total Pension Liability. As a result, the death benefit provision is the only difference between June 30, 2020 and June 30, 2021 in the plan provisions basis used to determine the Total Pension Liability as of those two respective Measurement Dates.

Changes of Assumptions

The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability. The changes include the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated. For June 30, 2018, the long-term expected rate of return was lowered to 7.20 percent. For June 30, 2021, the long-term expected rate of return was lowered to 6.90 percent, and the inflation rate was lowered from 2.5 to 2.4 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

City of McMinnville, Oregon
Notes to Required Supplementary Information (Continued)
Year Ended June 30, 2024

B. Schedule of Contributions – Pension

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Actuarial valuation	July 2021 - June 2023	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Effective	Entry Age Normal				Projected Unit Credit
Actuarial cost method	Level percentage of payroll				
Amortization method	Market Value				
Asset valuation method	20 years				N/A
Remaining amortization	N/A				
Actuarial assumptions:					
Inflation rate	2.40 percent	2.50 percent		2.75 percent	
Projected salary	3.40 percent	3.50 percent			
Investment rate of return	6.90 percent	7.20 percent	7.50 percent	7.75 percent	8.00 percent

C. Schedule of the Proportionate Share of OPEB - RHIA

Changes of Assumptions

The Plan is provided to employees with other post-employment benefits through defined benefit plans that are not administered through trusts or equivalent arrangements.

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

D. Schedule of Contributions to OPEB – RHIA

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

	December 31, 2019	December 31, 2017	December 31, 2015	December 31, 2013	December 31, 2011
Actuarial valuation:	July 2021 - June 2023	July 2019 - June 2021	July 2017 - June 2019	July 2015 - June 2017	July 2013 - June 2015
Effective:	Entry Age Normal				Projected Unit Credit
Actuarial cost method:	Level percentage of payroll, closed				
Amortization method:	10 years				
Amortization period:	Market value				
Asset valuation method:	20 years				N/A
Remaining amortization periods:	N/A				
Actuarial assumptions					
Inflation rate	2.40 percent	2.50 percent		2.75 percent	
Projected salary increases	3.40 percent	3.50 percent			3.75 percent
Investment rate of return	6.90 percent	7.20 percent	7.50 percent	7.75 percent	8.00 percent
Healthcare cost trend rates	None. Statute stipulates \$60 monthly payment for healthcare insurance				

E. Schedule of Changes in OPEB Liability and Related Ratios – Implicit Rate Subsidy

The Plan is provided to employees with other post-employment benefits through defined benefit plans that are not administered through trusts or equivalent arrangements.

City of McMinnville, Oregon
Notes to Required Supplementary Information (Continued)
Year Ended June 30, 2024

F. Schedule of Contributions to OPEB – Implicit Rate Subsidy

Actuarial Assumptions and Methods Used to Set the Actuarially Determined Contributions

Actuarial valuation:	July 1, 2022	July 1, 2020	July 1, 2018	July 1, 2016
Effective:	June 30, 2023 and 2024	June 30, 2021 and 2022	June 30, 2019 and 2020	June 30, 2017 and 2018
Actuarial cost method:	Entry Age Normal			
Amortization method:	Level percentage of payroll, closed			
Amortization period:	10.0 years	5.8 years	6.8 years	7.7 years
Asset valuation method:	Market value			
Remaining amortization periods:	20 years			
Actuarial assumptions:				
Inflation rate	2.40 percent		2.50 percent	
Projected salary increases	3.40 percent		3.50 percent	

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

- Combining Statements – Nonmajor Governmental Funds

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

CITY OF MC MINNVILLE, OREGON
TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,028,145	\$ 1,028,145	\$ 1,550,507	\$ 522,362
Charges for services	300,000	300,000	721,002	421,002
Miscellaneous	70,000	70,000	247,711	177,711
Total revenues	1,398,145	1,398,145	2,519,220	1,121,075
EXPENDITURES:				
Highways and streets:				
Materials and services	701,900	701,900	34,255	667,645
Capital outlay	1,103,000	1,103,000	338,325	764,675
Debt service:				
Principal	146,093	146,093	176,102	(30,009) *
Interest	55,156	55,156	25,146	30,010 *
Contingency	500,000	500,000	-	500,000
Total expenditures	2,506,149	2,506,149	573,828	1,932,321
Revenues over (under) expenditures	(1,108,004)	(1,108,004)	1,945,392	3,053,396
OTHER FINANCING SOURCES (USES):				
Transfers in	230,000	230,000	230,000	-
Transfers out	(124,529)	(124,529)	(124,529)	-
Total other financing sources (uses)	105,471	105,471	105,471	-
Net change in fund balance	(1,002,533)	(1,002,533)	2,050,863	3,053,396
FUND BALANCE, BEGINNING - BUDGETARY BASIS				
	4,053,996	4,053,996	4,127,693	73,697
FUND BALANCE, ENDING - BUDGETARY BASIS				
	\$ 3,051,463	\$ 3,051,463	\$ 6,178,556	\$ 3,127,093

* Appropriated together as debt service

CITY OF MCMINNVILLE, OREGON
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 3,009,200	\$ 3,009,200	\$ 2,958,794	\$ (50,406)
Intergovernmental	-	-	1,225	1,225
Miscellaneous	13,000	13,000	35,381	22,381
Total revenues	<u>3,022,200</u>	<u>3,022,200</u>	<u>2,995,400</u>	<u>(26,800)</u>
EXPENDITURES:				
Debt service:				
Principal	2,290,000	2,290,000	2,290,000	-
Interest	717,500	717,500	717,500	-
Total expenditures	<u>3,007,500</u>	<u>3,007,500</u>	<u>3,007,500</u>	<u>-</u>
Net change in fund balance	14,700	14,700	(12,100)	(26,800)
FUND BALANCE, BEGINNING - BUDGETARY BASIS	<u>314,250</u>	<u>314,250</u>	<u>313,575</u>	<u>(675)</u>
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 328,950</u>	<u>\$ 328,950</u>	<u>\$ 301,475</u>	<u>\$ (27,475)</u>

CITY OF MCMINNVILLE, OREGON
URBAN RENEWAL DEBT SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 717,500	\$ 717,500	\$ 702,008	\$ (15,492)
Intergovernmental	-	-	247	247
Miscellaneous	10,600	10,600	59,247	48,647
Total revenues	728,100	728,100	761,502	33,402
EXPENDITURES:				
Contingency	100,000	100,000	-	100,000
Total expenditures	100,000	100,000	-	100,000
Revenues over (under) expenditure:	628,100	628,100	761,502	133,402
OTHER FINANCING SOURCES (USES):				
Interfund loan payments received from other fund	(187,295)	(187,295)	(187,295)	-
Transfers out	(893,212)	(893,212)	(231,988)	661,224
Total other financing sources (uses)	(1,080,507)	(1,080,507)	(419,283)	661,224
Net change in fund balance	(452,407)	(452,407)	342,219	794,626
FUND BALANCE, BEGINNING - BUDGETARY BASIS	877,866	877,866	979,506	101,640
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 425,459	\$ 425,459	1,321,725	\$ 896,266
Interfund loan payable			(1,296,410)	
FUND BALANCE, ENDING			\$ 25,315	

COMBINING STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

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

Grants and Special Assessment Fund

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

Transient Lodging Fund

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

Telecommunications Fund

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

Emergency Communications Fund

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

Street Fund

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

Building Fund

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

Capital Projects Fund

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

Park Development Fund

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

Urban Renewal Fund

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

CITY OF MCMINNVILLE, OREGON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2024

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS:			
Accounts receivable, net	\$ 835,770	\$ 34,189	\$ 869,959
Assessments receivables	8,244	-	8,244
Loans receivable	-	87,607	87,607
Prepays	26,800	-	26,800
Restricted cash and investments	5,243,976	3,008,751	8,252,727
	<u>5,243,976</u>	<u>3,008,751</u>	<u>8,252,727</u>
 Total assets	 <u>\$ 6,114,790</u>	 <u>\$ 3,130,547</u>	 <u>\$ 9,245,337</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ 452,501	\$ 47,054	\$ 499,555
Accrued payroll and other payroll liabilities	40,234	-	40,234
Advances payable to other funds	166,197	-	166,197
Unearned revenue	424,083	-	424,083
	<u>1,083,015</u>	<u>47,054</u>	<u>1,130,069</u>
 Total liabilities	 <u>1,083,015</u>	 <u>47,054</u>	 <u>1,130,069</u>
DEREFFED INFLOWS OF RESOURCES:			
Unavailable revenue - other	8,244	102,982	111,226
	<u>8,244</u>	<u>102,982</u>	<u>111,226</u>
 Total deferred inflows of resources	 <u>8,244</u>	 <u>102,982</u>	 <u>111,226</u>
FUND BALANCE:			
Nonspendable	26,800	-	26,800
Restricted	2,537,996	2,980,511	5,518,507
Committed	170,007	-	170,007
Assigned	2,288,728	-	2,288,728
	<u>5,023,531</u>	<u>2,980,511</u>	<u>8,004,042</u>
 Total fund balance	 <u>5,023,531</u>	 <u>2,980,511</u>	 <u>8,004,042</u>
 Total liabilities, deferred inflows of resources, and fund balance	 <u>\$ 6,114,790</u>	 <u>\$ 3,130,547</u>	 <u>\$ 9,245,337</u>

**CITY OF MC MINNVILLE, OREGON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2024**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES:			
Special assessments	\$ 60,937	\$ -	\$ 60,937
Licenses and permits	3,083,372	-	3,083,372
Intergovernmental	2,971,009	-	2,971,009
Charges for services	15,480	736,903	752,383
Fines and forfeitures	2,400	-	2,400
Miscellaneous	264,837	142,950	407,787
	<u>6,398,035</u>	<u>879,853</u>	<u>7,277,888</u>
EXPENDITURES:			
Current:			
General government	1,623,511	-	1,623,511
Public safety	578,942	-	578,942
Highways and streets	2,424,832	-	2,424,832
Culture and recreation	-	180,557	180,557
Community development	846,365	351,129	1,197,494
Capital outlay:			
Highways and streets	271,147	-	271,147
Community development	17,013	-	17,013
Debt service:			
Principal	32,903	-	32,903
Interest	4,269	-	4,269
	<u>5,798,982</u>	<u>531,686</u>	<u>6,330,668</u>
Total expenditures	<u>5,798,982</u>	<u>531,686</u>	<u>6,330,668</u>
Revenues over (under) expenditures	<u>599,053</u>	<u>348,167</u>	<u>947,220</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	590,204	231,988	822,192
Transfers out	(793,727)	-	(793,727)
	<u>(203,523)</u>	<u>231,988</u>	<u>28,465</u>
Total other financing sources (uses)	<u>(203,523)</u>	<u>231,988</u>	<u>28,465</u>
Net change in fund balance	395,530	580,155	975,685
FUND BALANCE, BEGINNING FUND	<u>4,628,001</u>	<u>2,400,356</u>	<u>7,028,357</u>
BALANCE, ENDING	<u><u>\$ 5,023,531</u></u>	<u><u>\$ 2,980,511</u></u>	<u><u>\$ 8,004,042</u></u>

CITY OF MCMINNVILLE, OREGON
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2024

	Grants and Special Assessment Fund	Transient Lodging Fund	Telecommunications Fund
ASSETS:			
Accounts receivable, net	\$ -	\$ 531,317	\$ 41,760
Assessments receivables	8,244	-	-
Prepays	26,800	-	-
Restricted cash and investments	514,431	-	2,123
	<u>\$ 549,475</u>	<u>\$ 531,317</u>	<u>\$ 43,883</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ -	\$ 365,120	\$ 41,760
Accrued payroll and other payroll liabilities	-	-	-
Advances payable to other funds	-	166,197	-
Unearned revenue	390,305	-	-
	<u>390,305</u>	<u>531,317</u>	<u>41,760</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - other	8,244	-	-
	<u>8,244</u>	<u>-</u>	<u>-</u>
FUND BALANCE:			
Nonspendable	26,800	-	-
Restricted	124,126	-	-
Committed	-	-	-
Assigned	-	-	2,123
	<u>150,926</u>	<u>-</u>	<u>2,123</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 549,475</u>	<u>\$ 531,317</u>	<u>\$ 43,883</u>

Emergency Communications Fund	Street Fund	Building Fund	Total
\$ 5,779	\$ 255,117	\$ 1,797	\$ 835,770
-	-	-	8,244
-	-	-	26,800
164,397	2,249,859	2,313,166	5,243,976
<u>\$ 170,176</u>	<u>\$ 2,504,976</u>	<u>\$ 2,314,963</u>	<u>\$ 6,114,790</u>
\$ 169	\$ 31,529	\$ 13,923	\$ 452,501
-	25,799	14,435	40,234
-	-	-	166,197
-	33,778	-	424,083
169	91,106	28,358	1,083,015
-	-	-	8,244
-	-	-	8,244
-	2,413,870	-	2,537,996
170,007	-	-	170,007
-	-	2,286,605	2,288,728
170,007	2,413,870	2,286,605	5,023,531
<u>\$ 170,176</u>	<u>\$ 2,504,976</u>	<u>\$ 2,314,963</u>	<u>\$ 6,114,790</u>

CITY OF MCMINNVILLE, OREGON
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2024

	Grants and Special Assessment Fund	Transient Lodging Fund	Telecommunications Fund
REVENUES:			
Special assessments	\$ 60,937	\$ -	\$ -
Licenses and permits	-	1,915,759	180,359
Intergovernmental	6,250	-	-
Charges for services	-	-	-
Fines and forfeitures	2,400	-	-
Miscellaneous	19,842	6,742	118
	<u>89,429</u>	<u>1,922,501</u>	<u>180,477</u>
Total revenues			
	<u>89,429</u>	<u>1,922,501</u>	<u>180,477</u>
EXPENDITURES:			
Current:			
General government	83,914	1,359,238	180,359
Public safety	-	-	-
Highways and streets	-	-	-
Community development	-	-	-
Capital outlay:			
Highways and streets	-	-	-
Community development	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
	<u>83,914</u>	<u>1,359,238</u>	<u>180,359</u>
Total expenditures			
	<u>83,914</u>	<u>1,359,238</u>	<u>180,359</u>
Revenues over (under) expenditures	5,515	563,263	118
	<u>5,515</u>	<u>563,263</u>	<u>118</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	(563,727)	-
	<u>-</u>	<u>(563,727)</u>	<u>-</u>
Total other financing sources (uses)			
	<u>-</u>	<u>(563,727)</u>	<u>-</u>
Net change in fund balance	5,515	(464)	118
	<u>5,515</u>	<u>(464)</u>	<u>118</u>
FUND BALANCE, BEGINNING	<u>145,411</u>	<u>464</u>	<u>2,005</u>
FUND BALANCE, ENDING	<u>\$ 150,926</u>	<u>\$ -</u>	<u>\$ 2,123</u>

Emergency Communications Fund	Street Fund	Building Fund	Total
\$ -	\$ -	\$ -	\$ 60,937
23,057	12	964,185	3,083,372
8,000	2,956,759	-	2,971,009
15,480	-	-	15,480
-	-	-	2,400
7,381	112,651	118,103	264,837
<u>53,918</u>	<u>3,069,422</u>	<u>1,082,288</u>	<u>6,398,035</u>
-	-	-	1,623,511
578,942	-	-	578,942
-	2,424,832	-	2,424,832
-	-	846,365	846,365
-	271,147	-	271,147
-	-	17,013	17,013
32,903	-	-	32,903
4,269	-	-	4,269
<u>616,114</u>	<u>2,695,979</u>	<u>863,378</u>	<u>5,798,982</u>
<u>(562,196)</u>	<u>373,443</u>	<u>218,910</u>	<u>599,053</u>
577,972	7,225	5,007	590,204
-	(230,000)	-	(793,727)
<u>577,972</u>	<u>(222,775)</u>	<u>5,007</u>	<u>(203,523)</u>
15,776	150,668	223,917	395,530
154,231	2,263,202	2,062,688	4,628,001
<u>\$ 170,007</u>	<u>\$ 2,413,870</u>	<u>\$ 2,286,605</u>	<u>\$ 5,023,531</u>

CITY OF MCMINNVILLE, OREGON
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2024

	Park Development Fund	Urban Renewal Fund	Total
ASSETS:			
Accounts receivable, net	\$ 34,189	\$ -	\$ 34,189
Loans receivable	-	87,607	87,607
Restricted cash and investments	2,974,196	34,555	3,008,751
Total assets	<u>\$ 3,008,385</u>	<u>\$ 122,162</u>	<u>\$ 3,130,547</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ 12,499	\$ 34,555	\$ 47,054
Total liabilities	<u>12,499</u>	<u>34,555</u>	<u>47,054</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - other	<u>15,375</u>	<u>87,607</u>	<u>102,982</u>
Total deferred inflows of resources	<u>15,375</u>	<u>87,607</u>	<u>102,982</u>
FUND BALANCE:			
Restricted	<u>2,980,511</u>	<u>-</u>	<u>2,980,511</u>
Total fund balance	<u>2,980,511</u>	<u>-</u>	<u>2,980,511</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 3,008,385</u>	<u>\$ 122,162</u>	<u>\$ 3,130,547</u>

**CITY OF MCMINNVILLE, OREGON
NON-MAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2024**

	Park Development Fund	Urban Renewal Fund	Total
REVENUES:			
Charges for services	\$ 736,453	\$ 450	\$ 736,903
Miscellaneous	122,913	20,037	142,950
 Total revenues	 859,366	 20,487	 879,853
EXPENDITURES:			
Current:			
Culture and recreation	180,557	-	180,557
Community development	-	351,129	351,129
 Total expenditures	 180,557	 351,129	 531,686
 Revenues over (under) expenditures	 678,809	 (330,642)	 348,167
OTHER FINANCING SOURCES (USES):			
Transfers in	-	231,988	231,988
 Total other financing sources (uses)	 -	 231,988	 231,988
 Net changes in fund balances	 678,809	 (98,654)	 580,155
 FUND BALANCES, BEGINNING	 2,301,702	 98,654	 2,400,356
 FUND BALANCES, ENDING	 \$ 2,980,511	 \$ -	 \$ 2,980,511

BUDGETARY COMPARISON SCHEDULES

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

Governmental Budgetary Comparison schedules included the following:

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

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

**CITY OF MCMINNVILLE, OREGON
GRANTS AND SPECIAL ASSESSMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 62,000	\$ 62,000	\$ 60,937	\$ (1,063)
Intergovernmental	-	-	6,250	6,250
Fines and forfeitures	60,000	60,000	2,400	(57,600)
Miscellaneous	2,300	2,300	19,842	17,542
Total revenues	<u>124,300</u>	<u>124,300</u>	<u>89,429</u>	<u>(34,871)</u>
EXPENDITURES:				
Community development:				
Materials and services	<u>282,000</u>	<u>282,000</u>	<u>74,137</u>	<u>207,863</u>
Total expenditures	<u>282,000</u>	<u>282,000</u>	<u>74,137</u>	<u>207,863</u>
Revenues over (under) expenditures	(157,700)	(157,700)	15,292	172,992
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(9,777)</u>	<u>(9,777)</u>	<u>(9,777)</u>	<u>-</u>
Total other financing sources (uses)	<u>(9,777)</u>	<u>(9,777)</u>	<u>(9,777)</u>	<u>-</u>
Net changes in fund balances	(167,477)	(167,477)	5,515	172,992
FUND BALANCE, BEGINNING - BUDGETARY BASIS	<u>302,088</u>	<u>302,088</u>	<u>145,411</u>	<u>(156,677)</u>
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 134,611</u>	<u>\$ 134,611</u>	<u>\$ 150,926</u>	<u>\$ 16,315</u>

