

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2019



McMinnville School District #40

Achieving Excellence in Education

800 NE Lafayette Avenue
McMinnville, OR 97128
503.565.4005 www.msd.k12.or.us

**McMinnville School District No. 40
McMinnville, Oregon**

**Comprehensive Annual
Financial Report**

Year Ended June 30, 2019

Prepared by the
Business Office

Maryalice Russell
Superintendent

Susan Escure
Director of Finance

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INTRODUCTORY SECTION

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McMinnville School District No. 40

800 NE Lafayette Avenue McMinnville, Oregon 97128 Phone: 503.565.4000 Fax: 503.565.4030

December 13, 2019

To the Board of Directors and Citizens of the
McMinnville School District No. 40
McMinnville, Oregon

Oregon Municipal Audit Law requires that an independent audit be made of all District funds within six months following the close of the fiscal year. Pursuant to this requirement, the Comprehensive Annual Financial Report of McMinnville School District #40 (the District), for the fiscal year ended June 30, 2019, is hereby submitted.

Management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, the District's management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient and reliable information for the preparation of the District's financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP). Because the cost of internal controls should not exceed the anticipated benefits, the District'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 misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Wilcox Arredondo & Co., Certified Public Accountants, have issued an unmodified ("clean") opinion on the District's financial statements for the year ending June 30, 2019. The independent auditor's report is located at the front of the financial section of this report. The independent audit of the District's financial statements was part of a broader, federally mandated "Single Audit," designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in the Grant Compliance Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the 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 District's MD&A can be found immediately following the report of the independent auditors, beginning on page 6.

DISTRICT PROFILE

McMinnville School District was formed around 1876, the year that the District levied a tax to build a public school house. Today, the District is responsible for educating approximately 6,700 children in six elementary schools, two middle schools, and one high school.

The District is responsible for providing an education to children living within its boundaries. The District is responsible for building, operating, and maintaining school facilities; developing and maintaining approved education programs and courses of study, including academic and vocational programs, English as a second language programs, and programs for children with special needs; and, providing transportation and nutrition services to students in accordance with district, state, and federal requirements.

McMinnville School District #40 is Yamhill County's largest school district. It serves residents in the City of McMinnville, the City of Lafayette, and surrounding unincorporated areas of Yamhill County. The district boundary encompasses over 140 square miles of land.

The District is a financially independent, special-purpose municipal corporation exercising financial accountability for all K-12 public education within its boundaries. The District is governed by a seven-member Board of Directors elected to four-year terms by a majority of District voters. Terms are staggered, with elections held in odd-numbered years. The Board has oversight, responsibility, and control over all activities related to the District.

The Board hires all management staff. The management staff includes a superintendent, six district-level directors, nine principals, six assistant principals, four district program coordinators, and four support services supervisors. The District employs 745 full-time equivalent personnel, including management staff, teachers, educational assistants, secretarial, custodial, maintenance, technology, and other support staff.

ENROLLMENT

Student enrollment in the fall of 2018 was 6,721. The District's enrollment over the past five years has grown by 1.74 percent. Over the past ten years, enrollment has increased by three percent or an average of .30 percent annually. Enrollment is projected to decrease slightly over the next few years due to lower birth rates resulting in lower kindergarten cohorts.

Grade Level	2008	2013	2018
Elementary (Grades K-5)	3,037	2,992	2,949
Middle School (Grades 6-8)	1,492	1,583	1,607
High School (Grades 9-12)	1,992	2,031	2,165
Total Enrollment	6,521	6,606	6,721

ECONOMIC CONDITION

McMinnville School District #40 is located in northwestern Oregon in the northern end of the Willamette Valley, approximately 40 miles southwest of Portland and approximately 25 miles northwest of Salem. The two cities within the District are McMinnville, population 33,810 and Lafayette, population 4,105. McMinnville is home to the county seat and Linfield College, a private university. Four of the top five employers provide services related to education, government, and healthcare, providing a stable base for the District's economy. There are nearly 90 manufacturers, producing a variety of goods. Major industries within the area include steel rebar, medical and social services, retail, plastics and rubber products fabrication, fabricated metal products, leisure and hospitality, health food products, and agriculture.

As of June 2019, the Yamhill County unemployment rate was 3.6%, as compared to 4.1% for the state of Oregon and 3.7% at the national level. The fastest-growing private-sector industries over the past year included: information and professional and business services.

The real market value of property located in the boundaries of the District increased by 2.85% from 2017-18 to 2018-19, while the assessed property values increased by 5.11%. Assessed value as a percentage of real market value was 61% compared to 59% in the prior year. Per Oregon law, enacted in 1997, property tax is based on the lower of real market value or maximum assessed value, which increases by 3% each year. For 2018-19, the total real market value of property within the District boundaries is \$5.76 billion and the assessed value is \$3.5 billion.

STATE SCHOOL FUNDING

The Legislature appropriates money to schools from two main sources: income taxes through the State General Fund and lottery receipts. This money makes up the State School Fund (SSF). The Legislature sets the amount of state dollars schools are to receive for a two-year funding cycle. Federal funds are also available through grants distributed through the Oregon Department of Education or directly from the Federal Department of Education. These dollars are tied to specific programs and are restricted in use. Local revenues consist primarily of property taxes, the County School Fund, the Common School Fund, and other minor resources.

The Oregon Department of Education (ODE) is responsible for distributing the funds to districts using a statutory distribution formula. To achieve equal per-student funding, the formula is adjusted for local revenues. The formula uses five different components to adjust for cost differences among districts: teacher experience, weighted student count, transportation grant, facility grant, and a high cost disability grant. The average daily membership of students enrolled is weighted for students enrolled in special programs for special education, English as a second language, pregnant and parenting students, and additional weighting is added for students in poverty and foster care. The state's school funding formula determines 95% of the District's General Fund revenues.

The State's budget appropriation to K-12 education was increased from \$8.2 billion to \$9 billion for 2019-20 biennium, a 9.8% increase. In addition, the state legislature passed the Student Success Act in 2019 which when fully implemented will invest \$1 billion each year in early learning and K-12 education. A new business tax was passed to provide this additional funding which will become effective during the 2020-21 fiscal year.

LONG-TERM FINANCIAL PLANNING

Through long range fiscal planning and adjustments to expenditures, the school district has been able to limit reductions to programs and maintain a stable financial base. The District's level of funding is determined by student enrollment and the funding levels set by legislative action. As part of the budget process, the Board also looks at whether the educational program put in place for the coming year can be sustained for at least two years. The budget process also includes reviewing a five year projection. During economic downturns, the legislature can decrease funding below original state estimates used by school districts for budgeting. It has been a goal of the district to set aside reserves for unanticipated decreases in state revenue estimates.

Since the District is dependent on the State of Oregon for a substantial portion of its operating funds, and state appropriations for K-12 education have often declined from the original appropriation, adherence to this policy is critical for maintaining long-term financial stability and keeping educational programs in place during the school year, with minimal disruptions.

The board policy sets the minimum ending fund balance at 5% of adopted revenues and encourages a higher fund balance, when possible, to offset unforeseen state revenue shortfalls. The board adopted budget for 2019-20 assumes a general fund year end reserve of \$5.8 million or 8% of estimated revenues. The District increased reserves during the prior two years to help offset higher PERS retirement costs for the 2019-21 biennium.

District facilities consist of eleven school buildings and four support services buildings. The average age of these buildings is 49 years, ranging from 1 years old to 105 years old. The District has completed its third year of capital improvement projects funded by the 2016 capital bond program. District taxpayers approved the sale of \$89.4 million of bonds to finance prioritized capital projects in May 2016. Bond proceeds including bond premium and interest income total \$104 million. In addition, the District received \$7 million from a state matching grant and \$2 million from a state seismic upgrade grant. District capital reserve funds were also contributed to bring the total project budget to \$118 million.

By June 30, 2019, 88 percent of the capital program resources have been spent. Renovation and repair work was completed at each of the District's building, with the major project sited at the high school to include the addition of a career technical center and the demolition/rebuild of the central portion of the high school to add and update classrooms and athletic facilities.

The District completed a detailed professional assessment of each facility and reconvened the Long Range Facilities Task Force in 2019. The task force which is led by citizen volunteers, will determine a priority list of potential projects and funding goals based on the assessment and make their recommendations to the school board in 2020.

FINANCIAL INFORMATION

Budgetary Controls

The District is required by the State of Oregon to adopt an annual budget for all funds subject to the requirements of Local Budget Law, as outlined in the Oregon Revised Statutes 294.305 through 294.520, inclusive. A Board-appointed Budget Committee of 14 citizens (including Board members) annually develops and approves the District budget. The budget for each individual fund is a plan for the financial operation to be conducted during the coming fiscal year and is adopted annually, prior to July 1, by the School Board. After adoption, the budget may be revised through procedures specified in State statute and District Policy. The budget is prepared by fund, major function (e.g., instruction, supporting services), and type of expenditure (e.g., salaries, employee benefits). Management may transfer resources within major function category.

A summary of the approved budget, together with a notice of public hearing, is published in a newspaper having general circulation in the district. A public hearing is held to receive comments from the public concerning the approved budget. The Board of Directors adopts the budget, makes appropriations, and levies taxes after the public hearing and before the year for which the budget has been prepared. After adoption, the budget may be revised through procedures specified in State law and Board policy.

Accounting Policies

Policies adopted by the Board include guidance on resource planning and allocation, accounting and financial practices, revenue, capital improvements, and debt and investment management. The financial policies also provide financial planning guidance regarding reserves. The accrual and modified accrual basis of accounting used by the District are in accordance with U.S. generally accepted accounting principles.

MAJOR INITIATIVES

The District has implemented the following major, grant-funded initiatives:

- ***Student Success Act*** – Oregon legislature passed HB 3427 in the spring of 2019 which will increase revenue for K-12 schools by \$1 billion each year beginning in 2020-21. The District must make an application for their share of the school investment account. As part of that application, the District has requested input from local stakeholders through surveys and community and school listening sessions. The District will be preparing a local needs assessment and recommending investment initiatives to address the four key areas of increased instructional time, student health and safety, class size reduction and well-rounded learning opportunities.

- ***High School Success Act*** – In November 2016, Oregon voters approved Measure 98 which dedicated \$170 million per biennium to high schools for improving graduation rates through proven practices. The District received \$1.9 million over the 2017-19 biennium. During this time, McMinnville High School expanded CTE programs, hired additional staff to expand drop-out prevention programs and increased opportunities for students to participate in career readiness learning programs.

- **21st Century Community Learning Centers** – In September 2018, the District received a 5-year grant of \$2.5 million to provide afterschool and summer school programming for students in K-12th grade. The focus of the project is to provide academic interventions and enrichment, with a particular emphasis on STEAM (Science, Technology, Engineering, Art, and Mathematics) makerspaces. Makerspaces are project-based learning activities in which students develop and make things, either collaboratively or individually.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to McMinnville School District for its *Comprehensive Annual Financial Report (CAFR)* for the year ended June 30, 2018. This was the tenth year the District has received the prestigious award. In order to be awarded a Certificate of Achievement, a government agency must publish an easily readable and efficiently organized *CAFR* and must satisfy both generally accepted accounting principles and applicable legal requirements.

In addition, the Association of School Business Officials International (ASBO) awarded its Certificate of Excellence in Financial Reporting to McMinnville School District for its *CAFR* for the year ended June 30, 2018. This was the tenth year that the District received the award. Receiving the award is recognition that the District has met the highest standards of excellence in school financial reporting adopted by ASBO.

These certificates are valid for a period of one year only. We believe our current *CAFR* continues to meet these standards and will be submitted for review for another certificate. These awards are representative of the District's continuing efforts to achieve excellence in the performance of public service and financial reporting.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire fiscal services department staff. We appreciate and thank all staff who assisted and contributed to the preparation of this report. Credit must also be given to the School Board and Budget Committee for their continued interest and support in maintaining the highest standards of professionalism in the management of McMinnville School District's finances.

Respectfully submitted,



Maryalice Russell, Ed.D.
Superintendent



Susan Escure
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

McMinnville School District No. 40
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