CITY OF MCMINNVILLE, OREGON
TRANSIENT LODGING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 2,155,000	\$ 2,155,000	\$ 1,915,759	\$ (239,241)
Miscellaneous	1,000	1,000	6,742	5,742
Total revenues	2,156,000	2,156,000	1,922,501	(233,499)
EXPENDITURES:				
General government:				
Materials and services	1,480,632	1,480,632	1,317,398	163,234
Total expenditures	1,480,632	1,480,632	1,317,398	163,234
Revenues over (under) expenditures	675,368	675,368	605,103	(70,265)
OTHER FINANCING SOURCES (USES):				
Transfers out	(675,368)	(675,368)	(605,567)	69,801
Total other financing sources (uses)	(675,368)	(675,368)	(605,567)	69,801
Net change in fund balance	-	-	(464)	(464)
FUND BALANCE, BEGINNING - BUDGETARY BASIS	-	-	464	464
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MCMINNVILLE, OREGON
TELECOMMUNICATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 223,500	\$ 223,500	\$ 180,359	\$ (43,141)
Miscellaneous	50	50	118	68
Total revenues	<u>223,550</u>	<u>223,550</u>	<u>180,477</u>	<u>(43,073)</u>
EXPENDITURES:				
General government:				
Materials and services	223,500	223,500	180,359	43,141
Contingency	1,500	1,500	-	1,500
Total expenditures	<u>225,000</u>	<u>225,000</u>	<u>180,359</u>	<u>44,641</u>
Net change in fund balance	(1,450)	(1,450)	118	1,568
FUND BALANCE, BEGINNING - BUDGETARY BASIS	<u>2,008</u>	<u>2,008</u>	<u>2,005</u>	<u>(3)</u>
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 558</u>	<u>\$ 558</u>	<u>\$ 2,123</u>	<u>\$ 1,565</u>

CITY OF MCMINNVILLE, OREGON
EMERGENCY COMMUNICATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 24,800	\$ 24,800	\$ 23,057	\$ (1,743)
Intergovernmental	8,000	8,000	8,000	-
Charges for services	15,480	15,480	15,480	-
Miscellaneous	2,600	2,600	7,381	4,781
Total revenues	50,880	50,880	53,918	3,038
EXPENDITURES:				
Public safety:				
Materials and services	593,676	599,176	576,392	22,784
Debt service:				
Principal	32,903	32,903	32,903	-
Interest	4,269	4,269	4,269	-
Contingency	50,000	50,000	-	50,000
Total expenditures	680,848	686,348	613,564	72,784
Revenues over (under) expenditures	(629,968)	(635,468)	(559,646)	75,822
OTHER FINANCING SOURCES (USES):				
Transfers in	572,772	578,272	577,972	(300)
Transfers out	(2,550)	(2,550)	(2,550)	-
Total other financing sources (uses)	570,222	575,722	575,422	(300)
Net change in fund balance	(59,746)	(59,746)	15,776	75,522
FUND BALANCE, BEGINNING - BUDGETARY BASIS	142,534	142,534	154,231	11,697
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 82,788	\$ 82,788	\$ 170,007	\$ 87,219

CITY OF MCMINNVILLE, OREGON
STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 50	\$ 50	\$ 12	\$ (38)
Intergovernmental	2,942,590	2,942,590	2,956,759	14,169
Miscellaneous	53,000	53,000	112,651	59,651
Total revenues	2,995,640	2,995,640	3,069,422	73,782
EXPENDITURES:				
Highways and streets:				
Personnel services	1,076,788	1,076,788	1,050,132	26,656 *
Materials and services	1,409,396	1,409,396	1,032,854	376,542 *
Capital outlay	287,232	287,232	271,147	16,085 *
Contingency	500,000	500,000	-	500,000
Total expenditures	3,273,416	3,273,416	2,354,133	919,283
Revenues over (under) expenditures	(277,776)	(277,776)	715,289	993,065
OTHER FINANCING SOURCES (USES):				
Transfers in	7,225	7,225	7,225	-
Transfers out	(571,846)	(571,846)	(571,846)	-
Total other financing sources (uses)	(564,621)	(564,621)	(564,621)	-
Net change in fund balance	(842,397)	(842,397)	150,668	993,065
FUND BALANCE, BEGINNING - BUDGETARY BASIS	2,030,792	2,030,792	2,263,202	232,410
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 1,188,395</u>	<u>\$ 1,188,395</u>	<u>\$ 2,413,870</u>	<u>\$ 1,225,475</u>

* Appropriated together as street maintenance and operations

CITY OF MCMINNVILLE, OREGON
BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 627,000	\$ 627,000	\$ 964,185	\$ 337,185
Miscellaneous	38,500	38,500	110,773	72,273
	<u>665,500</u>	<u>665,500</u>	<u>1,074,958</u>	<u>409,458</u>
EXPENDITURES:				
Community development:				
Personnel services	682,196	694,196	689,847	4,349
Materials and services	153,235	153,235	115,939	37,296
Capital outlay	26,692	26,692	17,013	9,679
Contingency	200,000	200,000	-	200,000
	<u>1,062,123</u>	<u>1,074,123</u>	<u>822,799</u>	<u>251,324</u>
Revenues over (under) expenditures	(396,623)	(408,623)	252,159	660,782
OTHER FINANCING SOURCES (USES):				
Transfers in	20,018	32,018	12,337	(19,681)
Transfers out	(40,579)	(40,579)	(40,579)	-
	<u>(20,561)</u>	<u>(8,561)</u>	<u>(28,242)</u>	<u>(19,681)</u>
Net changes in fund balances	(417,184)	(417,184)	223,917	641,101
FUND BALANCE, BEGINNING - BUDGETARY BASIS	<u>1,795,781</u>	<u>1,795,781</u>	<u>2,062,688</u>	<u>266,907</u>
FUND BALANCE, ENDING - BUDGETARY BASIS	<u>\$ 1,378,597</u>	<u>\$ 1,378,597</u>	<u>\$ 2,286,605</u>	<u>\$ 908,008</u>

CITY OF MCMINNVILLE, OREGON
PARK DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 400,000	\$ 400,000	\$ 736,453	\$ 336,453
Miscellaneous	40,000	40,000	122,913	82,913
Total revenues	440,000	440,000	859,366	419,366
EXPENDITURES:				
Culture and recreation:				
Materials and services	72,580	135,080	117,984	17,096
Capital outlay	20,000	20,000	-	20,000
Contingency	500,000	437,500	-	437,500
Total expenditures	592,580	592,580	117,984	474,596
Revenues over (under) expenditures	(152,580)	(152,580)	741,382	893,962
OTHER FINANCING SOURCES (USES):				
Transfers out	(62,573)	(62,573)	(62,573)	-
Total other financing sources (uses)	(62,573)	(62,573)	(62,573)	-
Net change in fund balance	(215,153)	(215,153)	678,809	893,962
FUND BALANCE, BEGINNING - BUDGETARY BASIS	2,250,690	2,250,690	2,301,702	51,012
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 2,035,537	\$ 2,035,537	\$ 2,980,511	\$ 944,974

CITY OF MCMINNVILLE, OREGON
URBAN RENEWAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 450	\$ 450
Miscellaneous	16,528	16,528	20,037	3,509
Total revenues	16,528	16,528	20,487	3,959
EXPENDITURES:				
Programs and improvements:				
Materials and services	604,890	419,890	66,232	353,658
Capital outlay	104,000	289,000	217,554	71,446
Contingency	200,000	192,956	-	192,956
Total expenditures	908,890	901,846	283,786	618,060
Revenues over (under) expenditures	(892,362)	(885,318)	(263,299)	622,019
OTHER FINANCING SOURCES (USES):				
Transfers in	893,212	893,212	231,988	(661,224)
Transfers out	(57,700)	(64,744)	(67,343)	(2,599)
Total other financing sources (uses)	835,512	828,468	164,645	(663,823)
Net changes in fund balances	(56,850)	(56,850)	(98,654)	(41,804)
FUND BALANCE, BEGINNING - BUDGETARY BASIS	56,850	56,850	98,654	41,804
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ -	\$ -	\$ -	\$ -

BUDGETARY COMPARISON SCHEDULES
Internal Service Funds

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

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

CITY OF MCMINNVILLE, OREGON
WASTEWATER OPERATIONS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2024

	Wastewater Services Fund	Wastewater Capital Fund	Total Wastewater Operations
REVENUES:			
Charges for services	\$ 11,483,101	\$ -	\$ 11,483,101
Miscellaneous	1,853	10,450	12,303
Interest revenue	94,139	2,004,617	2,098,756
System development charges	-	1,059,653	1,059,653
	<u>11,579,093</u>	<u>3,074,720</u>	<u>14,653,813</u>
EXPENDITURES:			
Wastewater services administration	1,048,668	-	1,048,668
Plant	2,097,806	-	2,097,806
Environmental services	567,111	-	567,111
Conveyance systems	806,078	-	806,078
Non-departmental	854,667	1,357,330	2,211,997
Capital outlay	-	10,185,334	10,185,334
	<u>5,374,330</u>	<u>11,542,664</u>	<u>16,916,994</u>
Total expenditures	<u>5,374,330</u>	<u>11,542,664</u>	<u>16,916,994</u>
Revenues over (under) expenditures	<u>6,204,763</u>	<u>(8,467,944)</u>	<u>(2,263,181)</u>
OTHER FINANCING SOURCES (USES):			
Interfund loan payments made to other funds	-	(8,389,213)	(8,389,213)
Interfund loan payments received from other funds	-	4,287,687	4,287,687
Transfers in	61,690	6,308,224	6,369,914
Transfers out	(6,975,099)	(268,733)	(7,243,832)
	<u>(6,913,409)</u>	<u>1,937,965</u>	<u>(4,975,444)</u>
Total other financing sources (uses)	<u>(6,913,409)</u>	<u>1,937,965</u>	<u>(4,975,444)</u>
Net change in fund balance	(708,646)	(6,529,979)	(7,238,625)
FUND BALANCE, BEGINNING - BUDGETARY BASIS			
	<u>3,823,195</u>	<u>45,289,504</u>	<u>49,112,699</u>
FUND BALANCE, ENDING - BUDGETARY BASIS			
	<u>\$ 3,114,549</u>	<u>\$ 38,759,525</u>	<u>41,874,074</u>
RECONCILIATION TO NET POSITION - GAAP BASIS			
Interfund loan receivable			4,573,195
Capital assets, net			68,252,440
Lease assets, net			3,432
Subscription-based information technology arrangement assets, net			59,523
Net OPEB asset			26,617
Deferred outflows related to pensions			884,367
Deferred outflows related to OPEB			24,186
Lease payable			(3,477)
Subscription-based information technology arrangements payable			(58,068)
Compensated absences payable			(121,192)
Net pension liability			(2,555,271)
Total OPEB liability			(111,674)
Pension related debt			(117,499)
Deferred inflows related to pensions			(395,296)
Deferred inflows related to OPEB			(78,242)
Deferred inflows related lease receivables			(90,356)
Lease receivable			94,761
NET POSITION			<u>\$ 112,261,520</u>

CITY OF MCMINNVILLE, OREGON
WASTEWATER SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 11,126,371	\$ 11,126,371	\$ 11,483,101	\$ 356,730
Miscellaneous	1,000	1,000	1,853	853
Interest revenue	49,000	49,000	94,139	45,139
Total revenues	11,176,371	11,176,371	11,579,093	402,722
EXPENDITURES:				
Wastewater services administration	1,138,581	1,138,581	1,048,668	89,913 *
Plant	2,350,074	2,350,074	2,097,806	252,268 *
Environmental services	752,372	752,372	567,111	185,261 *
Conveyance systems	1,214,978	1,214,978	806,078	408,900 *
Non-departmental	843,200	843,200	854,667	(11,467) *
Contingency	900,000	900,000	-	900,000
Total expenditures	7,199,205	7,199,205	5,374,330	1,824,875
Revenues over (under) expenditures	3,977,166	3,977,166	6,204,763	2,227,597
OTHER FINANCING SOURCES (USES):				
Transfers in	118,052	118,052	61,690	(56,362)
Transfers out	(6,975,099)	(6,975,099)	(6,975,099)	-
Total other financing sources (uses)	(6,857,047)	(6,857,047)	(6,913,409)	(56,362)
Net change in fund balance	(2,879,881)	(2,879,881)	(708,646)	2,171,235
FUND BALANCE, BEGINNING - BUDGETARY BASIS				
	3,318,571	3,318,571	3,823,195	504,624
FUND BALANCE, ENDING - BUDGETARY BASIS				
	\$ 438,690	\$ 438,690	\$ 3,114,549	\$ 2,675,859

* Appropriated together as wastewater services program

CITY OF MCMINNVILLE, OREGON
WASTEWATER CAPITAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest revenue	\$ 750,000	\$ 750,000	\$ 2,004,617	\$ 1,254,617
System development charges	600,000	600,000	1,059,653	459,653
Miscellaneous revenue	12,500	12,500	10,450	(2,050)
Total revenues	1,362,500	1,362,500	3,074,720	1,712,220
EXPENDITURES:				
Wastewater:				
Materials and service	5,503,300	5,503,300	1,357,330	4,145,970
Capital outlay	19,725,000	19,725,000	10,185,334	9,539,666
Contingency	6,750,000	2,400,000	-	2,400,000
Total expenditures	31,978,300	27,628,300	11,542,664	16,085,636
Revenues over (under) expenditures	(30,615,800)	(26,265,800)	(8,467,944)	17,797,856
OTHER FINANCING SOURCES (USES):				
Interfund loan payments received from other funds	4,536,055	4,536,055	4,287,687	(248,368)
Interfund loan payments made to other funds	(5,690,441)	(10,040,441)	(8,389,213)	1,651,228
Transfers in	6,308,224	6,308,224	6,308,224	-
Transfers out	(268,733)	(268,733)	(268,733)	-
Total other financing sources (uses)	4,885,105	535,105	1,937,965	1,402,860
Net change in fund balance	(25,730,695)	(25,730,695)	(6,529,979)	19,200,716
FUND BALANCE, BEGINNING - BUDGETARY BASIS	42,942,665	42,942,665	45,289,504	2,346,839
FUND BALANCE, ENDING - BUDGETARY BASIS	\$ 17,211,970	\$ 17,211,970	\$ 38,759,525	\$ 21,547,555

BUDGETARY COMPARISON SCHEDULES
Internal Service Funds

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

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

CITY OF MC MINNVILLE, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities - Internal Service Funds		
	Informational Systems & Services Fund	Insurance Services Fund	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 241,068	\$ 305,053	\$ 546,121
Accounts receivable, net	17,814	-	17,814
Prepaid expenses	-	243,496	243,496
Total current assets	<u>258,882</u>	<u>548,549</u>	<u>807,431</u>
Noncurrent assets:			
Depreciable, net	510,085	-	510,085
Net OPEB asset	6,735	-	6,735
Total noncurrent assets	<u>516,820</u>	<u>-</u>	<u>516,820</u>
Total assets	<u>775,702</u>	<u>548,549</u>	<u>1,324,251</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	223,765	-	223,765
Deferred outflows related to OPEB	6,120	-	6,120
Total deferred outflows of resources	<u>229,885</u>	<u>-</u>	<u>229,885</u>
Total assets	<u>\$ 1,005,587</u>	<u>\$ 548,549</u>	<u>\$ 1,554,136</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 30,427	\$ 424	\$ 30,851
Accrued payroll and other payroll liabilities	13,135	-	13,135
PERS related liabilities - due in one year	6,776	-	6,776
Accrued compensated absences	14,490	-	14,490
Total current liabilities	<u>64,828</u>	<u>424</u>	<u>65,252</u>
Noncurrent liabilities:			
Accrued compensated absences	37,646	-	37,646
Total pension liability	646,543	-	646,543
Total OPEB liability	28,256	-	28,256
PERS related liabilities	22,599	-	22,599
Total noncurrent liabilities	<u>735,044</u>	<u>-</u>	<u>735,044</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	100,019	-	100,019
Deferred inflows related to OPEB	19,797	-	19,797
Total deferred inflows of resources	<u>119,816</u>	<u>-</u>	<u>119,816</u>
NET POSITION:			
Net investment in capital assets	510,085	-	510,085
Restricted for:			
OPEB asset	6,735	-	6,735
Unrestricted	(430,921)	548,125	117,204
Total net position	<u>85,899</u>	<u>548,125</u>	<u>634,024</u>
Total liabilities and net position	<u>\$ 1,005,587</u>	<u>\$ 548,549</u>	<u>\$ 1,554,136</u>

CITY OF MCMINNVILLE, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2024

	Governmental Activities - Internal Service Funds		
	Informational Systems & Services Fund	Insurance Services Fund	Total
OPERATING REVENUES:			
Charges for services	\$ 1,440,542	\$ 1,251,433	\$ 2,691,975
Intergovernmental	276,286	-	276,286
Miscellaneous	-	141,904	141,904
Total operating revenues	<u>1,716,828</u>	<u>1,393,337</u>	<u>3,110,165</u>
OPERATING EXPENSES:			
Personnel service	659,133	-	659,133
Materials and service	1,060,100	1,403,275	2,463,375
Depreciation/amortization	60,165	-	60,165
Total operating expenses	<u>1,779,398</u>	<u>1,403,275</u>	<u>3,182,673</u>
Operating income (loss)	(62,570)	(9,938)	(72,508)
NON-OPERATING REVENUES (EXPENSE):			
Interest income	9,555	11,939	21,494
Total non-operating income (expenses)	<u>9,555</u>	<u>11,939</u>	<u>21,494</u>
Net income (loss) before transfers	(53,015)	2,001	(51,014)
TRANSFERS:			
Transfers from other funds	77,628	-	77,628
Transfers to other funds	-	(160,431)	(160,431)
Total transfers	<u>77,628</u>	<u>(160,431)</u>	<u>(82,803)</u>
Net change in fund balance	24,613	(158,430)	(133,817)
NET POSITION, BEGINNING	<u>61,286</u>	<u>706,555</u>	<u>767,841</u>
NET POSITION, ENDING	<u>\$ 85,899</u>	<u>\$ 548,125</u>	<u>\$ 634,024</u>

CITY OF MCMINNVILLE, OREGON
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2024

	Governmental Activities - Internal Service Funds		
	Informational Systems & Services Fund	Insurance Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from interfund services provided	\$ 1,699,014	\$ 1,251,433	\$ 2,950,447
Cash received from other operating sources - insurance reimbursements	-	141,904	141,904
Cash paid to employees and others for salaries and benefits	(618,677)	-	(618,677)
Cash paid to suppliers and others	(1,056,724)	(1,237,224)	(2,293,948)
Net cash provided by (used for) operating activities	<u>23,613</u>	<u>156,113</u>	<u>179,726</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Principal paid on pension-related obligations	(7,244)	-	(7,244)
Transfers (to)/from other funds	77,628	(160,431)	(82,803)
Net cash provided by (used for) non-capital financing activities	<u>70,384</u>	<u>(160,431)</u>	<u>(90,047)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(100,546)	-	(100,546)
Net cash provided by capital and related financing activities	<u>(100,546)</u>	<u>-</u>	<u>(100,546)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	9,555	11,939	21,494
Net cash provided by investing activities	<u>9,555</u>	<u>11,939</u>	<u>21,494</u>
Net increase (decrease) in cash and cash equivalents	3,006	7,621	10,627
CASH AND CASH EQUIVALENTS, BEGINNING	238,062	297,432	535,494
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 241,068</u>	<u>\$ 305,053</u>	<u>\$ 546,121</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating Income	\$ (62,570)	\$ (9,938)	\$ (72,508)
Adjustments:			
Depreciation and amortization	60,165	-	60,165
Decrease (increase) in:			
Accounts receivable and due from other funds	(17,814)	-	(17,814)
Prepays	2,816	204,015	206,831
Accounts payable	560	(37,964)	(37,404)
Accrued payroll and other payroll liabilities	652	-	652
Compensated absences	(483)	-	(483)
Net other post employment benefits	1,419	-	1,419
Net pension benefits	38,868	-	38,868
Net cash provided by (used for) operating activities	<u>\$ 23,613</u>	<u>\$ 156,113</u>	<u>\$ 179,726</u>

CITY OF MCMINNVILLE, OREGON
INFORMATIONAL SYSTEMS & SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 444,178	\$ 444,178	\$ 276,286	\$ (167,892)
Charges for services	1,032,258	1,032,258	899,864	(132,394)
Miscellaneous	3,500	3,500	9,555	6,055
Total revenues	1,479,936	1,479,936	1,185,705	(294,231)
EXPENDITURES:				
Information technology services:				
Personal services	637,684	637,684	626,573	11,111 *
Material services	1,053,160	1,103,160	812,008	291,152 *
Capital outlay	398,000	401,500	348,638	52,862 *
Contingency	75,000	75,000	-	75,000
Total expenditures	2,163,844	2,217,344	1,787,219	430,125
Revenues over (under) expenditures	(683,908)	(737,408)	(601,514)	135,894
OTHER FINANCING SOURCES (USES):				
Transfers in	611,358	664,858	618,306	(46,552)
Total other financing sources (uses)	611,358	664,858	618,306	(46,552)
Net change in fund balance	(72,550)	(72,550)	16,792	89,342
FUND BALANCE, BEGINNING BUDGETARY BASIS	174,379	174,379	198,528	24,149
FUND BALANCE, ENDING BUDGETARY BASIS	101,829	101,829	215,320	113,491
Add (deduct):				
Capital assets, net			510,085	
Net OPEB asset			6,735	
Deferred outflows - pensions			223,765	
Deferred outflows - OPEB			6,120	
Pension related debt			(29,375)	
Accrued compensated absences			(52,136)	
Net pension liability			(646,543)	
Net OPEB liability			(28,256)	
Deferred inflows - pensions			(100,019)	
Deferred inflows - OPEB			(19,797)	
Net Position, full accrual - ending			\$ 85,899	

* Appropriated together as information technology services

**CITY OF MCMINNVILLE, OREGON
INSURANCE SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 1,249,739	\$ 1,306,975	\$ 1,251,433	\$ (55,542)
Miscellaneous	95,500	177,764	153,843	(23,921)
Total revenues	<u>1,345,239</u>	<u>1,484,739</u>	<u>1,405,276</u>	<u>(79,463)</u>
EXPENDITURES:				
Insurance services:				
Materials and services	1,194,320	1,382,320	1,299,701	82,619
Capital outlay	-	28,500	28,424	76
Contingency	250,000	173,000	-	173,000
Total expenditures	<u>1,444,320</u>	<u>1,583,820</u>	<u>1,328,125</u>	<u>255,695</u>
Revenues over (under) expenditures	(99,081)	(99,081)	77,151	176,232
OTHER FINANCING SOURCES (USES):				
Transfers out	(235,581)	(235,581)	(235,581)	-
Total other financing sources (uses)	<u>(235,581)</u>	<u>(235,581)</u>	<u>(235,581)</u>	<u>-</u>
Net changes in fund balances	(334,662)	(334,662)	(158,430)	176,232
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>628,429</u>	<u>628,429</u>	<u>706,555</u>	<u>78,126</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 293,767</u>	<u>\$ 293,767</u>	<u>\$ 548,125</u>	<u>\$ 254,358</u>

STATISTICAL SECTION

This part of the City's *Annual Comprehensive Financial Report (ACFR)* 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 annual comprehensive financial reports for the relevant year.

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

	Fiscal Year Ended June 30,			
	2015 Restated	2016	2017	2018 Restated
Primary Government:				
Governmental activities:				
Invested in capital assets (a)	\$ 59,688,968	\$ 60,243,871	\$ 66,165,718	\$ 72,977,099
Restricted (b)	23,156,125	22,841,795	16,277,620	15,270,498
Unrestricted (a)	<u>(11,568,107)</u>	<u>(20,675,519)</u>	<u>(20,166,704)</u>	<u>(18,800,083)</u>
Total governmental activities net position	<u>\$ 71,276,986</u>	<u>\$ 62,410,147</u>	<u>\$ 62,276,634</u>	<u>\$ 69,447,514</u>
Business-type activities:				
Invested in capital assets	\$ 55,205,674	\$ 58,125,477	\$ 56,791,990	\$ 55,036,414
Restricted	482,442	437,036	707,615	1,132,758
Unrestricted	<u>15,948,799</u>	<u>14,733,277</u>	<u>18,380,560</u>	<u>23,260,392</u>
Total business-type activities net position	<u>\$ 71,636,915</u>	<u>\$ 73,295,790</u>	<u>\$ 75,880,165</u>	<u>\$ 79,429,564</u>
Primary government:				
Invested in capital assets	\$ 114,894,642	\$ 118,369,348	\$ 122,957,708	\$ 128,013,513
Restricted	23,638,567	23,278,831	16,985,235	16,403,256
Unrestricted (d) (e)	<u>4,380,692</u>	<u>(5,942,242)</u>	<u>(1,786,144)</u>	<u>4,460,309</u>
Total primary government net position	<u>\$ 142,913,901</u>	<u>\$ 135,705,937</u>	<u>\$ 138,156,799</u>	<u>\$ 148,877,078</u>
Component unit:				
Water and Light:				
Invested in capital assets	\$ 121,446,462	\$ 123,113,177	\$ 123,366,419	\$ 124,776,038
Restricted	-	-	-	-
Unrestricted (c) (d) (e) (f) (g)	<u>36,515,824</u>	<u>36,415,854</u>	<u>40,284,763</u>	<u>45,312,269</u>
Total component unit	<u>\$ 157,962,286</u>	<u>\$ 159,529,031</u>	<u>\$ 163,651,182</u>	<u>\$ 170,088,307</u>

(a) In fiscal year 2021-22, the City had restatements to account for \$97,219 in assets that should have been capitalized and to recognize revenue of \$112,000 in loans receivable.

(b) 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.*

(c) In fiscal year 2021-22, the component unit Water & Light had a restatement to correct the period that some timber revenue accounts receivable were recorded of \$942,320.

Fiscal Year Ended June 30,

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022 Restated</u>	<u>2023</u>	<u>2024</u>
\$ 75,161,026	\$ 69,862,297	\$ 74,795,521	\$ 78,219,700	\$ 81,076,620	\$ 84,744,476
10,997,806	11,411,706	8,672,824	7,278,114	8,110,760	10,619,501
<u>(17,136,984)</u>	<u>(17,176,002)</u>	<u>(20,978,032)</u>	<u>(14,829,322)</u>	<u>(4,609,936)</u>	<u>(9,212,261)</u>
<u>\$ 69,021,848</u>	<u>\$ 64,098,001</u>	<u>\$ 62,490,313</u>	<u>\$ 70,668,492</u>	<u>\$ 84,577,444</u>	<u>\$ 86,151,716</u>
\$ 56,285,132	\$ 56,189,935	\$ 55,881,180	\$ 57,964,430	\$ 58,209,114	\$ 68,253,850
1,094,349	19,122	18,568	45,796	27,435	26,617
<u>25,027,458</u>	<u>33,956,973</u>	<u>38,359,430</u>	<u>42,573,514</u>	<u>47,329,818</u>	<u>43,981,053</u>
<u>\$ 82,406,939</u>	<u>\$ 90,166,030</u>	<u>\$ 94,259,178</u>	<u>\$ 100,583,740</u>	<u>\$ 105,566,367</u>	<u>\$ 112,261,520</u>
\$ 131,446,158	\$ 126,052,232	\$ 130,676,701	\$ 136,184,130	\$ 139,285,734	\$ 152,998,326
12,092,155	11,430,828	8,691,392	7,323,910	8,138,195	10,646,118
<u>7,890,474</u>	<u>16,780,971</u>	<u>17,381,398</u>	<u>27,744,192</u>	<u>42,719,882</u>	<u>34,768,792</u>
<u>\$ 151,428,787</u>	<u>\$ 154,264,031</u>	<u>\$ 156,749,491</u>	<u>\$ 171,252,232</u>	<u>\$ 190,143,811</u>	<u>\$ 198,413,236</u>
\$ 128,423,468	\$ 136,687,073	\$ 140,615,261	\$ 147,115,398	\$ 152,935,370	\$ 154,492,895
-	89,267	60,414	-	153,841	-
<u>49,459,337</u>	<u>48,416,227</u>	<u>51,044,706</u>	<u>53,093,566</u>	<u>59,552,807</u>	<u>68,574,331</u>
<u>\$ 177,882,805</u>	<u>\$ 185,192,567</u>	<u>\$ 191,720,381</u>	<u>\$ 200,208,964</u>	<u>\$ 212,642,018</u>	<u>\$ 223,067,226</u>

(d) In fiscal year 2014-15, the City and the Department had a restatement of \$11,324,390 and \$4,026,413, respectively, to account for the implementation of GASB Statement 68, Accounting and Financial Reporting for Pensions and to correct an error relating to accounting for transition liability.

(e) In fiscal year 2017-18, the City and the Department had a restatement of \$526,351 and \$1,187,975, respectively, to account for the implementation of GASB Statement 75, Accounting and Financial Reporting for Other post-employment benefits (OPEB).

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

(g) In fiscal year 2021-22, the Department restated \$942,320 in higher accounts receivable for timber revenue with consequential increase in net position of same amount.

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

Functions/Programs	Fiscal Year Ended June 30,			
	2015	2016	2017	2018
Expenses				
Primary government:				
Governmental activities:				
General government	\$ 2,065,497	\$ 7,389,396	\$ 3,233,556	\$ 3,103,821
Community development (e) (h)	949,452	1,341,282	1,536,152	1,631,905
Public safety: (d)				
Police	7,084,384	11,604,781	9,664,865	9,126,532
Fire	2,048,332	2,766,437	3,155,530	3,135,785
Highways and streets	2,964,608	4,804,574	3,539,224	3,224,152
Culture and recreation: (f)				
Parks and recreation	3,810,278	5,103,934	4,246,590	4,018,893
Library	1,092,515	1,448,885	1,581,460	1,466,633
Airport	692,357	1,147,840	598,401	697,787
Interest on long-term debt	519,917	614,253	1,229,866	1,028,859
Total governmental activities expenses	<u>21,227,340</u>	<u>36,221,382</u>	<u>28,785,644</u>	<u>27,434,367</u>
Business-type activities:				
Wastewater	5,523,163	7,811,354	7,039,396	6,846,447
Ambulance (d)	2,868,982	5,125,215	4,934,709	4,377,101
Building (e)	225,229	453,557	361,604	428,003
Total business-type activities expenses	<u>8,617,374</u>	<u>13,390,126</u>	<u>12,335,709</u>	<u>11,651,551</u>
Total primary government expenses	<u>\$ 29,844,714</u>	<u>\$ 49,611,508</u>	<u>\$ 41,121,353</u>	<u>\$ 39,085,918</u>
Component unit:				
Water and Light (i)	<u>\$ 42,099,300</u>	<u>\$ 44,911,690</u>	<u>\$ 46,506,252</u>	<u>\$ 46,597,185</u>

(a) From fiscal years 2008-09 through 2014-15, transportation system development charges were significant drop in construction activity with increases in fiscal years 2010-11, 2014-15, and 2015-16. Prior to 2016-17, systems development charges were included in charges for services. They are now included in capital grants and contributions.

(b) From fiscal years 2007-08 through 2014-15, developer donations decreased due to a significant drop in construction activity. In 2017-18 FAA and Oregon Department of Transportation Grant monies of \$3,593,000 were received for a Runway Rehabilitation Project at the McMinnville Municipal Airport. In FY2022-23 a park was donated in the amount of \$2,987,306.

(c) Beginning in fiscal year 2008-09 and continuing through fiscal year 2015-16, interest revenue decreased due to significantly lower interest rates. For governmental activities, interest revenue increased due to higher interest rates and interest earned on bond proceeds. For business-type activities, interest revenue increased due to higher interest rates.

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

Fiscal Year Ended June 30,

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 3,952,533	\$ 5,012,227	\$ 6,994,737	\$ 6,324,485	\$ 7,524,683	\$ 14,767,239
2,473,857	2,679,541	2,693,877	2,530,532	3,166,174	4,728,718
	19,336,814	21,598,458	18,315,116	19,521,683	10,941,588
11,783,861					
4,341,851					
3,996,504	5,935,410	4,853,034	3,388,601	5,362,800	4,924,846
	7,446,256	6,269,894	6,052,570	6,941,579	7,971,465
5,291,479					
1,980,816					
364,338	629,796	590,187	635,814	613,110	991,196
<u>1,274,644</u>	<u>1,075,895</u>	<u>913,854</u>	<u>838,170</u>	<u>735,544</u>	<u>674,399</u>
<u>35,459,883</u>	<u>42,115,939</u>	<u>43,914,041</u>	<u>38,085,288</u>	<u>43,865,573</u>	<u>44,999,451</u>
7,797,715	7,162,265	7,973,136	6,595,608	8,186,343	8,690,289
6,375,039	-	-	-	-	-
786,701	-	-	-	-	-
<u>14,959,455</u>	<u>7,162,265</u>	<u>7,973,136</u>	<u>6,595,608</u>	<u>8,186,343</u>	<u>8,690,289</u>
<u>\$ 50,419,338</u>	<u>\$ 49,278,204</u>	<u>\$ 51,887,177</u>	<u>\$ 44,680,896</u>	<u>\$ 52,051,916</u>	<u>\$ 53,689,740</u>
<u>\$ 48,180,704</u>	<u>\$ 51,186,359</u>	<u>\$ 50,610,016</u>	<u>\$ 49,567,313</u>	<u>\$ 49,465,113</u>	<u>\$ 48,641,399</u>

(Continued)

- (e) In fiscal year 2019-20, the Business-type Building Fund was changed to a Special Revenue Fund. The program activities are grouped with the other Community development programs.
- (f) In fiscal year 2019-20, the City decided to stop breaking out separate Culture and Recreation programs in their annual financial report. Programs were previously broken down by Parks and recreation and Library programs.
- (g) In fiscal year 2022-23, the City fully drew down its American Rescue Plan Act (ARPA), by utilizing the revenue recovery option, resulting in an unusually large Operating grants and contributions program revenue.
- (h) In fiscal year 2022-23, the City restated fiscal year 2021-22 to decrease Community Development expenses and increase Governmental Activities, Other, net (revenue) related to construction in progress and loans receivable, respectively, which weren't recorded during the fiscal year. See note IV.1.2 in the Notes to Basic Financial Statements for more information.
- (i) In fiscal year 2021-22, the Department restated \$942,320 in higher accounts receivable for timber revenue with consequential increase in net position of same amount.