McMinnville School District No. 40

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



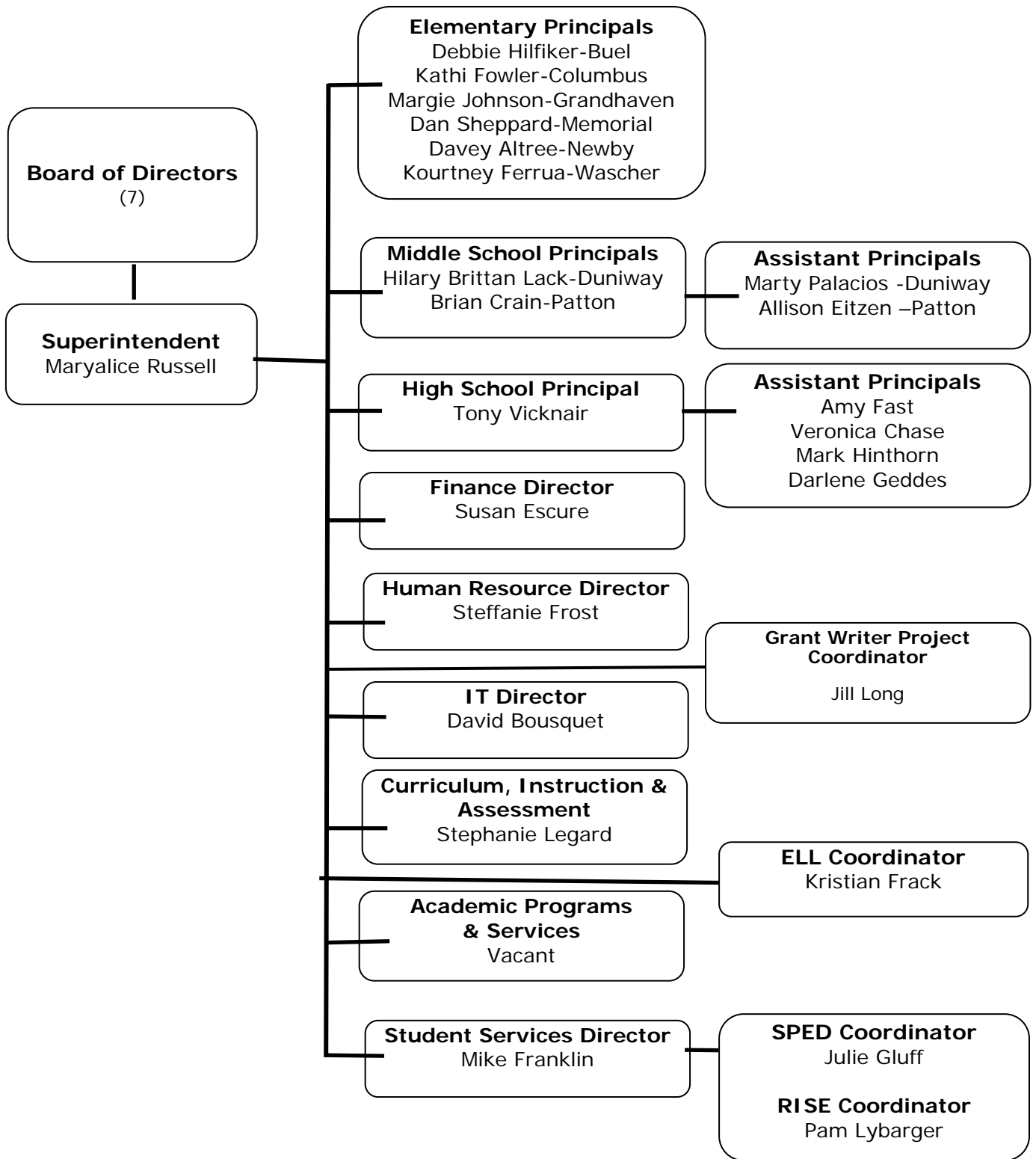
A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSRM
President

A handwritten signature in black ink, reading 'Siobhán McMahon'.

Siobhán McMahon, CAE
Chief Operating Officer

**McMinnville School District #40
Administrative Organizational Chart
2018-19**



McMINNVILLE SCHOOL DISTRICT NO. 40
YAMHILL COUNTY, OREGON

Administrative Office

800 Lafayette Avenue
McMinnville, Oregon 97128

Maryalice Russell
Susan Escure
William Leet

Superintendent
Director of Finance
Accounting Supervisor

BOARD OF DIRECTORS AS OF JUNE 30, 2019

	<u>Term Expires</u>
Ms. Barbara Carter, Board Chair 629 NW Jason Court McMinnville, Oregon 97128	June 30, 2021
Mr. Larry Vollmer, Vice Chair 1946 Fir Street McMinnville, Oregon 97128	June 30, 2023
Mr. Carson Benner 1240 SE Brooks St. McMinnville, Or 97128	June 30, 2021
Ms. Janis Braich 124 Anne Street McMinnville, Oregon 97128	June 30, 2023
Dr. Paul Haddeland 2103 NW Chrystal Dr. McMinnville, OR 97128	June 30, 2023
Mr. Gerardo Partida 889 SW Westvale St. McMinnville, OR 97128	June 30, 2023
Dr. Tim Roberts 1069 NW Baker St. McMinnville, Oregon 97128	June 30, 2021

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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To the School Board
McMinnville School District No. 40
Yamhill County, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of McMinnville School District No. 40, McMinnville, Oregon (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2019, and, the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Total Other Postemployment Benefits and Related Ratios and Oregon Public Employee Retirement System information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United 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

Additionally, accounting principles generally accepted in the United States of America require that the General Fund and Grant Fund budgetary comparison be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund and Grant Fund budgetary comparison are fairly stated in all material respects in relation to the basic financial statements taken as a whole

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory section, the other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as



defined in the table of contents, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019, on our consideration of the District'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 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 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 the District's internal control over financial reporting and compliance.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 13, 2019 on our consideration of the District's internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts, and grants, 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 internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 13, 2019

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MANAGEMENT'S DISCUSSION AND **ANALYSIS**

McMINNVILLE SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

As management of McMinnville School District #40 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, which can be found on pages i-vi of this report.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the District's net position decreased by \$3.4 million or 48% during the year ended June 30, 2019 to \$3.7 million. Of this amount, \$60.6 million was a net investment in capital assets, \$2.2 million was restricted and a negative net position of \$59 million was unrestricted. The negative net position is primarily due to the District net pension liability in the amount of \$60.3 million.
- Unrestricted net position decreased by \$3.6 million primarily due to changes in the net pension liability.
- The cost of all of the District's programs per the government-wide Statement of Activities was \$93 million, an increase of \$3 million from the previous year.
- The District's governmental funds report combined ending fund balance was \$26.6 million, a decrease of \$42.5 million in comparison to the prior year. This decrease is primarily due to large capital outlays for building construction and improvements. \$8.5 million (32%) of the combined ending fund balance is available for spending at the government's discretion (*unassigned fund balance*).
- The District's total long-term obligations increased by \$1 million during fiscal year 2019. The net pension liability increased by \$8.6 million and bonds payable and OPEB obligations decreased by \$7.6 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements include:

Statement of Net Position. The *statement of net position* presents information on all of the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Activities. The *statement of activities* presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In the government-wide financial statements, the District's activities are shown in one category as *governmental activities*. All of the District's basic functions are shown here including instruction, support services, enterprise and community services, facilities acquisition and construction and debt service. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues. The government-wide financial statements are found on pages 16 and 17 of this report.

McMINNVILLE SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements

The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. 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 McMinnville School District #40, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. The *governmental funds* are used to account for essentially the same 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 spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide statements of Net Position and Activities.

The District maintains eight individual governmental funds in accordance with Oregon local government budget law. Information is presented separately in the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Grants Fund, Debt Service Fund and Capital Projects Fund, all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided as Supplemental Information.

The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District, such as the Trust Funds. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is the same as that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 22 - 23 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 51 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* related to Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual for the General Fund and Grants Fund. Required supplementary information can be found on pages 54 through 60 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 72 through 79 of this report.