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

Functions/Programs	Fiscal Year Ended June 30,			
	2015	2016	2017	2018
Program revenues				
Primary government:				
Governmental activities:				
Charges for services:				
General government	\$ 719,791	\$ 1,074,482	\$ 1,102,898	\$ 853,756
Community development (e)	743,044	770,042	128,813	198,648
Public safety: (d)				
Police	673,672	751,326	688,349	451,940
Fire	378,028	419,445	562,245	593,475
Highways and streets (a)	344,459	253,342	14	5,737
Culture and recreation: (f)				
Parks and recreation	1,574,113	1,525,952	1,116,841	1,449,251
Library	55,294	44,693	38,658	39,914
Airport	247,965	260,293	256,854	313,680
Operating grants and contributions (g)	2,460,484	2,654,786	2,364,801	3,097,992
Capital grants and contributions (b)	1,949,416	2,542,985	2,686,710	6,938,770
Total governmental activities program revenues	<u>9,146,266</u>	<u>10,297,346</u>	<u>8,946,183</u>	<u>13,943,163</u>
Business-type activities:				
Charges for services:				
Wastewater	9,911,181	9,166,543	9,323,139	9,775,061
Ambulance (d)	2,911,613	3,373,134	3,494,130	3,247,282
Building (e)	561,441	393,079	612,659	832,010
Operating grants and contributions	76	-	-	-
Capital grants and contributions (b)	377,475	650,082	617,329	411,498
Total business-type activities program revenues	<u>13,761,786</u>	<u>13,582,838</u>	<u>14,047,257</u>	<u>14,265,851</u>
Total primary government program revenues	<u>\$ 22,908,052</u>	<u>\$ 23,880,184</u>	<u>\$ 22,993,440</u>	<u>\$ 28,209,014</u>
Component unit:				
Water and Light:				
Charges for services	\$ 44,944,442	\$ 45,275,019	\$ 46,246,552	\$ 46,994,299
Operating grants and contributions	-	-	-	-
Capital grants and contributions	1,560,929	974,832	1,076,976	1,660,556
Total component unit program revenues	<u>\$ 46,505,371</u>	<u>\$ 46,249,851</u>	<u>\$ 47,323,528</u>	<u>\$ 48,654,855</u>
Net revenue (expense)				
Primary government:				
Governmental activities	\$ (12,081,074)	\$ (25,924,036)	\$ (19,839,461)	\$ (13,491,204)
Business-type activities	5,144,412	192,712	1,711,548	2,614,300
Total primary government net revenue (expense)	<u>\$ (6,936,662)</u>	<u>\$ (25,731,324)</u>	<u>\$ (18,127,913)</u>	<u>\$ (10,876,904)</u>
Component unit:				
Water and Light	<u>\$ 4,406,071</u>	<u>\$ 1,338,161</u>	<u>\$ 817,276</u>	<u>\$ 2,057,670</u>

Fiscal Year Ended June 30,

	2019	2020	2021	2022	2023	2024
\$	1,553,039	\$ 1,480,347	\$ 2,940,808	\$ 3,982,289	\$ 4,556,298	\$ 6,244,276
	199,146	1,090,486	1,121,556	1,425,276	1,422,473	1,894,114
		3,923,646	4,287,979	5,068,100	5,083,207	506,835
	652,721					
	728,544					
	243,182	744,950	470,556	678,038	430,538	721,014
		1,485,238	517,447	983,424	1,164,385	1,599,775
	840,295					
	73,010					
	341,479	355,515	353,071	401,744	476,805	409,723
	3,614,762	1,553,655	1,831,040	1,832,165	8,151,536	696,509
	4,185,240	2,418,349	1,827,955	2,405,178	4,798,782	5,133,362
	<u>12,431,418</u>	<u>13,052,186</u>	<u>13,350,412</u>	<u>16,776,214</u>	<u>26,084,024</u>	<u>17,205,608</u>
	10,316,187	10,460,859	10,988,621	10,826,206	11,101,882	11,471,070
	3,709,176	-	-			
	728,107	-	-			
	-	-	1,074	23,894	3,741	-
	<u>1,854,802</u>	<u>1,483,355</u>	<u>740,389</u>	<u>1,836,717</u>	<u>1,010,654</u>	<u>1,676,398</u>
	<u>16,608,272</u>	<u>11,944,214</u>	<u>11,730,084</u>	<u>12,686,817</u>	<u>12,116,277</u>	<u>13,147,468</u>
\$	<u>29,039,690</u>	<u>24,996,400</u>	<u>25,080,496</u>	<u>29,463,031</u>	<u>38,200,301</u>	<u>30,353,076</u>
\$	47,502,181	\$ 50,182,362	\$ 50,536,707	\$ 50,839,486	\$ 51,599,656	\$ 50,523,335
	-	-	-	60,033	489,967	-
	<u>2,300,239</u>	<u>1,934,815</u>	<u>4,244,830</u>	<u>2,878,686</u>	<u>3,812,459</u>	<u>1,175,203</u>
\$	<u>49,802,420</u>	<u>52,117,177</u>	<u>54,781,537</u>	<u>53,778,205</u>	<u>55,902,082</u>	<u>51,698,538</u>
\$	(23,028,465)	\$ (29,063,753)	\$ (30,563,629)	\$ (21,309,074)	\$ (17,781,549)	\$ (27,793,843)
	<u>1,648,817</u>	<u>4,781,949</u>	<u>3,756,948</u>	<u>6,091,209</u>	<u>3,929,934</u>	<u>4,457,179</u>
\$	<u>(21,379,648)</u>	<u>(24,281,804)</u>	<u>(26,806,681)</u>	<u>(15,217,865)</u>	<u>(13,851,615)</u>	<u>(23,336,664)</u>
\$	<u>1,621,716</u>	<u>930,818</u>	<u>4,171,521</u>	<u>4,210,892</u>	<u>6,436,969</u>	<u>3,057,139</u>

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

Functions/Programs	Fiscal Year Ended June 30,			
	2015	2016	2017	2018
General revenues and other changes in net position				
Primary government:				
Governmental activities:				
Taxes				
Property taxes	\$ 12,937,499	\$ 14,751,884	\$ 15,028,217	\$ 16,228,026
Franchise taxes	2,548,881	2,504,237	2,420,309	2,541,802
Transient lodging taxes	574,911	644,878	691,102	947,467
Unrestricted state shared revenues	834,087	825,156	913,376	1,114,681
Unrestricted investment earnings (c)	78,040	86,079	317,994	377,589
Gain (loss) on disposal of capital assets	(56,454)	-	-	-
Other, net (h)	-	617,243	483,825	551,665
Transfers	(389,542)	(1,327,911)	(715,800)	(713,500)
Total governmental activities	<u>16,527,422</u>	<u>18,101,566</u>	<u>19,139,023</u>	<u>21,047,730</u>
Business-type activities:				
Unrestricted investment earnings (c)	89,688	76,170	157,027	332,672
Gain (loss) on disposal of capital assets	-	(50,308)	-	-
Other, net	-	112,390	-	22,528
Transfers	389,542	1,327,911	715,800	713,500
Total business-type activities	<u>479,230</u>	<u>1,466,163</u>	<u>872,827</u>	<u>1,068,700</u>
Total primary government	<u>\$ 17,006,652</u>	<u>\$ 19,567,729</u>	<u>\$ 20,011,850</u>	<u>\$ 22,116,430</u>
Component unit:				
Water and Light:				
Unrestricted investment earnings (c)	\$ 167,244	\$ 264,782	\$ 469,319	\$ 803,958
Gain (loss) on disposal of capital assets	(199,620)	(913,815)	-	-
Timber sales, net of related expenses	3,324,530	2,364,804	1,837,271	2,721,512
Other, net	1,019,342	1,304,702	998,285	2,041,960
Interest expense	37,424	(60,735)	-	-
Total component unit	<u>\$ 4,348,920</u>	<u>\$ 2,959,738</u>	<u>\$ 3,304,875</u>	<u>\$ 5,567,430</u>
Change in net position				
Primary government:				
Governmental activities	\$ 4,446,348	\$ (7,822,470)	\$ (700,438)	\$ 7,556,526
Business-type activities	5,623,642	1,658,875	2,584,375	3,683,000
Total primary government	<u>\$ 10,069,990</u>	<u>\$ (6,163,595)</u>	<u>\$ 1,883,937</u>	<u>\$ 11,239,526</u>
Component unit:				
Water and Light	<u>\$ 8,754,991</u>	<u>\$ 4,297,899</u>	<u>\$ 4,122,151</u>	<u>\$ 7,625,100</u>

Fiscal Year Ended June 30,

2019	2020	2021	2022	2023	2024
\$ 17,509,832	\$ 17,802,972	\$ 18,482,619	\$ 18,461,342	\$ 19,350,262	\$ 15,408,921
2,688,775	3,543,906	4,407,646	3,939,329	4,206,075	4,387,479
1,274,661	1,059,160	1,125,340	1,657,452	1,824,641	1,915,759
1,428,732	3,706,953	4,142,335	4,192,269	4,107,693	4,107,843
151,605	127,503	34,923	41,798	321,052	680,771
-	-	-	-	3,405	4,153,862
260,194	277,478	820,316	878,100	1,893,555	(1,224,830)
(711,000)	(2,378,066)	(57,237)	(15,038)	(16,182)	(61,690)
<u>22,602,799</u>	<u>24,139,906</u>	<u>28,955,942</u>	<u>29,155,252</u>	<u>31,690,501</u>	<u>29,368,115</u>
591,066	575,914	252,670	191,645	1,009,090	2,151,862
-	-	-	-	-	-
26,492	23,162	26,293	26,670	27,421	24,422
711,000	2,378,066	57,237	15,038	16,182	61,690
<u>1,328,558</u>	<u>2,977,142</u>	<u>336,200</u>	<u>233,353</u>	<u>1,052,693</u>	<u>2,237,974</u>
<u>\$ 23,931,357</u>	<u>\$ 27,117,048</u>	<u>\$ 29,292,142</u>	<u>\$ 29,388,605</u>	<u>\$ 32,743,194</u>	<u>\$ 31,606,089</u>
\$ 1,195,165	\$ 1,046,203	\$ 436,494	\$ 344,343	\$ 1,619,291	\$ 3,147,781
-	-	-	-	-	(463,979)
3,500,751	3,483,180	590,046	3,067,357	3,095,384	3,565,678
1,476,866	1,849,561	1,329,753	865,991	1,281,410	1,118,589
-	-	-	-	-	-
<u>\$ 6,172,782</u>	<u>\$ 6,378,944</u>	<u>\$ 2,356,293</u>	<u>\$ 4,277,691</u>	<u>\$ 5,996,085</u>	<u>\$ 7,368,069</u>
\$ (425,666)	\$ (4,923,847)	\$ (1,607,687)	\$ 7,846,178	\$ 13,908,952	\$ 1,574,272
2,977,375	7,759,091	4,093,148	6,324,562	4,982,627	6,695,153
<u>\$ 2,551,709</u>	<u>\$ 2,835,244</u>	<u>\$ 2,485,461</u>	<u>\$ 14,170,740</u>	<u>\$ 18,891,579</u>	<u>\$ 8,269,425</u>
<u>\$ 7,794,498</u>	<u>\$ 7,309,762</u>	<u>\$ 6,527,814</u>	<u>\$ 8,488,583</u>	<u>\$ 12,433,054</u>	<u>\$ 10,425,208</u>

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

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2015	2016	2017	2018
General Fund:				
Nonspendable	\$ 22,056	\$ 68,332	\$ 2,245,416	\$ 2,183,574
Restricted	94,897	-	-	-
Committed (b)	-	-	-	-
Assigned	593,735	647,141	673,696	606,790
Unassigned	<u>7,575,581</u>	<u>6,768,660</u>	<u>6,444,745</u>	<u>6,179,445</u>
Total General Fund	<u>\$ 8,286,269</u>	<u>\$ 7,484,133</u>	<u>\$ 9,363,857</u>	<u>\$ 8,969,809</u>
Airport Maintenance Fund:				
Nonspendable	\$ 247	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	<u>824,777</u>	<u>868,723</u>	<u>635,411</u>	<u>(185,123)</u>
Total Airport Maintenance Fund	<u>\$ 825,024</u>	<u>\$ 868,723</u>	<u>\$ 635,411</u>	<u>\$ (185,123)</u>
Transportation Fund: (a)				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	<u>20,298,178</u>	<u>17,445,877</u>	<u>11,576,985</u>	<u>10,370,473</u>
Total Transportation Fund	<u>\$ 20,298,178</u>	<u>\$ 17,445,877</u>	<u>\$ 11,576,985</u>	<u>\$ 10,370,473</u>
All other governmental funds: (a)				
Nonspendable	\$ 7,920	\$ 4	\$ 45	\$ -
Restricted	4,106,209	5,395,914	4,700,635	4,888,829
Committed	109,721	117,120	136,238	156,197
Assigned	831,013	156,556	151,909	150,482
Unassigned	<u>-</u>	<u>(188,784)</u>	<u>(836,157)</u>	<u>(1,883,542)</u>
Total all other governmental funds	<u>\$ 5,054,863</u>	<u>\$ 5,480,810</u>	<u>\$ 4,152,670</u>	<u>\$ 3,311,966</u>

(a) In fiscal year 2014-15 and 2015-16, the Debt Service Fund was included with All Other Governmental Funds and the Transportation Fund was a major fund.

(b) In fiscal year 2022-2023, the City committed fund balance are for programs and projects created to assist the City and community in the response and recovery from the COVID-19 pandemic by the City Council.

Fiscal Year Ended June 30,

2019	2020	2021	2022	2023	2024
\$ 2,113,747	\$ 10,700	\$ 20,328	\$ 29,884	\$ 7,500	\$ 21,365
-	-	-	-	-	-
-	-	-	-	6,494,348	4,653,705
655,396	711,883	786,091	833,933	883,782	-
5,813,577	6,602,148	6,006,241	6,703,907	6,779,373	2,473,152
<u>\$ 8,582,720</u>	<u>\$ 7,324,731</u>	<u>\$ 6,812,660</u>	<u>\$ 7,567,724</u>	<u>\$ 14,165,003</u>	<u>\$ 7,148,222</u>
\$ -	\$ -	\$ -	\$ 152	\$ -	\$ -
-	562,914	552,839	617,091	819,367	1,098,360
(33,778)	-	-	-	-	-
<u>\$ (33,778)</u>	<u>\$ 562,914</u>	<u>\$ 552,839</u>	<u>\$ 617,243</u>	<u>\$ 819,367</u>	<u>\$ 1,098,360</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,248
5,699,016	5,803,291	2,930,746	3,480,963	4,127,693	5,977,308
<u>\$ 5,699,016</u>	<u>\$ 5,803,291</u>	<u>\$ 2,930,746</u>	<u>\$ 3,480,963</u>	<u>\$ 4,127,693</u>	<u>\$ 6,178,556</u>
\$ 48,793	\$ 71,723	\$ -	\$ -	\$ -	\$ 26,800
5,249,997	4,808,850	5,105,854	4,996,856	5,429,885	6,640,721
174,734	39,890	110,935	152,469	154,231	170,007
146,972	1,646,408	1,661,658	1,926,668	2,064,693	2,288,728
(1,848,271)	(1,640,797)	(1,473,149)	(1,027,580)	(475,324)	-
<u>\$ 3,772,225</u>	<u>\$ 4,926,074</u>	<u>\$ 5,405,298</u>	<u>\$ 6,048,413</u>	<u>\$ 7,173,485</u>	<u>\$ 9,126,256</u>

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

	Fiscal Year Ended June 30,			
	2015	2016	2017	2018
Revenues:				
Property taxes	\$ 12,866,111	\$ 14,688,381	\$ 15,097,552	\$ 16,165,021
Special assessments	54,328	57,151	53,265	59,565
Licenses and permits	3,225,701	3,247,694	3,461,315	3,975,367
Intergovernmental (b) (d) (f)	3,846,363	4,340,890	5,969,106	9,704,144
Charges for services	3,613,848	3,327,315	3,501,405	3,748,962
Fines and forfeitures	522,900	580,010	566,537	638,281
Miscellaneous (a)	425,410	523,785	455,973	1,137,878
Total revenues	<u>24,554,661</u>	<u>26,765,226</u>	<u>29,105,153</u>	<u>35,429,218</u>
Expenditures:				
Current:				
General government	2,298,268	3,245,287	3,020,757	3,110,103
Community development	1,221,604	1,295,680	1,352,798	1,681,015
Public safety	12,215,631	11,044,821	11,388,862	12,329,098
Highways and streets	1,775,502	3,364,488	4,180,581	3,011,186
Culture and recreation	4,698,934	4,855,542	4,916,702	5,306,436
Airport (b)	328,733	784,495	2,258,610	6,142,718
Nondepartmental				
Capital outlay:				
Highways and streets	502,116	1,735,138	5,601,383	10,557,967
Culture and recreation	410,867	4,650	142,519	1,141
Community development				
Airport				
Special payments	-	-	-	-
Debt service:				
Principal	1,173,594	1,600,529	6,025,848	2,889,141
Interest	540,023	950,387	1,153,618	1,289,328
Bond refunding (f)	32,000	-	-	-
Total expenditures	<u>25,197,272</u>	<u>28,881,017</u>	<u>40,041,678</u>	<u>46,318,133</u>
Other financing sources (uses):				
Bond proceeds - par/premium (c) (e)	18,238,688	-	-	8,204,575
Refunding bonds issued - par/premium (c)	8,493,436	-	-	-
Payment to refunded bond escrow agent (c)	(8,414,899)	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Proceeds from full faith and credit obligation (d)	-	-	6,101,705	-
Transfers from other funds	1,026,200	1,148,148	1,717,161	1,709,953
Police vehicles - lease purchase	-	-	-	136,045
Transfer to McMinnville Fire Department	-	-	-	-
Right to use proceeds (g)				
Transfers to other funds	(1,697,100)	(2,217,148)	(2,432,961)	(2,423,454)
Total other financing sources (uses)	<u>17,646,325</u>	<u>(1,069,000)</u>	<u>5,385,905</u>	<u>7,627,119</u>
Net change in fund balances	<u>\$ 17,003,714</u>	<u>\$ (3,184,791)</u>	<u>\$ (5,550,620)</u>	<u>\$ (3,261,796)</u>
Non-capital expenditures:				
Total expenditures	\$ 25,197,272	\$ 28,881,017	\$ 40,041,678	\$ 46,318,133
Less: capital asset expenditures	(2,609,978)	(3,554,796)	(9,534,993)	(17,372,112)
Non-capital expenditures	<u>\$ 22,587,294</u>	<u>\$ 25,326,221</u>	<u>\$ 30,506,685</u>	<u>\$ 28,946,021</u>
Debt service as a percentage of non-capital expenditures	7.6%	10.1%	23.5%	14.4%

Fiscal Year Ended June 30,

2019	2020	2021	2022	2023	2024
\$ 17,863,899	\$ 17,950,893	\$ 18,515,849	\$ 18,398,075	\$ 19,342,646	\$ 15,387,006
53,718	53,509	52,226	74,910	64,200	60,937
4,682,788	5,866,434	6,789,542	7,073,169	7,642,007	5,854,320
5,456,340	6,879,753	7,380,330	8,446,441	14,133,857	15,223,628
4,709,392	7,030,008	6,092,162	6,905,099	7,975,653	6,711,084
628,167	484,305	370,123	359,948	358,554	394,185
1,258,385	1,440,219	801,655	985,573	1,589,204	2,588,573
<u>34,652,689</u>	<u>39,705,121</u>	<u>40,001,887</u>	<u>42,243,215</u>	<u>51,106,121</u>	<u>46,219,733</u>
3,645,620	4,595,959	4,752,138	4,438,920	5,321,607	7,755,898
2,046,261	2,057,368	2,421,371	2,688,141	3,295,150	4,879,378
12,875,329	18,865,896	19,261,197	18,959,483	20,325,265	12,017,440
2,653,285	3,468,228	2,267,850	2,307,312	2,474,233	2,583,616
5,719,811	5,780,644	5,125,062	5,589,466	6,939,440	7,721,713
849,991	601,619	415,914	1,734,862	252,506	630,252
				111,406	155,664
5,622,190	1,019,558	4,720,958	176,379	360,288	609,472
512,264	661,143	1,200	-	-	-
					4,289,608
					340
-	-	-	-	-	4,370,827
3,065,189	3,248,557	3,349,042	3,355,090	2,856,739	3,051,479
1,398,691	1,315,493	1,223,029	1,136,556	1,009,746	907,430
-	-	-	-	-	-
<u>38,388,631</u>	<u>41,614,465</u>	<u>43,537,761</u>	<u>40,386,209</u>	<u>42,946,380</u>	<u>48,973,117</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	34,173	30,267	5,605	-
-	1,059,139	-	-	-	-
1,962,551	3,569,845	2,608,256	1,672,782	1,878,872	2,409,251
-	-	-	-	-	-
-	-	-	-	-	(930,615)
				267,924	928,732
<u>(2,673,551)</u>	<u>(2,122,814)</u>	<u>(2,022,022)</u>	<u>(1,547,255)</u>	<u>(1,740,937)</u>	<u>(2,388,138)</u>
<u>(711,000)</u>	<u>2,506,170</u>	<u>620,407</u>	<u>155,794</u>	<u>411,464</u>	<u>19,230</u>
<u>\$ (4,446,942)</u>	<u>\$ 596,826</u>	<u>\$ (2,915,467)</u>	<u>\$ 2,012,800</u>	<u>\$ 8,571,205</u>	<u>\$ (2,734,154)</u>
\$ 38,388,631	\$ 41,614,465	\$ 43,537,761	\$ 40,386,209	\$ 42,946,380	\$ 48,973,117
<u>(10,427,948)</u>	<u>(3,157,478)</u>	<u>(5,696,959)</u>	<u>(3,554,941)</u>	<u>(1,305,557)</u>	<u>(6,093,535)</u>
<u>\$ 27,960,683</u>	<u>\$ 38,456,987</u>	<u>\$ 37,840,802</u>	<u>\$ 36,831,268</u>	<u>\$ 41,640,823</u>	<u>\$ 42,879,582</u>
16.0%	11.9%	12.1%	12.2%	9.3%	9.2%

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

- (a) From fiscal year 2008-09 through 2015-16, interest revenue decreased due to significantly lower interest rates.
- (b) From fiscal years 2015-16 to 2017-18, the City improved runways and taxiways at McMinnville Municipal Airport financed by capital grants of; \$2,570,000, \$1,250,000 and \$7,321,000, respectively, from the Federal Aviation Administration and Oregon Department of Transportation.
- (c) During fiscal year 2014-15, the 2006 Public Safety Building Bonds were refunded and the City received proceeds from a Transportation Bond.
- (d) During fiscal year 2016-17 and 2019-20, the City received proceeds from full faith and credit bank loans for the Dundee Bypass Project, Urban Renewal Improvements (Alpine Ave), and to refinance the pension-related debt (PERS transition liability), of \$383,545, \$2,192,300 and \$3,525,860 respectively.
- (e) During fiscal year 2017-18, the City received proceeds from a Transportation Bond.
- (f) In fiscal year 2022-23 the city fully drew down its American Rescue Plan Act (ARPA) allocation by utilizing the revenue recovery option in the amount of \$6,494,348
- (g) In fiscal year 2022-23, with the advent of reporting on leases and subscription-based information technology arrangements (SBITAs), the right to use proceeds category was added

(Continued)

This page is intentionally blank

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

Functions/Programs	2015	2016	2017	2018
Primary government:				
Governmental activities:				
General government	\$ 814,832	\$ 1,074,482	\$ 1,125,530	\$ 1,102,966
Community development (g)	805,423	770,042	128,813	198,648
Public safety: (f)				
Police	857,084	786,951	693,864	785,721
Fire	381,205	434,106	581,430	604,240
Highways and streets (a) (b) (c) (e)	3,889,429	4,058,810	2,728,669	3,040,293
Culture and recreation: (d) (h)				
Parks and recreation (b)	1,767,924	1,710,213	1,460,744	1,717,003
Library	206,989	204,017	220,229	232,476
Airport (c)	423,380	824,717	2,006,904	6,261,816
Total governmental activities	<u>9,146,266</u>	<u>9,863,338</u>	<u>8,946,183</u>	<u>13,943,163</u>
Business-type activities:				
Wastewater (b)	10,288,656	9,816,625	9,940,468	10,186,559
Ambulance (f)	2,911,689	3,373,134	3,494,130	3,247,282
Building (g)	561,441	393,079	612,659	832,010
Total business-type activities	<u>13,761,786</u>	<u>13,582,838</u>	<u>14,047,257</u>	<u>14,265,851</u>
Total primary government	<u>\$ 22,908,052</u>	<u>\$ 23,446,176</u>	<u>\$ 22,993,440</u>	<u>\$ 28,209,014</u>
Component unit:				
Water and light	<u>\$ 46,505,371</u>	<u>\$ 45,275,019</u>	<u>\$ 47,323,528</u>	<u>\$ 48,654,855</u>

- (a) Highways and streets contributions fluctuate significantly year-to-year depending on when subdivision plans are accepted and recorded and a public street is created.
- (b) System Development Charges and subdivision capital contributions fluctuate significantly depending on trends in the construction industry.
- (c) From fiscal years 2015-16 to 2017-18, the City improved runways and taxiways at McMinnville Municipal Airport financed by capital grants from the Federal Aviation Administration and Oregon Department of Transportation.
- (d) During fiscal year 2019-20, the affects of COVID-19 impacted some program revenues for Culture and recreation activities.
- (e) Oregon federal exchange funds for Highways and streets fluctuate significantly from year-to-year depending on the federal funds available and the timing of the reimbursement.

Fiscal Year Ended June 30,

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$	1,972,840	\$ 2,144,988	\$ 4,115,603	\$ 4,544,624	\$ 14,533,070	\$ 6,608,446
	199,146	1,101,821	1,207,657	2,177,941	2,128,012	3,867,594
		4,432,537	4,577,246	5,268,001	5,419,611	572,733
	873,325					
	730,522					
	6,052,010	2,009,823	2,273,081	1,742,373	1,494,904	3,240,044
	-	2,170,366	774,410	1,256,071	1,976,827	2,043,608
	1,353,565	-	-	-	-	-
	248,674	-	-	-	-	-
	<u>1,001,336</u>	<u>1,192,651</u>	<u>402,415</u>	<u>1,787,204</u>	<u>531,600</u>	<u>873,183</u>
	<u>12,431,418</u>	<u>13,052,186</u>	<u>13,350,412</u>	<u>16,776,214</u>	<u>26,084,024</u>	<u>17,205,608</u>
	12,170,989	11,944,214	11,730,084	12,686,817	12,116,277	13,147,468
	3,709,176	-	-	-	-	-
	728,107	-	-	-	-	-
	<u>16,608,272</u>	<u>11,944,214</u>	<u>11,730,084</u>	<u>12,686,817</u>	<u>12,116,277</u>	<u>13,147,468</u>
\$	<u>29,039,690</u>	<u>24,996,400</u>	<u>25,080,496</u>	<u>29,463,031</u>	<u>38,200,301</u>	<u>30,353,076</u>
\$	<u>49,802,420</u>	<u>52,117,177</u>	<u>54,781,537</u>	<u>53,778,205</u>	<u>55,902,082</u>	<u>51,698,538</u>

- (f) In fiscal year 2019-20 the Business-type Ambulance Fund was moved into the General Fund under the Fire program. The City also decided to stop breaking out separate Public Safety programs in the annual financial report.
- (g) In fiscal year 2019-20 the Business-type Building Fund was changed to a Special Revenue Fund. The program activities are grouped with the other Community development programs.
- (h) In fiscal year 2019-20 the City decided to stop breaking out separate Culture and Recreation programs in their annual financial report. Programs were previously broken down by Parks and recreation and Library programs.
- (i) In fiscal year 2022-23 the City drew down its full allocation of American Rescue Plan Act dollars, thus \$6,494,348 one-time program revenues were received. In addition, park land was contributed as a capital program contribution in the amount of \$2,987,306

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

Fiscal Year Ended June 30,	Real Property	Mobile Home Property	Personal Property	Utilities
2015	2,152,656,982	29,389,640	82,315,868	40,151,340
2016	2,297,104,909	33,465,952	80,930,768	38,880,800
2017	2,324,209,411	34,381,495	84,909,545	44,490,351
2018	2,425,373,589	35,322,954	81,535,244	41,793,532
2019	2,470,785,684	46,428,107	83,393,071	33,831,500
2020	2,591,423,947	49,112,143	93,395,821	33,608,680
2021	2,788,239,793	51,819,766	110,584,089	39,354,500
2022	2,938,085,608	53,537,917	110,116,641	42,650,405
2023	3,075,148,994	55,559,188	116,564,672	49,036,099
2024	3,242,632,859	57,275,292	121,738,297	54,876,342

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) Excludes tax-exempt property.

Total Taxable Assessed Value (a)	Total Direct Tax Rate	Estimated Real Market Value	Total Taxable Assessed Value as a Percentage of Estimated Real Market Value
2,304,513,830	5.74	2,861,726,286	80.5
2,450,382,429	6.23	3,119,905,725	78.5
2,487,990,802	6.18	3,418,882,530	72.8
2,591,403,059	6.44	3,722,887,719	69.6
2,634,438,362	6.57	3,930,001,020	67.0
2,767,540,591	6.43	4,191,800,158	66.0
2,989,998,148	6.43	4,617,331,941	64.8
3,144,390,571	6.11	5,072,516,303	62.0
3,296,308,953	6.11	6,155,627,480	53.5
3,476,522,790	4.62	6,751,555,853	51.5

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
2015	5.02	0.68	0.04	5.74	2.57	-	2.57
2016	5.02	1.16	0.05	6.23	2.58	-	2.58
2017	5.02	1.08	0.07	6.18	2.58	-	2.58
2018	5.02	1.34	0.08	6.44	2.58	-	2.58
2019	5.02	1.45	0.10	6.57	2.58	-	2.58
2020	5.02	1.29	0.12	6.43	2.58	-	2.58
2021	5.02	1.27	0.14	6.43	2.58	-	2.58
2022	5.02	0.92	0.17	6.11	2.58	-	2.58
2023	5.02	0.89	0.20	6.11	2.58	-	2.58
2024	3.52	0.89	0.21	4.62	2.58	-	2.58

Source: Yamhill County Assessor's Office

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

(a) The City's permanent property tax rate limit established by Measure 50 is \$5.02 per thousand of assessed value. Following the voter-established new taxing district for fire and emergency medical services in 2023, the City opted to underlevy some of its property taxes in subsequent years.

(b) Yamhill County Extension Service, Yamhill County Soil & Water District, Willamette Regional Educational Service District, Chemeketa Library and Chemeketa Community College. Starting in FY 2023-24 this also includes McMinnville Fire District.

Overlapping Rates						Total Direct and Overlapping Rates
McMinnville School District No. 40			Other Taxing Districts (b)			
Operating	Debt Service	Total	Operating & Local Option	Debt Service	Total	
4.15	2.79	6.94	1.08	0.27	1.35	16.61
4.15	2.72	6.87	1.08	0.28	1.36	17.04
4.15	2.74	6.89	1.08	0.28	1.36	17.00
4.15	2.60	6.75	1.08	0.27	1.35	17.12
4.15	2.59	6.74	1.08	0.27	1.35	17.24
4.15	2.60	6.75	1.08	0.26	1.34	17.10
4.15	2.59	6.74	1.08	0.26	1.34	17.09
4.15	2.56	6.71	1.08	0.27	1.35	16.75
4.15	2.51	6.66	1.08	0.26	1.34	16.69
4.15	2.44	6.59	3.08	0.24	3.32	17.11

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

Taxpayer	Type of Business	Fiscal Year Ended June 30, 2024			Fiscal Year Ended June 30, 2015		
		Assessed Value	Percentage	Rank	Assessed Value	Percentage	Rank
Cascade Steel Rolling Mills, Inc.	Steel production	\$ 109,690,450	3.16 %	1	\$ 56,148,472	2.44 %	2
Willamette Valley Medical Center, LLC (a)	Health care	66,035,453	1.90	2	60,642,496	2.63	1
Cooperative Regions of Organic Producer	Organic family farms coop	28,623,003	0.82	3			
Brookdale Senior Living INC (b)	Retirement community	23,166,016	0.67	4	17,993,478	0.78	4
Lowes Home Improvement Warehouse, Inc.	Home improvement retail store	17,129,299	0.49	5	16,160,188	0.70	6
Jackson Family Wines INC (c)	Commercial wine producer	17,107,666	0.49	6			
Lafayette Place Apartments LLC	Residential real estate management	16,451,957	0.47	7			
March Hare LLC & McMincenter, LLC (d)	Commercial real estate management	15,618,707	0.45	8	11,504,773	0.50	8
Northwest Natural Gas Co.	Natural gas distributor	14,811,000	0.43	9			
Comcast Corporation	Cable television	14,484,447	0.42	10	16,467,700	0.71	5
Evergreen Vintage Aircraft Inc	Aviation				31,147,292	1.35	3
Frontier Communications	Telephone communication	-	-		12,345,000	0.54	7
Lassen Doran Properties	Auto sales				9,004,413	0.39	9
Evergreen International Aviation Inc	Aviation				8,438,903	0.37	10
Total principal property tax payers		323,117,998	9.29		239,852,715	10.41	
All other property tax payers		3,153,404,792	90.71		2,064,661,115	89.59	
Total		\$ 3,476,522,790	100.00 %		\$ 2,304,513,830	100.00 %	

Source: Yamhill County Assessor's Office

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

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

Fiscal Year Ended June 30,	Levy		Total Adjusted	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Original	Adjustments (a)		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2015	13,220,677	(357,861)	12,862,816	12,364,308	93.5	498,818	12,863,126	100.00
2016	15,205,508	(499,925)	14,705,583	14,194,904	93.4	438,986	14,633,890	99.51
2017	15,439,224	(452,492)	14,986,732	14,532,891	94.1	401,033	14,933,924	99.65
2018	16,679,694	(437,197)	16,242,497	15,719,316	94.2	384,449	16,103,765	99.15
2019	18,016,281	(569,453)	17,446,828	17,048,835	94.6	397,993	17,446,828	100.00
2020	18,424,097	(556,905)	17,867,191	17,279,827	93.8	375,772	17,655,599	98.82
2021	19,096,894	(566,787)	18,530,107	18,174,389	95.2	282,936	18,457,325	99.61
2022	19,096,949	(580,317)	18,516,632	18,140,194	95.0	309,491	18,449,685	99.64
2023	19,900,276	(525,392)	19,374,884	18,402,853	92.5	267,589	18,670,442	96.36
2024	15,866,232	(457,898)	15,408,334	15,056,828	94.9	-	15,056,828	97.72

Source: Yamhill County Assessor's Office
(a) Adjustments include discounts, write-offs, cancellations, and interest.

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

<u>Customer Type</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Water consumption (e):			
Residential	\$ 75,212,200	\$ 75,670,000	\$ 75,912,502
Commercial - no average (b)	51,733,900	53,543,500	44,729,900
Commercial - with average (c)	<u>5,727,300</u>	<u>5,824,500</u>	<u>6,221,000</u>
 Total	 <u>\$ 132,673,400</u>	 <u>\$ 135,038,000</u>	 <u>\$ 126,863,402</u>
 Residential sewer rates: (a)			
Service charge per residential unit	\$ 17.73	\$ 18.60	\$ 19.25
Volume charge per 100 cubic feet of water used (d)	5.08	5.22	5.36
Commercial and industrial sewer rates:			
Service charge per account	17.73	18.60	19.25
Volume charge per 100 cubic feet of water used	6.30	6.48	6.65

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

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

Fiscal Year Ended June 30,

2018	2019	2020	2021	2022	2023	2024
\$ 75,958,939	\$ 74,939,700	\$ 75,446,000	\$ 78,915,000	\$ 77,790,200	\$ 77,702,000	\$ 78,576,700
43,761,700	45,964,700	44,991,500	47,846,400	44,217,400	41,653,900	44,918,700
5,861,500	5,721,100	5,458,100	5,041,800	5,504,100	5,614,000	5,872,000
<u>\$ 125,582,139</u>	<u>\$ 126,625,500</u>	<u>\$ 125,895,600</u>	<u>\$ 131,803,200</u>	<u>\$ 127,511,700</u>	<u>\$ 124,969,900</u>	<u>\$ 129,367,400</u>

\$ 20.00	\$ 20.73	\$ 22.38	\$ 22.38	\$ 22.38	\$ 23.16	\$ 23.97
5.49	5.62	6.07	6.07	6.07	6.28	6.50
20.00	20.73	22.38	22.38	22.38	23.16	23.97
6.81	6.96	7.51	7.51	7.51	7.77	8.05

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
2015	12,280	1,157	13,437
2016	12,121	1,083	13,204
2017	12,493	1,113	13,606
2018	12,770	1,151	13,921
2019	12,869	1,158	14,027
2020	13,267	1,152	14,419
2021	13,697	1,172	14,869
2022	13,784	1,166	14,950
2023	13,868	1,174	15,042
2024	14,151	1,208	15,359

Source: McMinnville Water & Light Department

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		
2015	17.73	5.08	17.73	6.30	9,166,951	6.58
2016	18.60	5.22	18.60	6.48	9,166,543	(0.00)
2017	19.25	5.36	19.25	6.65	9,287,932	1.32
2018	20.00	5.49	20.00	6.81	9,764,579	5.13
2019	20.73	5.62	20.73	6.96	10,290,558	5.19
2020	22.38	6.07	22.38	7.51	10,366,710	1.85
2021	22.38	6.07	22.38	7.51	10,925,886	5.39
2022	22.38	6.07	22.38	7.51	10,805,702	(1.10)
2023	23.16	6.28	23.16	7.77	11,082,642	2.56
2024	23.97	6.50	23.97	8.05	11,458,679	3.39

Source: City of McMinnville Engineering Department

Note: Sewer rates are set by City Council taking into consideration the City's Sewer Mater Plan which provides recommendations for future operational and capital needs. In 2015, City Council adopted the updated Wastewater System Financial Plan which continues the City's policy of moderate annual rate increases.