McMINNVILLE SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position.

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Net Position

	Governmental Activities		Increase (Decrease)
	June 30, 2019	June 30, 2018	
Current and other assets	\$ 38,525,200	\$ 81,176,298	\$ (42,651,098)
Capital assets	179,270,550	139,894,600	39,375,950
Total Assets	217,795,750	221,070,898	(3,275,148)
Deferred Outflows of Resources	28,027,336	22,830,769	5,196,567
Long-term obligations	224,815,363	223,796,640	1,018,723
Other liabilities	10,618,509	10,594,778	23,731
Total Liabilities	235,433,872	234,391,418	1,042,454
Deferred Inflows of Resources	6,727,321	2,438,560	4,288,761
Net Position			
Net investment in capital assets	60,569,246	59,894,436	674,810
Restricted	2,164,220	2,669,614	(505,394)
Unrestricted	(59,071,573)	(55,492,361)	(3,579,212)
Total Net Position	\$ 3,661,893	\$ 7,071,689	\$ (3,409,796)

Net position. The largest portion of the District's net position reflects an investment of \$60.6 million in capital assets (land, buildings and equipment and construction in progress), net of any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students and other District residents; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally, property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

The second component of the District's net position is restricted which totals \$2.2 million and represents resources that are subject to external restrictions on how they may be used.

The remaining balance is an unrestricted net position deficit totaling \$59 million. This deficit is primarily due to the impact of implementing GASB 68 to record the Districts proportionate share of pension liabilities and other post-employment benefit obligations in excess of offsetting assets.

Cash and other assets. Cash and other assets totaled \$38.5 million at year end. Cash and investments (\$34.2 million) made up 89% of this total. Total cash and other assets decreased by \$42.7 million from the prior year. This was primarily due to the expenditure of bond proceeds from the 2016 capital bond program. As of June 30, 2019, 88% of the bond proceeds had been expended.

McMINNVILLE SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Capital assets. At year end, the District's investment in capital assets amounted to \$179.3 million (net of accumulated depreciation). This includes land, buildings and improvements, and equipment as shown in the following table:

	Capital Assets (Net of Depreciation)		
	Governmental Activities		Increase (Decrease)
	June 30, 2019	June 30, 2018	
Land	\$ 4,879,642	\$ 4,879,642	\$ -
Construction in Progress	52,681,278	11,110,289	41,570,989
Buildings and Improvements	118,589,249	120,930,387	(2,341,138)
Equipment	3,120,381	2,974,282	146,099
Total capital assets, net of accumulated depreciation	\$ 179,270,550	\$ 139,894,600	\$ 39,375,950

During fiscal year, net capital assets increased by \$39.4 million. Building construction and improvements funded by the 2016 capital bond program were completed in the amount of \$43.5 million. The high school renovation project was the primary project for fiscal year 2019.

Depreciation expense was \$4.7 million for the year. Additional information on the District's capital assets can be found in Note 4 of this report.

Deferred inflows and outflows of resources. Deferred outflows of resources increased by \$5 million and deferred inflows of resources increased by \$4.3 million due to changes in assumptions and investment earning differences related to the valuation of the net pension liability and OPEB liabilities.

Liabilities. Accrued liabilities, representing 4.5% of the District's total liabilities, consists of payables on accounts, salaries and benefits, interest charges, and unearned revenues.

Outstanding long-term obligations represent 95.5% of the District's total liabilities. At the end of the current fiscal year, the District's long-term obligations totaled \$224.8 million. The following table shows the types of obligations for the current and prior year.

	Outstanding Long-term Obligations		
	Governmental Activities		Increase (Decrease)
	June 30, 2019	June 30, 2018	
General obligation bonds	\$ 120,555,000	\$ 124,450,000	\$ (3,895,000)
Pension obligation bonds	22,770,722	23,767,490	(996,768)
Unamortized premium	15,527,634	16,711,893	(1,184,259)
Net Pension Liability	60,341,144	51,742,648	8,598,496
OPEB obligation	5,620,863	7,124,609	(1,503,746)
Total long-term debt	\$ 224,815,363	\$ 223,796,640	\$ 1,018,723

McMINNVILLE SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The District's total long-term debt increased by \$1 million during the current fiscal year. An increase of \$8.6 million in the net pension liability was offset by a decrease of \$7.5 million in bonds payable and the OPEB obligation.

The District maintains an underlying rating of "Aa3" from Moody's and "A+" from S&P for general obligation debt. State statutes limit the amount of general obligation debt the District may issue to 7.95 percent of total real market property values. The current debt limitation for the District is \$458 million, which significantly exceeds the District's outstanding general obligation debt of \$120.5 million. Additional information on the District's long-term debt can be found in Note 5 of this report.

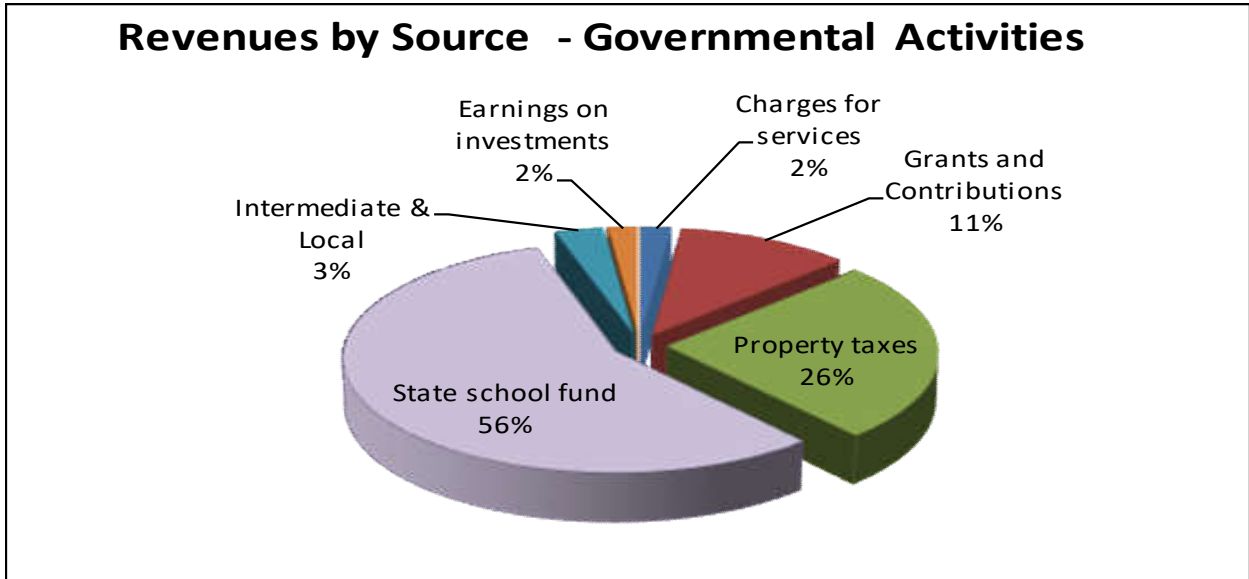
Governmental Activities. During the fiscal year, the District's net position decreased by \$3.4 million. The key elements of the change in the District's net position for the year ended June 30, 2019 are as follows:

	Changes in Net Position For the Year Ended		
	Governmental Activities		Increase (Decrease)
	June 30, 2019	June 30, 2018	
Revenues:			
Program Revenues:			
Charges for services	\$ 1,726,829	\$ 1,746,245	\$ (19,416)
Operating grants and contributions	9,823,510	9,450,956	372,554
Capital grants and contributions	53,382	4,938,157	(4,884,775)
General Revenues:			
Property taxes	23,019,870	21,850,303	1,169,567
State school fund	50,835,277	49,507,845	1,327,432
Intermediate and other local sources	2,762,148	3,211,885	(449,737)
Earnings on investments	1,699,485	1,300,355	399,130
Total revenues	89,920,501	92,005,746	(2,085,245)
Expenses:			
Instruction	56,506,959	54,532,271	1,974,688
Support services	25,905,842	24,451,519	1,454,323
Community services	3,271,939	3,537,084	(265,145)
Facilities services	1,211,007	1,028,581	182,426
Interest on long-term debt	6,434,550	6,466,628	(32,078)
Total expenses	93,330,297	90,016,083	3,314,214
Change in net position	(3,409,796)	1,989,663	(5,399,459)
Net position - July 1	7,071,689	5,082,026	1,989,663
Net position - June 30	\$ 3,661,893	\$ 7,071,689	\$ (3,409,796)

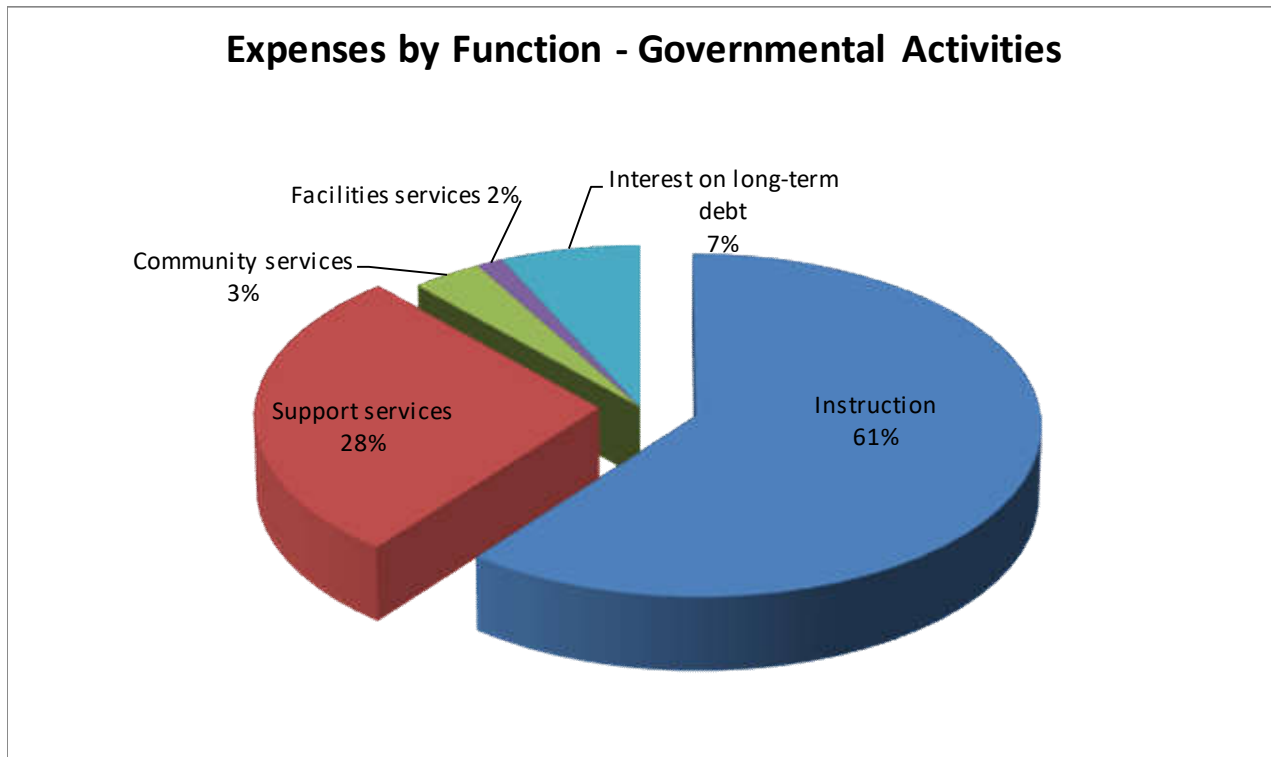
McMINNVILLE SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Revenues. Total revenues decreased by \$2 million (2.27%). Program revenues decreased by \$4.5 million. The prior year included one-time capital grant revenues. General revenues increased by \$2.5 million (4%) as a result of increased state school funding and property taxes.



Expenses. Total expenses increased by \$3.3 million (3.7%). This increase is related in part to growth in wages and benefits and in part to increased depreciation expense from the large investment made in building construction and improvements.



McMINNVILLE SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by an external party or committed by the District itself.

At June 30, 2019, the District's governmental funds reported combined ending fund balances of \$26.6 million, a decrease of \$42.5 million. 32% of this amount (\$8.5 million) is *unassigned fund balance*, which is available for spending at the government's discretion. 56% of this amount is *restricted* for particular purposes (\$15 million) and 12% is *committed* by the District for specific purposes (\$3.2 million). The large decrease in fund balance is due to capital outlay for building construction and improvements funded by the 2016 capital bond program and district reserve funds. Information regarding the major governmental funds is contained in the following sections.

General Fund. The General Fund is the primary operating fund of the District. As of June 30, 2019, the total general fund balance was \$11 million, \$1 million more than the prior year. The unassigned fund balance is \$8.5 million which represents 12% of total General Fund revenues. The unassigned balance increased by \$1.1 million. The committed fund balances include \$2 million for asset reserve, \$125,000 for textbook/technology replacement reserve and \$483,000 for insurance reserve.

Grants Fund. The Grants Fund accounts for the revenues and expenditures of specific educational programs funded from federal, state and local sources. The *restricted* fund balance at year end is \$285,000. Grant revenue is normally recognized as grant expenditures are expended.

Debt Service Fund. The Debt Service Fund has a total *restricted* fund balance of \$689,000. All of which is reserved for the payment of debt service.

Capital Projects Fund. The Capital Projects Fund has a total *restricted* fund balance of \$12.5 million. These funds represent the remaining bond proceeds and investment earnings restricted for the 2016 capital bond program. The fund balance decreased by \$43.6 million representing capital outlay for construction and building improvements.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there were no changes to the original budget appropriations. The General Fund budgetary schedule can be found on page 57 of this report.

Final budget compared to actual results. Actual revenues were \$1.8 million higher than budgeted. Property taxes, investment earnings and state school funding were all higher than projected. Expenditures were lower than appropriations by \$2.3 million. This includes a decrease in expenditures for instruction and support services due to position vacancies held for student enrollment growth and costs savings in various areas. Also, an operating contingency of \$250,000 was not utilized.

McMINNVILLE SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most significant economic factor for the District's General Fund is the State School Fund. Oregon has continued to see slow and steady recovery in the economy, as reflected in increased state revenues. The total state school fund formula includes both state appropriations for K-12 education and local property taxes. The amount distributed to school districts is based on the District's average daily membership of students with additional weights for students with special needs, English language learners and poverty. Enrollment is not expected to change significantly over the next few years.

The 2019-20 budget was adopted by the Board on June 10, 2019. The adopted budget for the General Fund for the year ending June 30, 2020 includes appropriations of \$75 million, 5% higher than the 2018-19 adopted budget. Board policy mandates that the District budget with the goal to maintain a minimum target of five percent ending fund balance. The budget for 2019-20 includes planned reserves of \$5.85 million or 8.0% of revenues.

In May of 2019 the Student Success Act was signed into law. When fully funded this act will invest approximately \$2 billion state-wide for early learning and K-12 education. Funds will become available in the 2020-21 fiscal year and use of the funds must be focused on areas of school improvements to include: class size, increasing instructional time, addressing health and safety needs and ensuring well-rounded education.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Susan Escure, Director of Finance, McMinnville School District #40, 800 N.E. Lafayette St. McMinnville, OR 97128.

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BASIC FINANCIAL STATEMENTS

McMINNVILLE SCHOOL DISTRICT NO. 40
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Governmental activities:					
Instructional services	\$ 56,506,959	\$ 1,287,128	\$ 4,213,504	\$ -	\$ (51,006,327)
Supporting services					
Student transportation	2,673,211		1,718,595	-	(954,616)
Other support services	23,232,631	176,218	1,228,057	-	(21,828,356)
Community services	3,271,939	263,483	2,663,354	-	(345,102)
Facilities services	1,211,007			53,382	(1,157,625)
Interest on long-term debt	6,434,550		-	-	(6,434,550)
Total Governmental Activities	\$ 93,330,297	\$ 1,726,829	\$ 9,823,510	\$ 53,382	(81,726,576)
General Revenues					
Property taxes levied for					
General purposes					14,189,186
Debt service					8,830,684
Construction excise tax					649,062
State School Fund - general support					50,835,277
Unrestricted intermediate sources					2,113,086
Earnings on investments					1,699,485
Total general revenues					78,316,780
Change in Net Position					(3,409,796)
Net Position					
Beginning of year					7,071,689
End of year					\$ 3,661,893

McMINNVILLE SCHOOL DISTRICT NO. 40
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Grants Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals
ASSETS						
Cash and Investments	\$ 16,995,134	\$ -	\$ 522,642	\$ 14,714,309	\$ 1,954,670	\$ 34,186,755
Receivables						
Property Taxes	952,581	-	594,722	-	-	1,547,303
Interest Receivable	-	-	-	31,534	-	31,534
Accounts and Grants Receivable	951,681	1,195,977	-	8,784	166,131	2,322,573
Due from Other Funds	745,831	-	-	-	-	745,831
Restricted Cash and Investments	-	-	-	-	36,818	36,818
Total Assets	\$ 19,645,227	\$ 1,195,977	\$ 1,117,364	\$ 14,754,627	\$ 2,157,619	\$ 38,870,814
LIABILITIES						
Accounts Payable	\$ 467,473	\$ 109,144	\$ -	\$ 2,253,030	\$ 151,947	\$ 2,981,594
Accrued Payroll and Related Charges	7,359,089	-	-	-	-	7,359,089
Due to Other Funds	-	737,047	-	8,784	-	745,831
Unearned Revenue	-	65,193	-	-	-	65,193
Total Liabilities	7,826,562	911,384	-	2,261,814	151,947	11,151,707
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	687,803	-	428,059	-	-	1,115,862
Total Deferred Inflows of Resources	687,803	-	428,059	-	-	1,115,862
FUND BALANCES						
Restricted for						
Grant Activities	-	284,593	-	-	-	284,593
Debt service	-	-	689,305	-	-	689,305
Capital Improvements	-	-	-	12,492,813	307,988	12,800,801
Associated Student Body	-	-	-	-	424,281	424,281
Nutrition Services	-	-	-	-	766,041	766,041
Committed to						
Asset Reserve	2,046,481	-	-	-	-	2,046,481
Textbook and Technology Replacement	124,765	-	-	-	-	124,765
Insurance Reserve	483,355	-	-	-	-	483,355
Debt Service	-	-	-	-	507,362	507,362
Unassigned	8,476,261	-	-	-	-	8,476,261
Total Fund Balances	11,130,862	284,593	689,305	12,492,813	2,005,672	26,603,245
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 19,645,227	\$ 1,195,977	\$ 1,117,364	\$ 14,754,627	\$ 2,157,619	\$ 38,870,814

McMINNVILLE SCHOOL DISTRICT NO. 40
 RECONCILIATION OF GOVERNMENTAL FUNDS
 BALANCE SHEET TO STATEMENT OF NET POSITION
 June 30, 2019

Total fund balances - governmental funds \$ 26,603,245

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

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

Cost	\$ 228,812,308	
Accumulated depreciation	<u>(49,541,758)</u>	179,270,550

A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current years' operations, and therefore are not reported as revenue in the governmental funds. 1,115,862

Long-term pension assets/liabilities not payable in the current year are not reported as governmental fund liabilities. Actuarial changes create deferred outflows and inflows of resources. These consist of:

PERS net pension liability	(60,341,144)	
Deferred outflows of pension related items	23,024,495	
Deferred inflows of pension related items	<u>(4,790,121)</u>	(42,106,770)

Long-term OPEB assets/liabilities not payable in the current year are not reported as governmental fund liabilities. Actuarial changes create deferred outflows and inflows of resources. These consist of:

OPEB net asset - RHIA	400,217	
Total OPEB liability - PHIS	(5,620,863)	
Deferred outflows of OPEB related items	422,312	
Deferred inflows of OPEB related items	<u>(1,937,200)</u>	(6,735,534)

Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.