City of McMinnville, Oregon
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
2015	32,140,210	1,525,000	30,615,210	1.07	925	-
2016	30,333,129	1,850,000	28,483,129	0.91	853	-
2017	27,761,049	1,228,000	26,533,049	0.78	788	2,573,102
2018	33,216,319	1,268,000	31,948,319	0.86	945	2,417,345
2019	30,363,737	1,474,640	28,889,097	0.74	851	2,230,680
2020	25,085,000	1,109,475	23,975,525	0.57	696	2,572,980
2021	22,360,000	1,083,600	21,276,400	0.46	627	4,332,910
2022	19,650,000	408,575	19,241,425	0.38	564	3,767,752
2023	17,465,000	358,750	17,106,250	0.28	492	3,181,239
2024	15,175,000	303,950	14,871,050	0.22	428	1,321,866

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

- (a) Amount of fund balance restricted for principal payments.
- (b) See Schedule of Assessed and Estimated Actual Value of Property for estimated real market value data.
- (c) See Schedule of Demographic and Economic Statistics for population data.
- (d) Includes general bonded debt, other governmental activities debt, and business-type activities debt. In fiscal year 2014-15, the primary government debt was restated from net to gross.
- (e) See Schedule of Demographic and Economic Statistics for personal income data.
- (f) In FY2022-23, the Oregon Department of Transportation's OTIB loan program is funding an additional \$3,622,000 in borrowing capacity for the Newberg-Dundee Bypass project. None of that has yet been drawn down so it is excluded from debt totals

<u>Governmental Activities Debt</u>			<u>Business-Type Activities</u>			Total Primary Government (d)	Percentage of Personal Income (e)	Per Capita (c)
Notes Payable (f)	Leases Payable	SBITAs Payable	Full Faith & Credit Bank Loan	Leases Payable	SBITAs Payable			
1,766,095	-	-	-	-	-	33,906,305	2.60	1,025
3,221,241	-	-	-	-	-	33,554,370	2.51	1,004
5,563,799	-	-	-	-	-	35,897,950	2.45	1,066
5,297,484	105,333	-	952,758	-	-	41,989,239	2.71	1,242
4,960,241	74,621	-	895,092	-	-	38,524,371	2.39	1,135
5,401,554	370,282	-	817,167	-	-	34,246,983	2.11	994
5,013,839	285,647	-	186,473	-	-	32,178,869	1.86	948
4,624,784	196,952	-	162,733	-	-	28,402,221	1.49	833
4,229,780	371,636	637,957	135,627	5,264	72,361	26,098,864	1.33	751
3,304,662	290,645	1,234,960	146,874	3,478	58,068	21,535,553	1.00	619

City of McMinnville, Oregon
Direct and Overlapping Governmental Activities Debt
June 30, 2024

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
Direct:			
General obligation bonded debt - City	\$ 15,175,000	100.00 %	\$ 15,175,000
Other governmental activities debt - City	6,360,553	100.00 %	6,360,553
Total direct debt (b)			<u>21,535,553</u>
Overlapping:			
General obligation bonded debt:			
Chemeketa Community College	18,565,000	7.80	1,448,070
McMinnville School District No. 40	94,450,000	78.26	73,916,570
Other governmental activities debt:			
Chemeketa Community College	78,430,000	7.80	6,117,540
Willamette Education Service District	14,819,798	7.11	1,053,688
Yamhill County	7,531,693	30.17	2,272,312
McMinnville School District No. 40	15,005,000	78.26	<u>11,742,913</u>
Total overlapping debt			<u>96,551,092</u>
Total direct and overlapping debt			<u>\$ 118,086,645</u>

Source: Oregon State Treasury Debt Management Division

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

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

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

Governmental compensated absence	904,277
Business type compensated absence	121,192
	<u>1,025,469</u>

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

Employer	Type of Business	Fiscal Year Ended June 30, 2024			Fiscal Year Ended June 30, 2015		
		Number of Employees	Percentage	Rank	Number of Employees	Percentage	Rank
McMinnville School District #40	Education	841	5.51 %	1	712	5.07 %	1
Yamhill County	County government	690	4.52	2	447	3.18	4
Linfield University (Previously Linfield College)	Higher education - liberal arts	553	3.63	3	431	3.07	5
Willamette Valley Medical Center, LLC	Health care	526	3.45	4	489	3.48	2
Cascade Steel Rolling Mills, Inc.	Steel production	380	2.49	5	462	3.29	3
City of McMinnville (b)	City government	284	1.86	6	203	1.44	9
Express Professionals	Temp agency	278	1.82	7	300	2.13	6
Parker-Meggitt (Previously Meggit Polymer)	Sealing solutions manufacturing	246	1.61	8	281	2.00	7
EMPWR Nutrician (a)	Snack manufacturer	218	1.43	9	250	1.78	8
Wal-Mart Stores, Inc.	Retail merchandise	188	1.23	10	176	1.25	
Oregon Mutual Insurance Company	Insurance products and services	147	0.96		190	1.35	10
Total principal employers		4,351	28.52		3,941	28.05	
All other employers (estimated)		10,903	71.48		10,111	71.95	
Total		15,254	100.00 %		14,052	100.00 %	

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

(a) EMPWR acquired Noble Foods Nutrition Inc. which acquired the co-packing activities of Betty Lou's, Inc in August of 2020.

Co-packing activities continue uninterrupted at the McMinnville facility, and all products manufactured under the Betty Lou's array of brands are now manufactured at a new facility located in McMinnville under the continued ownership of Betty Lou Carrier,

(b) City of McMinnville employee count dropped due to the creation of the McMinnville Fire District on July 1, 2023.

Fire and Ambulance employees transferred to the new fire district.

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

	Fiscal Year Ended June 30,			
	2015	2016	2017	2018
Total estimated real market value	\$ 2,861,726,286	\$ 3,119,905,725	\$ 3,418,882,530	\$ 3,722,887,719
Debt limitation:				
3% of estimated real market value	85,851,789	93,597,172	102,566,476	111,686,632
Debt applicable to limitation:				
Total general obligation bonded debt	28,580,000	27,055,000	24,765,000	30,275,000
Less amount available for payment of general obligation principal	<u>(1,525,000)</u>	<u>(2,290,000)</u>	<u>(1,228,300)</u>	<u>(1,267,785)</u>
Net debt applicable to limitation	<u>27,055,000</u>	<u>24,765,000</u>	<u>23,536,700</u>	<u>29,007,215</u>
Total remaining debt limit	<u>\$ 58,796,789</u>	<u>\$ 68,832,172</u>	<u>\$ 79,029,776</u>	<u>\$ 82,679,417</u>
Total net debt applicable to limitation as a percentage of debt limit	31.51%	26.46%	22.95%	25.97%

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 3,930,001,020	\$ 4,191,800,158	\$ 4,617,331,941	\$ 5,072,516,303	\$ 6,155,627,480	\$ 6,751,155,853
117,900,031	125,754,005	138,519,958	152,175,489	184,668,824	202,534,676
27,720,000	25,085,000	22,360,000	19,650,000	17,465,000	15,175,000
<u>(1,474,640)</u>	<u>(1,109,475)</u>	<u>(1,083,600)</u>	<u>(408,575)</u>	<u>(358,750)</u>	<u>(303,950)</u>
<u>26,245,360</u>	<u>23,975,525</u>	<u>21,276,400</u>	<u>19,241,425</u>	<u>17,106,250</u>	<u>14,871,050</u>
<u>\$ 91,654,671</u>	<u>\$ 101,778,480</u>	<u>\$ 117,243,558</u>	<u>\$ 132,934,064</u>	<u>\$ 167,562,574</u>	<u>\$ 187,663,626</u>
22.26%	19.07%	15.36%	12.64%	9.26%	7.34%

City of McMinnville, Oregon
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population (c)	Personal Income (a)	Per Capita Personal Income (b)	School Enrollment	Unemployment Rate
2015	33,080	1,303,054,280	39,391	6,734	5.4
2016	33,405	1,335,331,470	39,974	6,794	5.1
2017	33,665	1,465,875,095	43,543	6,778	4.5
2018	33,810	1,550,053,260	45,846	6,764	3.1
2019	33,930	1,611,471,420	47,494	6,752	3.9
2020	34,447	1,624,210,497	47,151	6,342	11.1
2021	33,946	1,732,196,488	51,028	6,433	5.3
2022	34,099	1,902,792,398	55,802	6,429	3.6
2023	34,734	1,964,659,242	56,563	6,507	3.7
2024	34,774	2,155,083,876	61,974	6,394	3.8

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

- (a) Personal income is calculated using population and per capita personal income figures.
- (b) Per capital personal income figures are for Yamhill County in total, not just the City of McMinnville.
- (c) Revised population estimates for 2020 through 2023 in the report issued Nov 2024 have been updated in this table

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

Functions/Programs	Fiscal Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Primary government:										
Governmental activities:										
General government	13.71	14.11	14.65	14.78	15.70	13.80	13.16	17.14	16.99	19.45
Community development (a) (d)	9.83	10.54	11.25	11.57	15.92	21.35	18.91	19.41	19.41	20.08
Public safety:										
Police:										
Sworn	37.00	37.00	41.00	41.00	43.00	43.66	43.66	43.66	43.66	43.66
Non-sworn	13.39	12.73	13.73	13.73	13.72	13.72	13.72	13.07	13.11	13.11
Fire (b) (c)	14.47	14.75	15.40	15.57	16.88	43.77	44.22	50.18	50.18	-
Highways and streets	8.68	8.71	7.07	8.82	9.01	9.76	9.93	10.04	10.04	9.90
Airport	-	-	-	-	-	-	-	-	0.50	0.50
Culture and recreation:										
Parks and recreation:										
Full-time	14.00	17.00	17.85	15.00	17.95	19.45	20.05	19.20	19.20	19.45
Part-time	29.94	27.00	27.59	30.44	28.03	28.03	30.92	17.50	17.13	17.14
Library	15.52	15.45	15.31	15.42	15.84	16.78	17.20	18.18	18.18	16.84
Total governmental activities	<u>156.54</u>	<u>157.29</u>	<u>163.85</u>	<u>166.33</u>	<u>176.05</u>	<u>210.32</u>	<u>211.77</u>	<u>208.38</u>	<u>208.40</u>	<u>160.13</u>
Business-type activities:										
Wastewater	21.46	21.46	20.50	21.37	21.34	21.34	21.85	21.96	21.96	23.15
Ambulance (b) (c)	22.65	22.95	25.02	25.02	25.89	-	-	-	-	-
Building (a)	2.00	3.25	3.75	3.75	5.00	-	-	-	-	-
Total business-type activities	<u>46.11</u>	<u>47.66</u>	<u>49.27</u>	<u>50.14</u>	<u>52.23</u>	<u>21.34</u>	<u>21.85</u>	<u>21.96</u>	<u>21.96</u>	<u>23.15</u>
Total primary government	<u>202.65</u>	<u>204.95</u>	<u>213.12</u>	<u>216.47</u>	<u>228.28</u>	<u>231.66</u>	<u>233.62</u>	<u>230.34</u>	<u>230.36</u>	<u>183.28</u>

Source: City of McMinnville Adopted Budgets

- (a) In fiscal year 2019-20, the Building fund was changed to a Special Revenue Fund and employment FTE is now included under Community development in the Governmental activities section.
- (b) In fiscal year 2019-20, the Ambulance fund was moved into the General Fund under Fire department and the employment FTE is now included under Fire in the Governmental activities section.
- (c) July 1, 2024 the McMinnville Fire District was formed. All Fire and Ambulance operations transitioned to the District, the new independent local government entity.
- (d) In fiscal year 2023-24 Affordable Housing was added to Community Development.

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
2015	169	27,786,301	189	30,794,301
2016	124	8,342,488	197	29,861,929
2017	160	53,721,846	148	17,227,703
2018	144	67,534,920	168	25,020,298
2019	120	31,043,637	170	55,509,974
2020	99	19,675,592	225	61,702,997
2021	86	38,078,824	123	26,045,607
2022	83	34,000,293	180	47,520,686
2023	116	21,073,770	145	43,033,396
2024	96	44,101,485	113	53,298,505

Source: City of McMinnville Building Division

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

This page is left intentionally blank.

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

<u>Functions/Programs</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Primary government:				
Police:				
Calls for service (a)	31,047	29,059	33,342	36,284
Crimes: (a)				
Part I Crimes Against Persons	1,234	998	1,130	1,321
Part II Crimes Against Property	2,442	2,014	2,075	2,387
Part III Behavioral Crimes	<u>1,364</u>	<u>1,317</u>	<u>1,290</u>	<u>1,237</u>
Total crimes	<u>5,040</u>	<u>4,329</u>	<u>4,495</u>	<u>4,945</u>
Traffic crashes	284	373	268	355
Traffic citations/warnings	8,838	6,038	10,852	11,384
Fire:(g)				
Self fire inspections conducted	-	-	-	-
On-site fire inspections conducted (d)	484	375	300	577
Fire responses	856	866	817	967
Fire/rescue responses	2,996	3,024	3,018	2,989
Level of insurance service	Class 3	Class 3	Class 3	Class 3
Parks and recreation: (d)				
Aquatic center attendance:				
General recreation programs	84,301	85,715	77,399	62,723
Fitness classes	19,989	25,790	23,377	23,876
Swim instruction	16,523	15,333	13,604	13,523
School district #40 programs	6,177	7,263	7,350	6,108
Rental attendance	<u>14,794</u>	<u>12,608</u>	<u>13,804</u>	<u>14,058</u>
Total attendance	<u>141,784</u>	<u>146,709</u>	<u>135,534</u>	<u>120,288</u>

(Continued)

Fiscal Year Ended June 30,

2019	2020	2021	2022	2023	2024
34,043	31,200	31,727	32,137	31,867	na
983	1,020	967	1,091	904	na
2,352	2,559	2,466	2,342	2,181	na
1,124	942	1,260	1,165	973	na
<u>4,459</u>	<u>4,521</u>	<u>4,693</u>	<u>4,598</u>	<u>4,058</u>	<u>na</u>
281	242	322	330	315	na
9,195	4,095	4,197	3,035	3,528	na
-	-	-	-	-	-
612	357	325	367	161	-
1,008	1,497	1,534	1,458	904	-
2,699	1,777	1,857	1,937	1,763	-
Class 3	Class 3	Class 3	Class 3	Class 3	-
61,682	40,962	14,845	27,943	57,702	54,021
26,050	18,329	2,004	7,623	9,771	12,183
13,230	8,984	1,714	5,169	7,329	9,096
6,070	3,893	-	2,053	5,037	5,316
<u>14,550</u>	<u>9,502</u>	<u>9,092</u>	<u>9,160</u>	<u>8,347</u>	<u>7,278</u>
<u>121,582</u>	<u>81,670</u>	<u>27,655</u>	<u>51,948</u>	<u>88,186</u>	<u>87,894</u>

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

Functions/Programs	2015	2016	2017	2018
Community center and recreation programs:				
Facility reservations	2,051	1,848	2,796	2,595
Children's programs (children per session):				
Kids on the block (after school) (f)	449	447	407	373
STARS (summer) (f)	65	65	71	75
Community Center Programs (per year) (b)				
Youth Programs (f)	n/a	2,144	3,313	4,091
Adult Programs	n/a	392	423	392
Community Center Drop-In Participants (d)	n/a	5,941	7,215	9,026
Community Center / Library Programs				
Summer Fun				
Participants				
Programs				
Recreational sports:				
Soccer:				
Participants	1,683	1,606	1,634	1,555
Teams	173	155	158	150
Matches	824	780	731	748
Baseball/softball:				
Participants	1,120	1,100	950	978
Teams	93	97	78	82
Games	535	513	427	437
Other sports:				
Participants	598	615	571	492
Games/matches	357	333	305	254
Senior center:				
Attendance	27,610	28,558	30,866	33,400
Facility rentals	203	212	190	175
Senior meals served (e)	19,920	23,164	24,801	24,818
Day trips taken	15	18	11	10
Day trip attendance	221	249	153	131
Overnight trips taken	6	8	5	2
Overnight trip attendance	34	18	10	5
Park maintenance:				
Picnic reservations (a)	160	160	179	180
Library:				
Items circulated	359,093	384,347	371,872	360,300
Items in collections / resources	142,904	152,121	160,363	162,807
Service hours per week (d)	45	45	45	45

2019	2020	2021	2022	2023	2024
2,992	2,184	141	902	2,684	2,832
295	271	-	-	-	-
76	28	38	38	-	-
4,071	2,626	999	2,047	2,833	3,346
238	227	83	259	174	195
7,379	6,080	36	2,424	4,705	5,030
			3,921	8,976	5,003
			90	171	134
1,439	755	821	1,349	1,633	1,867
142	70	88	120	136	141
683	352	320	476	544	564
1,096	-	708	878	829	976
93	-	54	69	72	74
568	-	227	280	306	315
532	514	-	420	517	545
297	257	-	109	229	227
34,006	22,561	1,867	5,711	10,917	17,323
177	119	2	28	108	161
27,291	4,690	-	-	-	-
11	6	-	-	-	3
153	93	-	-	-	75
-	1	-	-	-	1
-	2	-	-	-	1
138	85	-	39	112	121
374,451	349,347	318,249	323,062	358,103	353,353
168,595	222,060	230,218	217,618	232,094	241,558
50	50	35	35	44	44

(Continued)

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

Functions/Programs	2015	2016	2017	2018
Public Works:				
Building division:				
Building permits issued	270	261	250	358
Plumbing permits issued	184	233	227	246
Mechanical permits issued	245	301	309	310
Demolition permits issued	6	10	15	17
Fire life safety permits issued	60	37	43	49
Miscellaneous permits issued	44	56	43	67
Manufactured home permits issued	21	15	5	5
Total permits issued	<u>830</u>	<u>913</u>	<u>892</u>	<u>1,052</u>
Wastewater Services:				
Daily average treatment in gallons	2,950,000	3,310,000	2,758,000	2,735,000
Service connections:				
Residential	12,280	12,121	12,493	12,770
General services/commercial	1,157	1,083	1,113	1,151
Ambulance:(g)				
Emergency Medical Service (EMS) calls	6,211	7,248	7,028	7,000
EMS patients transported	4,546	5,156	5,234	4,902
Component unit:				
Water and light:				
Water system:				
Daily average consumption in gallons	4,700,000	4,800,000	4,300,000	4,500,000
Service connections:				
Residential	12,431	12,238	12,619	12,882
General services/commercial	1,551	1,475	1,479	1,542
Electric system:				
Type	public power	public power	public power	public power
Service connections:				
Residential	13,526	13,616	13,807	13,909
General services/small industrial	2,002	2,293	2,224	2,247
Large industrial	2	2	2	2

Source: City of McMinnville departments

- (a) Calendar year
- (b) Beginning in 2016, the Community Center started tracking programs for youth, adults and general drop-in participants.
- (c) Beginning in 2017-18, the Community Center started hosting the Senior Center Fitness program and classes.
- (d) During fiscal years 2019-21, the affects of COVID-19 impacted some programs and services including on-site fire inspections and most parks and recreation programs.

2019	2020	2021	2022	2023	2024
349	349	238	289	291	221
238	296	303	336	249	264
302	388	517	533	525	455
4	7	11	1	5	7
28	25	46	54	64	51
52	50	60	66	34	60
5	7	5	4	8	3
<u>978</u>	<u>1,122</u>	<u>1,180</u>	<u>1,283</u>	<u>1,176</u>	<u>1,061</u>
4,160,000	2,830,000	2,800,000	3,140,000	2,850,000	2,770,000
12,869	13,267	13,697	13,784	13,868	14,151
1,158	1,152	1,172	1,166	1,174	1,208
6,423	6,296	7,337	7,781	7,891	-
4,753	4,440	4,873	4,811	5,188	-
4,500,000	3,900,000	4,500,000	4,700,000	4,800,000	4,700,000
13,021	13,268	13,702	13,929	13,997	14,286
1,628	1,592	1,701	1,685	1,724	1,752
public power	public power	public power	public power	public power	public power
14,084	14,560	14,733	14,849	15,029	15,254
2,254	2,282	2,321	2,322	2,377	2,387
2	2	2	2	2	2

- (e) The Senior Center café closed down during the COVID-19 pandemic. After buildings re-opened the cost of running the café could not be sufficiently offset by meal charges so it was closed.
- (f) Afterschool programming transferred to school district. STARS summer programming changed and summer activities are now included in Youth Program data.
- (g) The McMinnville Fire District formed in FY2023-24 and its operations ended for the City.