These liabilities consist of:

Accrued interest payable	(212,633)	
Bonds payable (including premium)	(158,853,356)	
Deferred charges on refunding	<u>4,580,529</u>	<u>(154,485,460)</u>

Total Net Position \$ 3,661,893

McMINNVILLE SCHOOL DISTRICT NO. 40
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2019

	General Fund	Grants Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Revenues						
Local Sources						
Property Taxes	\$ 14,556,207	\$ -	\$ 9,086,116	\$ -	\$ -	\$ 23,642,323
Construction Excise Tax	-	-	-	-	649,062	649,062
Charges for Services	283,782	60,135	-	-	1,248,634	1,592,551
Rentals	66,234	-	-	-	-	66,234
Investment Earnings	609,043	-	123,104	890,740	76,598	1,699,485
Contributions and Donations	-	146,956	-	18,617	-	165,573
Fees Charged to Grants	84,409	-	-	-	-	84,409
Services to Other Funds	-	-	-	-	2,694,160	2,694,160
Miscellaneous	127,825	80,096	-	34,765	50,127	292,813
Intergovernmental						
Intermediate Sources	2,113,086	52,275	-	-	-	2,165,361
State Sources	52,544,174	1,818,128	-	-	92,106	54,454,408
Federal Sources	10,283	3,451,879	-	-	2,542,986	6,005,148
Total Revenues	70,395,043	5,609,469	9,209,220	944,122	7,353,673	93,511,527
Expenditures						
Current						
Instruction	45,553,761	4,191,845	-	-	1,046,905	50,792,511
Support Services	23,179,185	1,416,097	-	-	-	24,595,282
Enterprise and Community Services	-	92,717	-	-	3,055,231	3,147,948
Facilities Acquisition and Construction	195,459	-	-	1,001,694	7,632	1,204,785
Debt Service						
Principal	-	-	3,895,000	-	996,768	4,891,768
Interest	-	-	5,271,750	-	1,825,559	7,097,309
Capital Outlay						
Support Services	60,849	-	-	-	-	60,849
Enterprise and Community Services	-	-	-	-	43,284	43,284
Facilities Acquisition and Construction	295,842	-	-	43,501,887	339,679	44,137,408
Total Expenditures	69,285,096	5,700,659	9,166,750	44,503,581	7,315,058	135,971,144
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,109,947	(91,190)	42,470	(43,559,459)	38,615	(42,459,617)
Other Financing Sources (Uses)						
Transfers in	-	100,000	-	-	-	100,000
Transfers (out)	(100,000)	-	-	-	-	(100,000)
Total Other Financing Sources (Uses)	(100,000)	100,000	-	-	-	-
Net Change in Fund Balance	1,009,947	8,810	42,470	(43,559,459)	38,615	(42,459,617)
Fund Balances						
Beginning of Year	10,120,915	275,783	646,835	56,052,272	1,967,057	69,062,862
End of year	\$ 11,130,862	\$ 284,593	\$ 689,305	\$ 12,492,813	\$ 2,005,672	\$ 26,603,245

McMINNVILLE SCHOOL DISTRICT NO. 40
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances - total governmental funds \$ (42,459,617)

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

Governmental funds 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.

Expenditures for capital assets	\$ 44,228,070	
Loss on disposal of assets	(138,058)	
Less current year depreciation	<u>(4,714,062)</u>	39,375,950

The issuance of long-term debt 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. This is the net effect of these differences in the treatment of long-term debt.

Principal payments	<u>4,891,768</u>	4,891,768
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Governmental funds report the effect of issuance costs, premiums, and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences:

Amortization of deferred charge on refunding bonds	(528,524)	
Amortization of premium	<u>1,184,259</u>	655,735

Pension expense reported in the statement of activities is based on actuarially determined net pension liabilities and related deferred outflows and deferred inflows of resources. Pension contributions are reported in the governmental funds as a use of current financial resources. Actuarially determined amounts exceeded contributions by this amount.

(5,647,278)

OPEB expense reported in the statement of activities is based on actuarially determined total OPEB liabilities and related deferred outflows and deferred inflows of resources. OPEB contributions are reported in the governmental funds as a use of current financial resources. Actuarially determined amounts were less than actual contributions by this amount.

389,075

In the statement of activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as interest expense when due.

7,024

Property taxes that do not meet the measurable and available criteria are not recognized as revenues in the current year in the governmental funds. In the statement of activities property taxes are recognized as revenue when levied.

(622,453)

Change in Net Position \$ (3,409,796)

McMINNVILLE SCHOOL DISTRICT NO. 40
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	<u>Private Purpose Trust Fund</u>
Assets	
Cash and Investments	<u>\$ 160,762</u>
Total Assets	<u> 160,762</u>
 Net Position	
Held in trust for:	
Scholarships	<u> 160,762</u>
Total Net Position	<u><u>\$ 160,762</u></u>

McMINNVILLE SCHOOL DISTRICT NO. 40
 STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2019

	Private Purpose Trust Fund
Additions:	
Investment Earnings	\$ 4,064
Contributions	2,600
Total Additions	<u>6,664</u>
Deductions:	
Scholarships	<u>8,167</u>
Total Deductions	<u>8,167</u>
Change in Net Position	(1,503)
Net Position	
Beginning of year	<u>162,265</u>
Total Net Position	<u><u>\$ 160,762</u></u>

1. Summary of Significant Accounting Policies

Reporting Entity

McMinnville School District No. 40 (the District) is a municipal corporation governed by a separately elected seven-member board authorized to transact all business on the District's behalf. The District is the special-purpose primary government exercising financial accountability for all public education within its boundaries. The Board approves administrative officials. The daily functioning of the District is under supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special districts, which provide service within the District's boundaries, however, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements.

Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District, except fiduciary activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Program revenues include: (1) charges to students or others for tuition, fees, rentals, material, supplies, or services provided, (2) operating grants and contributions and (3) capital grants and contributions. Revenues not classified as program revenues, including property taxes and state supports, are presented as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the governmental-wide financial statements.

Net position is reported restricted when constraints placed on the net position use are either externally restricted, imposed by creditors (such as grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the District's funds including those of a fiduciary nature. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation – FUND FINANCIAL STATEMENTS (Continued)

The District reports the following major governmental funds:

General Fund – This fund accounts for all revenues and expenditures except for those required to be accounted for in another fund. The principal revenue sources are property taxes and an apportionment from the State of Oregon.

The Asset Reserve Fund, Textbooks and Technology Replacement Reserve Fund and the Insurance Reserve Fund are classified for purposes of presentation in the Fund Financial Statements as General Funds. Transfers from the General Fund are the primary sources of inflows for these three budgetary funds. These funds are separate special revenue funds for purposes of budget appropriation.

Grants Fund - This fund accounts for the revenues and expenditures of specific educational programs funded from federal, state and local sources. Principal sources of revenue are federal grants paid to the District through state and county agencies and other grants paid to the District directly from state, local and private agencies.