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

Functions/Programs	2015	2016	2017	2018
Primary government:				
General government:				
Computers - desktops and laptops (d) (e)	280	285	291	290
Computers - physical servers	17	12	12	12
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	2	2	2	2
Motorcycles	2	2	2	2
Surveillance trailer				
Fire: (e)				
Stations	2	2	2	2
Training facility	1	1	1	1
Vehicles	16	16	16	16
Highways and streets:				
Miles of streets	104	104	104	105
Miles of storm drain sewers	77	77	78	79
Number of street lights	2,679	2,679	2,697	2,719
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)	3	3	3	3
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	1	1	1	1
Greenway/greenspaces	15	15	15	15
Park system acreage (a)	357	357	357	357
Tennis courts (b)	4	4	4	2
Pickleball courts (b)	-	-	-	6
Baseball/softball fields	11	11	11	11
Soccer fields	11	11	11	11
Outdoor basketball courts	8	8	8	8
Skate parks	2	2	2	2
Library:				
Facility	1	1	1	1
Bookmobile	1	1	1	1

Fiscal Year Ended June 30,

2019	2020	2021	2022	2023	2024
290	327	329	323	325	269
12	11	8	8	8	7
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
16	16	17	17	17	17
1	1	1	1	1	1
2	2	2	2	2	2
					1
2	2	2	2	2	-
1	1	1	1	1	-
16	16	16	16	16	-
107	108	108	109	110	111
83	84	85	86	87	87
2,762	2,816	2,841	2,946	2,959	2,989
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
4	4	4	4	4	4
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
357	357	357	357	357	357
2	2	2	2	2	2
6	6	6	6	6	6
11	11	11	11	11	11
11	11	11	11	11	11
8	8	8	8	8	8
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1

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

Functions/Programs	2015	2016	2017	2018
Primary government (continued):				
Airport:				
Runways	2	2	2	2
Runway 04/22: 100 ft x 5420 ft with 1,000 ft asphalt stopway (c)				
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	1
City owned hangars:				
Maintenance	2	2	2	2
Rental	27	27	27	27
Land leased hangars:				
Private	84	84	84	84
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	6,100,000	6,100,000
Miles of sanitary sewers	155	155	156	157
Ambulance:				
Vehicles	6	6	7	7
Component unit:				
Water and light:				
Water system:				
Maximum daily capacity of plant in gallons	22,000,000	22,000,000	22,000,000	22,000,000
Watershed storage in billions of gallons	3.5	3.5	3.5	3.5
Miles of water mains	176	177	177	178
Fire hydrants	1,055	1,061	1,068	1,068
Electric system:				
Substations	7	7	7	7
Miles of distribution	326	329	332	331

Source: City of McMinnville departments

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

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</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
1	1	1	1	1	1
2	2	2	2	2	2
27	27	27	27	27	27
84	84	84	84	84	84
2	3	3	3	3	3
1	1	1	1	1	1
6,100,000	6,100,000	6,100,000	6,100,000	6,100,000	6,100,000
157	157	157	162	162	164
6	6	6	6	6	-
22,000,000	22,000,000	22,000,000	22,000,000	22,000,000	22,000,000
3.5	3.5	3.5	3.5	3.5	3.5
179	181	183	184	185	186
1,106	1,115	1,127	1,132	1,150	1,171
7	7	7	7	7	7
333	330	332	334	339	336

(d) During the COVID-19 pandemic, mobile workstations were added to the IS equipment stock. Gradually the lap tops are replacing desk top workstations.

(e) The McMinnville Fire District formed in FY2023-24 and its capital equipment and buildings were transferred to MFD.

n/a - not available

AUDIT COMMENTS AND DISCLOSURES

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

The Honorable Mayor, City Council, and Audit Committee
City of McMinnville, Oregon

We have audited the basic financial statements of City of McMinnville, Oregon, as of and for the year ended June 30, 2024 and have issued our report thereon dated December 23, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report includes a reference to other auditors who audited the financial statements of the following discretely presented component unit McMinnville Water & Light Department, as described in our report on the City of McMinnville, Oregon's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Compliance

As part of obtaining reasonable assurance about whether City of McMinnville, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes (ORS) as specified in the Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, noncompliance with which could have a direct and material effect on the financial statements. 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 consider necessary to address the required comments and disclosures which included, but were not limited to, the following:

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

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 grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except as follows.

Expenditures in the following fund exceeded appropriations for the year ended June 30, 2024:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
Urban Renewal Fund	Transfers out to other funds	\$ 2,599

Report On Internal Control Over Financial Reporting

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

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

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

Purpose of this Report

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



For Merina+Co
 Tualatin, Oregon
 December 23, 2024

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Mayor, City Council, and Audit Committee
City of McMinnville, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of McMinnville, Oregon as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of McMinnville, Oregon's basic financial statements, and have issued our report thereon dated December 23, 2024. Our report includes a reference to other auditors who audited the financial statements of the following discretely presented component unit McMinnville Water & Light, as described in our report on the City of McMinnville, Oregon's financial statements. The financial statements of McMinnville Water & Light audited by other auditors that were not performed under *Government Auditing Standards* were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the discretely presented component unit or that are reported on separately by those auditors who audited the financial statement of McMinnville Water & Light.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of McMinnville, Oregon's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial

statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



For Merina+Co
Tualatin, Oregon
December 23, 2024



City of McMinnville

MCMINNVILLE URBAN RENEWAL AGENCY, OREGON
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024



Third Street Improvement Project

McMinnville Urban Renewal Agency
(A Component Unit of the City of
McMinnville, Oregon)

Annual Financial Report

For the fiscal year ended June 30, 2024

prepared by

Finance Department
City of McMinnville, Oregon

available online at
mcminnvilleoregon.gov

McMinnville Urban Renewal Agency, Oregon
The Urban Renewal Agency of the City of McMinnville, Oregon
(a component unit of the City)

Table of Contents

Elected Officials	i
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Agency-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet-Governmental Funds	12
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	14
Notes to the Basic Financial Statements	15
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance: Budget and Actual:	
McMinnville Urban Renewal Fund	25
Other Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance: Budget and Actual:	
Urban Renewal Debt Service Fund	27
Audit Comments and Disclosures	
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Oregon State Regulation</i>	
	28

THIS PAGE INTENTIONALLY LEFT BLANK

McMinnville Urban Renewal Agency

**Elected Officials
And
Principal Appointed Officers of the Agency
June 30, 2024**

URBAN RENEWAL AGENCY BOARD

TERM EXPIRES

Remy Drabkin	December 31, 2024
Adam Garvin	December 31, 2024
Chris Chenoweth	December 31, 2024
Kellie Menke	December 31, 2024
Sal Peralta	December 31, 2026
Zack Geary	December 31, 2026
Jessica L. Payne	December 31, 2026

URBAN RENEWAL AGENCY ADMINISTRATION

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

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Agency Officials
McMinnville Urban Renewal Agency
McMinnville, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the McMinnville Urban Renewal Agency, a component unit of the City of McMinnville, Oregon, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the McMinnville Urban Renewal Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the McMinnville Urban Renewal Agency, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the McMinnville Urban Renewal Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

The schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, 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, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the McMinnville Urban Renewal Agency's basic financial statements. The accompanying other supplementary 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

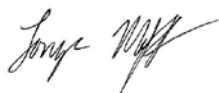
Management is responsible for the other information included in the annual report. The other information comprises the elected officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information,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

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

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, 2024, on our consideration of the McMinnville Urban Renewal Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.



For Merina+Co
Tualatin, Oregon
December 23, 2024

McMinnville Urban Renewal Agency Management's Discussion and Analysis

This discussion and analysis presents the highlights of financial activities and financial position for the McMinnville Urban Renewal Agency (the Agency), a component unit of the City of McMinnville, Oregon. The analysis focuses on significant financial issues, major activities and resulting changes in financial position, variances from the budget, and specific issues relating to funds and the economic factors affecting the Agency.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes and should be read in conjunction with the City of McMinnville's financial statements and the Agency's financial statements, which immediately follow this analysis.

Financial Highlights

The Agency was established in March 2013. The year ended June 30, 2024, was the tenth year that the Agency incurred financial transactions.

- Assets exceeded liabilities and deferred inflows of resources by approximately \$1.8 million at June 30, 2024.
- The Agency received property taxes of approximately \$708,000 in the 2024 fiscal year.
- During the current fiscal year, the value of capital assets increased by approximately \$33,000 due to investment in a capital in process street project offset by depreciation of existing assets. At 2024 fiscal year end, the Agency's capital assets consisted of just under \$1,626,000 in street improvement value.
- During the current fiscal year, the Agency entered into an intergovernmental agreement with the City to pay the interest portion only of a loan allowing the purchase of property in the Alpine neighborhood of the district planned to be redeveloped from industrial into housing and commercial for five years.

Overview of the Financial Statements

Following this MD&A, the report is organized in three sections: basic financial statements including notes to the basic financial statements; required and other supplementary information; and reports by the independent auditor as required by the State of Oregon. The agency-wide statements include the statement of net position and the statement of activities.

The *Statement of Net Position* provides a focus on the net position of the Agency's governmental activities. As Agency activities increase, the Statement will also reflect the Agency's capital assets and long-term liabilities.

The *Statement of Activities* provides a focus on program costs and their matching resources. To the extent that program costs are not covered by grants and direct charges, they are paid from general taxes and other sources. This statement demonstrates the extent to which programs are self-supporting or subsidized by general revenues.

The *fund financial statements* for the individual funds follow the agency-wide statements. The Agency presents the Urban Renewal Fund, which serves as the Agency's general operating fund, and the Urban Renewal Debt Service Fund as major funds.

McMinnville Urban Renewal Agency Management’s Discussion and Analysis

Agency-wide Statements

The agency-wide statements report information about the Agency as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the Agency’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two agency-wide statements report the Agency’s *net position* and how it has changed. Net position—the difference between assets and liabilities—is one way to measure the Agency’s *financial health or position*.

Statement of Net Position

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the Agency, assets exceeded liabilities by \$1,765,703 at the close of the most recent fiscal year.

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

Statement of Net Position June 30, 2024 and 2023

	2024	2023	
Current assets	\$ 1,397,015	\$ 1,113,200	
Non-current assets	74,129	85,044	
Capital assets	1,625,524	1,592,850	
Total assets	\$ 3,096,668	\$ 2,791,094	
Current and long-term liabilities	\$ 1,330,965	\$ 1,455,386	
Total liabilities	1,330,965	1,455,386	
Net position			
Invested in capital assets	329,114	250,175	
Restricted	1,436,589	1,085,533	
Total net position	\$ 1,765,703	\$ 1,335,708	

The Agency’s net position increased by \$429,995 during the current fiscal year. This increase represents the degree to which assets exceeded liabilities.

McMinnville Urban Renewal Agency Management's Discussion and Analysis

Statement of Activities

As with the statement of net position, the Agency reports governmental activities on a consolidated basis. A summary version of the statement of activities is illustrated in the following table.

Statement of Activities		
June 30, 2024 and 2023		
	2024	2023
Revenues		
Program revenues	\$ -	\$ 10,576
General revenues		
Tax increment revenues	708,259	656,945
Investment revenues	69,066	43,829
Total assets	777,325	711,350
Expenses		
Government activities		
General government	318,455	212,099
Interest on long-term debt	28,875	32,058
Total expenses	347,330	244,157
Increase (decrease) in net position	429,995	467,193
Net position, beginning	1,335,708	868,515
Net position, ending	\$ 1,765,703	\$ 1,335,708

Governmental activities led to an increase in the Agency's net position by \$429,995 due principally to the tax incremental revenues increasing by more than depreciation expenses during the year. The Agency's tax increment revenues of \$708,259 are the majority of total revenues of the Agency. The fiscal year ended 2024 was the tenth year the Agency collected taxes.

All of taxes collected are restricted to repayment of urban renewal debt which will finance various projects within the urban renewal district.

Fund Financial Analysis

Fund accounting segregates revenues according to their intended purpose and is used to aid management in demonstrating legal and contractual compliance with revenue source spending requirements. The Agency's fund balance classifications are defined as required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

The entire amount of the Debt Service Fund's ending fund balance consists of tax increment revenue and is restricted for debt service. Ending balances for fiscal years 2024 and 2023 were \$1,321,725 and \$979,506 respectively, for an increase of \$342,219. The increase is due to higher tax incremental revenues in 2024 as well as opting to only transfer the amount needed for programming to the Urban Renewal Fund, leaving it with an ending fund balance of zero.

McMinnville Urban Renewal Agency Management's Discussion and Analysis

In the fund financial statement, the Urban Renewal Fund ending fund balance for fiscal years 2024 and 2023 were \$0 and \$98,654 respectively. The decrease is due to the above-mentioned change of practice to transfer only the amount needed to cover expenses from the Debt Service Fund. The purpose of this fund is to account for urban renewal project costs.

Urban Renewal Fund Budgetary Highlights

There was one supplemental budget adopted by the McMinnville Urban Renewal Agency Board in the current fiscal year to add transfer category capacity for urban renewal expenses to reimburse the match portion of a state brownfield grant.

Capital Assets

At fiscal year end June 30, 2024, the Agency had \$ 1,625,524 in capital assets. The majority of the capital assets represents the Alpine Avenue street improvement project. At fiscal year end June 30, 2024, the Agency's investment in capital assets consisted of the Alpine Avenue street improvement project that was completed in 2018 and totaled \$1,950,857 and an improvement to a city parking lot by building a trash enclosure with both Agency and community contributed resources totaling approximately \$25,000.

Construction in Progress of \$235,733 is for a downtown parking upgrade and Third Street Streetscape projects.

Obligations Outstanding

During the 2017 fiscal year, the Agency and City entered into an intergovernmental agreement (IGA) for the City to loan \$2,192,300 to the Agency for construction of the Alpine Avenue project. The final payment is due on this loan in 2032. In the current fiscal year, the Agency and City entered into another IGA that supports the purchase of an industrial property in the NE Gateway District of the Agency's operating area. This agreement commits the Agency to pay the interest on the five-year loan secured by the General Fund to purchase the property.

The Agency's outstanding debt is described in more detail in the notes to the financial statements, Note III.D.

Economic Factors

The McMinnville Urban Renewal Agency's purpose is to partner with private development to support growth in downtown and the northeast gateway area. Increasing property values within the urban renewal boundaries translates into increasing tax increment revenue. This tax increment is then used to pay debt incurred to fund projects and improvements.

In 2013 when the Agency was created, the frozen assessed value of the district was \$86.3 million. For the fiscal year ended 2024, the assessed value of the district was \$141.2 million, an increase of 63.5 percent compared to the frozen base. Taxes assessed on the incremental assessed value between the current and frozen assessed values are paid to the Agency, while taxes on the frozen base are paid to the respective taxing jurisdictions.

The purchase of the property in the NE Gateway district, and the subsequent sale to be redeveloped from industrial to mixed use commercial and residential, advances Plan goals such as the following:

- Goal 3 to encourage the unique district identity of the NE Gateway as a place for people to live, work and play
- Goal 6 for affordable, quality housing
- Goal 8 for development and redevelopment

McMinnville Urban Renewal Agency Management's Discussion and Analysis

Requests for Information

This Agency's financial statements are designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability of the resources it receives and expends. For additional information, contact the Finance Department, City of McMinnville, 230 NE Second Street, McMinnville, Oregon 97128.

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

Basic Financial Statements

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

Government-Wide Financial Statements

Fund Financial Statements

- Governmental Funds

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

The accompanying notes are an integral part of these financial statements

McMinnville Urban Renewal Agency
Statement of Net Position
June 30, 2024

	<u>Governmental Activities</u>
ASSETS:	
Current assets:	
Property taxes receivable	\$ 35,690
Loans receivable	13,478
Restricted cash and investments	<u>1,347,847</u>
Total current assets	<u>1,397,015</u>
Noncurrent assets:	
Loans receivable	74,129
Capital assets:	
Nondepreciable	235,733
Depreciable, net	<u>1,389,791</u>
Total noncurrent assets	<u>1,699,653</u>
Total assets	<u><u>\$ 3,096,668</u></u>
LIABILITIES:	
Current liabilities:	
Accounts payable	\$ 34,555
Current portion of long-term obligations	<u>161,660</u>
Total current liabilities	<u>196,215</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>1,134,750</u>
Total noncurrent liabilities	<u>1,134,750</u>
Total liabilities	<u>1,330,965</u>
NET POSITION:	
Net investment in capital assets	329,114
Restricted for:	
Debt service	403,052
Urban renewal projects	<u>1,033,537</u>
Total net position	<u>1,765,703</u>
Total liabilities and net position	<u><u>\$ 3,096,668</u></u>

The accompanying notes are an integral part of these financial statements

McMinnville Urban Renewal Agency
Statement of Activities
For the Year Ended June 30, 2024

	<u>Expenses</u>	<u>Program Revenues Capital Grants and Contributions</u>	<u>Net Revenue (Expenses) and Change in Net Position</u>
EXPENSES:			
General government	\$ 318,455	\$ -	\$ (318,455)
Interest on long-term debt	28,875	-	(28,875)
Total activities	<u>\$ 347,330</u>	<u>\$ -</u>	<u>(347,330)</u>
GENERAL REVENUES:			
Property taxes			708,259
Investment income			69,066
Total general revenues			<u>777,325</u>
Change in net position			429,995
NET POSITION, BEGINNING			<u>1,335,708</u>
NET POSITION, ENDING			<u>\$ 1,765,703</u>

The accompanying notes are an integral part of these financial statements

Fund Financial Statements
Major Governmental Funds

McMinnville Urban Renewal Fund

This fund accounts for property taxes collected for public improvements, acquisitions and to attract economic and redevelopment in McMinnville.

Urban Renewal Debt Service Fund

This fund accounts for the payment of principal and interest on the Agency's obligations.

The accompanying notes are an integral part of these financial statements

McMinnville Urban Renewal Agency
Balance Sheet - Governmental Funds
June 30, 2024

	<u>Urban Renewal Fund</u>	<u>Urban Renewal Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:			
Property taxes receivable	\$ -	\$ 35,690	\$ 35,690
Loans receivable	87,607	-	87,607
Restricted cash and investments	<u>34,555</u>	<u>1,313,292</u>	<u>1,347,847</u>
Total assets	<u>\$ 122,162</u>	<u>\$ 1,348,982</u>	<u>\$ 1,471,144</u>
LIABILITIES:			
Accounts payable	\$ 34,555	\$ -	\$ 34,555
Total liabilities	<u>34,555</u>	<u>-</u>	<u>34,555</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes	-	27,257	27,257
Unavailable revenue - loans receivables	<u>87,607</u>	<u>-</u>	<u>87,607</u>
Total deferred inflows of resources	<u>87,607</u>	<u>27,257</u>	<u>114,864</u>
FUND BALANCE:			
Restricted for:			
Debt service	-	403,052	403,052
Urban renewal improvements	<u>-</u>	<u>918,673</u>	<u>918,673</u>
Total fund balance	<u>-</u>	<u>1,321,725</u>	<u>1,321,725</u>
Total deferred inflows of resources and fund balance	<u>\$ 122,162</u>	<u>\$ 1,348,982</u>	<u>\$ 1,471,144</u>

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

Total fund balance	\$ 1,321,725
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,625,524
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred inflows in the funds.	
Tax increment revenues - earned but unavailable	27,257
Development loan revenues - earned but unavailable	87,607
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Long-term debt	(1,296,410)
Interest payable	<u>-</u>
Net position	<u>\$ 1,765,703</u>

The accompanying notes are an integral part of these financial statements

**McMinnville Urban Renewal Agency
Statement of Revenues, Expenditures, and Change
In Fund Balance - Governmental Funds
For the Year Ended June 30, 2024**

	Urban Renewal Fund	Urban Renewal Debt Service Fund	Total Governmental Funds
REVENUES:			
Property taxes	\$ -	\$ 702,008	\$ 702,008
Intergovernmental	-	247	247
Miscellaneous	20,487	59,247	79,734
Total revenues	<u>20,487</u>	<u>761,502</u>	<u>781,989</u>
EXPENDITURES:			
Current:			
General government	351,129	-	351,129
Debt service:			
Principal	-	158,420	158,420
Interest	-	28,875	28,875
Total expenditures	<u>351,129</u>	<u>187,295</u>	<u>538,424</u>
Revenues over (under) expenditures	<u>(330,642)</u>	<u>574,207</u>	<u>243,565</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	231,988	-	231,988
Transfers out	-	(231,988)	(231,988)
Total other financing sources (uses)	<u>231,988</u>	<u>(231,988)</u>	<u>-</u>
Net change in fund balance	(98,654)	342,219	243,565
FUND BALANCE, BEGINNING	<u>98,654</u>	<u>979,506</u>	<u>1,078,160</u>
FUND BALANCE, ENDING	<u><u>\$ -</u></u>	<u><u>\$ 1,321,725</u></u>	<u><u>\$ 1,321,725</u></u>

The accompanying notes are an integral part of these financial statements

McMinnville Urban Renewal Agency
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance of Governmental
Fund to the Statement of Activities
For the Year Ended June 30, 2024

Amounts reported in the statement of activities are different because:

Net change in fund balance	\$	243,565
----------------------------	----	---------

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

Capital asset additions	131,495	
Depreciation	<u>(98,821)</u>	32,674

Some revenues reported in the statement of activities do not provide current financial resources in the governmental funds.

Property taxes		6,251
Loan receivable		<u>(10,915)</u>

The repayment of the principal of long-term obligations consumes the current financial resources of governmental funds but does not have any effect on net position.

		<u>158,420</u>
Change in net position	\$	<u><u>429,995</u></u>

The accompanying notes are an integral part of these financial statements

McMinnville Urban Renewal Agency
The Urban Renewal Agency of the City of McMinnville, Oregon
(a component unit of the City)

Notes to the Basic Financial Statements
June 30, 2024

I. The reporting entity and summary of significant accounting policies

The financial statements of the McMinnville Urban Renewal Agency (the Agency) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and apply the provisions of all applicable Governmental Accounting Standards Board (GASB) Statements.

A. Reporting entity

The Agency is the urban renewal agency of the City of McMinnville, Oregon (the City) and was organized on July 23, 2013 under the provisions of Oregon Revised Statutes, Chapter 457, to undertake urban renewal projects and activities pursuant to the Downtown and Northeast Gateway Redevelopment Plans.

The Agency's governing body is substantively the same as the City's governing body, therefore the Agency is presented as a blended component unit in the City's basic financial statements. All significant activities over which the Agency exercises oversight responsibility have been included in the component unit financial statements. This governing body has the ability to impose its will on the Agency as determined on the basis of budget adoption, taxing authority, and funding. The Agency has no component units.

B. Agency-wide and fund financial statements

The Agency's financial operations are presented at both the agency-wide and fund financial level. All activities of the Agency are categorized as governmental activities.

Agency-wide financial statements display information about the reporting government as a whole. These statements focus on the sustainability of the Agency as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. 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 Agency's assets and liabilities, with the difference 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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. All of the Agency's funds are classified as governmental fund types.

C. Measurement focus, basis of accounting, and financial statement presentation

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded.

The agency-wide financial statements are presented on a full accrual basis of accounting with an *economic resource measurement focus*. An economic resource focus concentrates on the Agency's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurements focus is inextricably connected with full accrual accounting. Under

McMinnville Urban Renewal Agency
The Urban Renewal Agency of the City of McMinnville, Oregon
(a component unit of the City)

Notes to the Basic Financial Statements (Continued)
June 30, 2024

the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

The fund financial statements are presented on a modified accrual basis of accounting with a *current financial resource* measurement focus. This measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual basis of accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). *Measurable* means the amount of the transaction can be determined and revenues are considered *available* when they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The Agency considers tax increment revenues susceptible to this accrual.

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

GASB Statement No. 34 sets forth criteria for the determination of major funds. For purposes of presentation, both the McMinnville Urban Renewal Fund and the Debt Service Fund are presented as major funds of the Agency.

Major Governmental Funds:

- *McMinnville Urban Renewal Fund*

This fund accounts for the acquisition and development of capital improvement projects. Financing sources consist of operating transfers from the debt service fund, bond proceeds, investment earnings, and other miscellaneous revenues. This fund functions as the Agency's "General Fund".

- *Urban Renewal Debt Service Fund*

This fund accounts for the payments of principal and interest on debt incurred. The primary sources of revenue are tax increment revenues and investment income.

D. Assets, liabilities, deferred outflows/inflows of resources and net position or fund balance

1. Deposits and investments

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

McMinnville Urban Renewal Agency
The Urban Renewal Agency of the City of McMinnville, Oregon
(a component unit of the City)

Notes to the Basic Financial Statements (Continued)
June 30, 2024

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, interest-bearing money market accounts and a certificate of deposit.

The Agency's investment policy is the same as the City's and essentially mirrors the Oregon Revised Statutes. Currently, the Agency's investment portfolio primarily includes investments in the State of Oregon Local Government Investment Pool.

2. Receivables and payables

Tax increment revenues (property taxes) are levied on and become a lien against the property on July 1 in the year in which they are due. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Tax increment revenues that are unpaid and outstanding on May 16 are considered delinquent.

In the fund financial statements, tax increment revenues receivable that are collected within 60 days after the end of the fiscal year are considered measurable and available and, therefore are recognized as revenue. Any remaining balance is deferred and recorded as unavailable revenue.

In the agency-wide financial statements, tax increment revenues receivable are recognized as revenue when earned.

3. Restricted assets

Assets whose use is restricted by legal requirements external to the Agency, are segregated on the agency-wide statement of net position. These legal restrictions include use limitations, as well as urban renewal tax increment funds legally restricted by applicable state statutes.

4. Capital assets

In the government-wide financial statements, capital assets include property, plant, equipment, infrastructure assets (roads, pathways, street lights, parking lot improvements, etc.). In the governmental fund financial statements, capital assets are charged to expenditures as purchased. Capital assets are defined by the Agency as assets with an initial cost of \$10,000 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.

Land, land rights, and easements have an indefinite life and therefore are not amortized. Construction in progress that has not been put into use is not depreciated. Exhaustible assets are depreciated using the straight-line method.

McMinnville Urban Renewal Agency
The Urban Renewal Agency of the City of McMinnville, Oregon
(a component unit of the City)

Notes to the Basic Financial Statements (Continued)
June 30, 2024

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

<u>Assets</u>	<u>Years</u>
Land improvements	20
Street infrastructure	20 – 50

5. Long-term obligations

In the agency-wide financial statements, long-term obligations is reported as a liability in the statement of net position. Debt premiums and discounts are amortized over the applicable debt term.

In the fund financial statements, debt premiums and discounts are recognized as period costs in the year of issue. The face amount of debt issued is reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Net position and fund balance

In the fund financial statements, the funds report restricted fund balances for amounts that are not available for unlimited use because they are legally segregated for a specific purpose. These legal segregations include use limitations, as well as urban renewal tax increment funds legally restricted by applicable state statutes.

In the government-wide statement of net position, equity is referred to as *net position* and is segregated into the following three components: 1) amount invested in capital assets, 2) legally restricted by outside parties for a specific purpose, and 3) unrestricted.

7. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency does not have an item that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and long-term development loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

McMinnville Urban Renewal Agency
The Urban Renewal Agency of the City of McMinnville, Oregon
(a component unit of the City)

Notes to the Basic Financial Statements (Continued)
June 30, 2024

E. Use of estimates

The preparation of the 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 of resources, liabilities and deferred inflows of resources, the disclosure of contingent assets and liabilities 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

The Agency's budget is adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budget Law). The process under which the budget is adopted is described in the following paragraphs. The Budget Officer is responsible for submitting a proposed budget to the Budget Committee, which is comprised of the Agency Board and an equal number of citizens of the District.

The Agency is required to prepare a balanced budget for all funds, subject to the budget requirements of state law. The Agency's budget is prepared for each fund on the modified accrual basis of accounting. The budget document is required to contain specific detailed information for various revenue and expenditure categories. Information on the past two years' actual receipts and expenditures as well as current-year estimates is also included in the budget document.

The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget and submits it to the Board for final adoption. The approved expenditures for each fund may not be increased by more than 10 percent by the Board without returning to the Budget Committee for a second approval. After the Board adopts the budget and certifies the total of *ad valorem* taxes to be levied, no additional tax levy may be made for that budget period.

The Board legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and sets the level by which expenditures cannot legally exceed appropriations. For the Agency's funds, the levels of budgetary control established by resolution are materials and services, debt service, capital outlay, transfers and operating contingency. Appropriations lapse as of the end of the fiscal year for goods not yet received or services not yet incurred.

The Board may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets. Unexpected additional resources may be added to the budget through the use of a supplemental budget. Some supplemental budgets require hearings before the public, publications in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Board.

III. Detailed notes on accounts

At June 30, 2024, the Agency's cash and cash equivalents were comprised of the following:

Oregon State Treasurers Local Investment Pool	<u>\$ 1,346,441</u>
---	---------------------

McMinnville Urban Renewal Agency
The Urban Renewal Agency of the City of McMinnville, Oregon
(a component unit of the City)

Notes to the Basic Financial Statements (Continued)
June 30, 2024

A. Cash and investments

a. Interest rate risk

In accordance with its investment policy, the Agency manages its exposure to declines in fair values by limiting the weighted average maturity of its investments portfolio to less than 36 months.

b. Credit risk

State statutes authorize the Agency to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, and the State Treasurer's Oregon Local Government Investment Pool, among others. The Agency has no investment policy that would further limit its investment choices.

c. Concentration of credit risk

The Agency's investment policy allows the Agency to have a maximum of up to 35% of total portfolio in either Commercial paper or Corporate Indebtedness to limit concentration of credit risk. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations, but is not regulated by other laws, organizations or regulations. The reported value of the Pool is the same as the fair value of Pool shares. Investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The Pool is not registered with the SEC as an investment company.

d. Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned. The Agency does not have a deposit policy for custodial credit risk. The Federal Depository Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) provides insurance for the Agency's deposits up to \$250,000 for the combined total of all deposit accounts at each financial institution. The remaining deposits are covered by the Public Funds Collateralization program (PFCP) of the State of Oregon in accordance with ORS 295. Depositories qualified under this program are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank failure or loss. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. As of June 30, 2024, the book value of the Agency's deposits was \$1,406 and the bank balance was \$1,394. None of the Agency's bank balances were exposed to custodial credit risk as they were collateralized under PFCP.¹

B. Receivables

Receivables for the Agency as of the fiscal year ended June 30, 2024 consist of tax increment revenues and development loans receivables and are as follows:

<u>Receivables</u>	
Property taxes	\$ 35,690
Development loans	<u>87,607</u>
Total	<u>\$ 123,297</u>

McMinnville Urban Renewal Agency
The Urban Renewal Agency of the City of McMinnville, Oregon
(a component unit of the City)

Notes to the Basic Financial Statements (Continued)
June 30, 2024

As of June 30, 2024, the amount receivable to the Agency for development loans are as follows:

Fiscal Year Ending June 30	Principal	Interest
2025	\$ 13,478	\$ 1,826
2026	13,478	1,197
2027	13,478	958
2028	13,478	718
2029	13,478	479
2030-2031	20,217	270
Total	<u>\$ 87,607</u>	<u>\$ 5,448</u>

C. Capital assets

For year ended June 30, 2024, capital assets activity is as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
Capital assets not being depreciated				
Construction in process	104,238	131,495	-	235,733
Total capital assets not being depreciated	<u>104,238</u>	<u>131,495</u>	<u>-</u>	<u>235,733</u>
Capital assets being depreciated				
Land improvements	25,576	-	-	25,576
Infrastructure	1,950,857	-	-	1,950,857
Total capital assets being depreciated	<u>1,976,433</u>	<u>-</u>	<u>-</u>	<u>1,976,433</u>
Less accumulated depreciation				
Land improvements	(107)	(1,278)	-	(1,385)
Infrastructure	(487,714)	(97,543)	-	(585,257)
Total accumulated depreciation	<u>(487,821)</u>	<u>(98,821)</u>	<u>-</u>	<u>(586,642)</u>
Total capital assets being depreciated	<u>\$ 1,592,850</u>	<u>\$ 32,674</u>	<u>\$ -</u>	<u>\$ 1,625,524</u>

McMinnville Urban Renewal Agency
The Urban Renewal Agency of the City of McMinnville, Oregon
(a component unit of the City)

Notes to the Basic Financial Statements (Continued)
June 30, 2024

D. Long-term obligations

During the 2017 fiscal year, the Agency and City entered into an intergovernmental agreement (IGA) for the City to loan \$2,192,300 to the Agency for construction of the Alpine Avenue project. During the current fiscal year, the Agency and City entered into another IGA to pay for the interest portion only of the loan enabling the purchase of an industrial property in the Alpine neighborhood of the urban renewal district that is planned for redevelopment to commercial and housing development.

The following table shows the debt service schedule for the long-term debt.

Fiscal Year	Principal	Interest
Ending June 30		
2025	\$ 161,660	\$ 241,392
2026	164,980	238,078
2027	168,370	234,695
2028	171,810	231,243
2029	175,350	227,720
2030-2032	454,240	13,994
Total	<u>\$ 1,296,410</u>	<u>\$ 1,187,122</u>

The following table shows the interest only payment schedule to the City.

Fiscal Year	Principal	Interest
Ending June 30		
2025	\$ -	\$ 215,766
2026	-	215,766
2027	-	215,766
2028	-	215,766
2029	-	215,766
Total	<u>\$ -</u>	<u>\$ 1,078,830</u>

The following table shows the current fiscal year changes in notes payable, including short-term operating notes payable.

	Beginning			Ending Balance	Due Within One
	Balance 7/1/2022	Additions	Payments	6/30/2023	Year
Loan payable - Alpine Avenue	\$ 1,454,830	\$ -	\$ (158,420)	\$ 1,296,410	\$ 161,660
Total internal loans receivable	<u>\$ 1,454,830</u>	<u>\$ -</u>	<u>\$ (158,420)</u>	<u>\$ 1,296,410</u>	<u>\$ 161,660</u>

McMinnville Urban Renewal Agency
The Urban Renewal Agency of the City of McMinnville, Oregon
(a component unit of the City)

Notes to the Basic Financial Statements (Continued)
June 30, 2024

E. Fund balances

At fiscal year end 2024, all Urban Renewal fund balances are considered restricted.

IV. Other information

A. Risk management

The Agency 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 Agency 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.

B. Related party transactions

The City provides services for the Agency, including administrative functions, in accordance with an intergovernmental agreement.

C. Tax abatement

The Agency has entered into property tax abatement agreements whereby the assessed value of property tax has been reduced. The Agency’s property tax revenue for the year ended June 30, 2024 has been abated under the following programs:

Program and Statutory Authority		Amount of Abatement
Housing for low income rental	ORS 307.517	\$ 649
Historic property	ORS 358.505	25
Total		\$ 674

D. New accounting pronouncement

The Agency adopted the provision of GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

**McMinnville Urban Renewal Agency
 McMinnville Urban Renewal Fund
 Schedule of Revenues, Expenditures, And
 Change in Fund Balance - Budget and Actual
 For the Year Ended June 30, 2024**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Miscellaneous	\$ 16,528	\$ 16,528	\$ 20,487	\$ 3,959
Total revenues	16,528	16,528	20,487	3,959
EXPENDITURES:				
Personal service	-	-	-	-
Materials and service	604,890	419,890	66,232	353,658
Capital outlay	104,000	289,000	217,554	71,446
Contingency	200,000	192,956	-	192,956
Total expenditures	908,890	901,846	283,786	618,060
Revenues over (under) expenditures	(892,362)	(885,318)	(263,299)	622,019
OTHER FINANCING SOURCES (USES):				
Transfer to City of McMinnville	(57,700)	(64,744)	(67,343)	(2,599)
Transfers in	893,212	893,212	231,988	(661,224)
Total other financing sources (uses)	835,512	828,468	164,645	(663,823)
Net change in fund balance	(56,850)	(56,850)	(98,654)	(41,804)
FUND BALANCE, BEGINNING BUDGETARY BASIS	56,850	56,850	98,654	41,804
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ -	\$ -

THIS PAGE INTENTIONALLY LEFT BLANK

OTHER SUPPLEMENTARY INFORMATION

Other Supplementary Information

BUDGETARY COMPARISON SCHEDULE

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

The budgetary comparison schedule includes the following:

Debt Service Funds

Urban Renewal Debt Service Fund

**McMinnville Urban Renewal Agency
Urban Renewal Debt Service Fund
Schedule of Revenues, Expenditures, And
Change in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024**

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES:				
Property taxes	\$ 717,500	\$ 717,500	\$ 702,008	\$ (15,492)
Intergovernmental	-	-	247	247
Miscellaneous	10,600	10,600	59,247	48,647
Total revenues	728,100	728,100	761,502	33,402
EXPENDITURES:				
Debt service:				
Principal	158,420	158,420	158,420	-
Interest	28,875	28,875	28,875	-
Contingency	100,000	100,000	-	100,000
Total expenditures	287,295	287,295	187,295	100,000
Revenues over (under) expenditures	440,805	440,805	574,207	133,402
OTHER FINANCING SOURCES (USES):				
Transfers out	(893,212)	(893,212)	(231,988)	661,224
Total other financing sources (uses)	(893,212)	(893,212)	(231,988)	661,224
Net changes in fund balances	(452,407)	(452,407)	342,219	794,626
FUND BALANCES, BEGINNING	877,866	877,866	979,506	101,640
FUND BALANCES, ENDING	\$ 425,459	\$ 425,459	\$ 1,321,725	\$ 896,266

AUDIT COMMENTS AND DISCLOSURES

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

The Agency Officials
McMinnville Urban Renewal Agency
McMinnville, Oregon

We have audited the basic financial statements of the McMinnville Urban Renewal Agency, a component unit of the City of McMinnville, Oregon, as of and for the year ended June 30, 2024 and have issued our report thereon dated December 23, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State.

Compliance

As part of obtaining reasonable assurance about whether the McMinnville Urban Renewal Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes (ORS) as specified in the Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, noncompliance with which could have a direct and material effect on the financial statements. 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 consider necessary to address the required comments and disclosures which included, but were not limited to, the following:

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

In connection with our testing, nothing came to our attention that caused us to believe the McMinnville Urban Renewal Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-

010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations* except at follows.

Expenditures in the following fund exceeded appropriations for the year ended June 30, 2024:

<u>Fund</u>	<u>Budget Category</u>	<u>Amount</u>
Urban Renewal Fund	Transfer to City of McMinnville	\$ 2,599

Report On Internal Control Over Financial Reporting

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

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

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

Purpose of this Report

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



For Merina+Co
Tualatin, Oregon
December 23, 2024