Debt Service Fund - This fund is used for the accumulation of resources and payment of general obligation bond principal and interest. Primary resources in these funds are property taxes and earnings on investments.

Capital Projects Fund – This fund accounts for activities related to the acquisition, construction, and equipping of facilities. The principle revenue sources are proceeds from the sale of bonds, state capital grants, and interest earnings.

Additionally, the District reports the following fund types:

The private-purpose trust fund is used to account for scholarship resources held by the District in a fiduciary capacity for use by students. Disbursements from this fund are made in accordance with the trust and donor agreements.

Measurement Focus and Basis of Accounting

Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

1. Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Budget

A budget is prepared and legally adopted for each governmental fund type and private purpose trust on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America basis for the governmental fund types and private purpose trust fund, except that capital outlay expenditures, including items below the District's capitalization level, are budgeted by function in the governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of supplemental budget and appropriation resolution.

Supplemental budgets less than 10% of fund's budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires a hearing before the public, publication 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 (major function levels) with Board approval. The District's appropriations lapse at year-end.

Cash and Investments

The District's cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition are considered to be cash and cash equivalents. Short-term investments are stated at cost, which approximates fair value.

The District's investments consist of U.S. Government Treasury securities, U.S. Government Agency securities and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The District's investments are reported a fair value based upon quoted market rates. Changes in fair value of investments are recorded as investment earnings. The LGIP is stated at costs which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with 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 options of the LGIP.

1. Summary of Significant Accounting Policies (Continued)

Property Taxes Receivable

Property taxes are levied and become a lien on all taxable property as of July 1. Collections 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. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are recorded on the Statement of Net Position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivables are due from property owners within the District.

Accounts and Other Receivables

Accounts and other receivables are comprised primarily of State school support and claims for reimbursement of costs under various federal and state grants.

Grants

Unreimbursed grant expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as unearned revenue.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, 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.

Capital Assets

Capital assets are recorded at original cost or estimated original cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at their acquisition value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Buildings and improvements	10 to 60 years
Equipment	5 to 15 years

1. Summary of Significant Accounting Policies (Continued)

Deferred outflows/inflows of resources

In addition to assets, the statement of net position and balance sheet 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 or fund balance that applies to a future period(s) so will not be recognized as an outflow of resources (expense/expenditure) until that time. The government has three items that arise only under a full accrual basis of accounting that qualify for reporting in this category. The statement of net position reports one type related to the net PERS pension liability, one type related to OPEB and one type related to bond refunding. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.

In addition to liabilities, the statement of net position and balance sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two items that arise for reporting in this category. The balance sheet reports unavailable revenues from one source: property taxes. The statement of net position reports two types related to the net PERS pension liability and one type related to OPEB. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Retirement Plans

Substantially all of the District's employees are participants in the Oregon Public Employees Retirement System (OPERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

The District offers its employees a tax deferred annuity plan established pursuant to Section 403(b) and 457(b) of the Internal Revenue Code.

Post Employment Health Care Benefits

Eligible employees who elect early retirement are entitled to participate in the District's group medical insurance plan. Such costs are recorded as expenses in the General Fund and are funded as premiums become due.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued, if material, when earned in the government-wide financial statements. The amount of vacation pay was deemed immaterial and therefore not recorded.

1. Summary of Significant Accounting Policies (Continued)

Long-term Debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are expensed in the period incurred. Savings realized from advance refunding of debt are recorded as deferred outflows of resources and amortized over the remaining life of the related defeased debt.

In the fund financial statements bond premiums and discounts are recognized when incurred and are not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Interfund Transactions

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. This includes interfund transfers occurring within governmental activities and interfund receivables and payables.

Interfund Receivables/Payables

The District maintains a cash pool that is available for use by all funds. The cash pool account is maintained in the General Fund, while activity between funds utilizing this cash is referred to as Due to/from Other Funds in each fund at the end of the fiscal year in the fund basis financial statements. All interfund loan balances are considered current and are eliminated in the government-wide financial statements.

Fund Balances

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

Governmental fund balances are classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

Nonspendable fund balance includes items not immediately converted to cash, such as prepaid items and inventory.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal resolution of the School Board. The School Board can modify or rescind the commitment at any time through taking a similar formal resolution.

Assigned fund balance includes amounts assigned for specific uses as authorized by the Superintendent and/or Director of Finance.

1. Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

Unassigned fund balance is the residual classification for balances not assigned to another category. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

There are no nonspendable or assigned fund balances as of June 30, 2019.

The District considers the spending of restricted fund balances on purposes for which such funds can be used to occur first when funds are spent for restricted and unrestricted purposes. When unrestricted classifications of fund balance are spent, the board will consider the committed amounts will be reduced first, followed by assigned amounts and then unassigned amounts.

The Board has approved a policy that directs the Superintendent to manage the currently adopted budget in such a way to ensure an ending fund balance of at least five (5%) percent of total actual general fund revenues. This policy applies to the unassigned general fund balance. The Board is the highest level decision making authority and may take formal action by vote or resolution to establish, modify, or rescind a fund balance commitment.

Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consist of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets. In addition, the District has unspent bond proceeds in the form of cash and investments to fund bond expenditures in subsequent years.

Restricted net position – This amount is restricted when constraints placed on the net position use are either externally restricted, imposed by creditors (such as grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

Unrestricted net position – This amount is all net position that do not meet the definition of “net invested in capital assets” or “restricted net position”.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. Cash and Investments

The District maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is reported on the Combined Balance Sheet as Cash and Investments or Due to/from Other Funds. In addition, cash is separately held by certain funds of the District.

McMINNVILLE SCHOOL DISTRICT NO. 40
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 Year Ended June 30, 2019

2. Cash and Investments (Continued)

Cash and investments on June 30, 2019 consist of the following:

Petty Cash	\$ 1,254
Cash with fiscal agent	36,818
Deposits with banks	830,335
Investments	<u>33,515,928</u>
	<u>\$ 34,384,335</u>

Cash and investments are shown on the basic financial statements as:

Statement of Net Position	
Cash and Investments	\$ 34,186,755
Restricted Cash and Investments	36,818
Statement of Net Position - Fiduciary Funds	
Cash and Investments - Private Purpose Trust	<u>160,762</u>
	<u>\$ 34,384,335</u>

Deposits

Custodial credit risk – Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Insurance and collateral requirements for the deposits are established by federal banking regulations and Oregon law. State statutes require that the District's deposits be covered by the Federal Deposit Insurance Corporation (FDIC) or by a multiple financial institution collateral pool under ORS 295.015 which is administered by the State of Oregon Office of the Treasury.

Deposits with financial institutions include primarily bank demand and money market deposits. The balances in these accounts according to the District's records total \$830,334 on June 30, 2019. The bank statement records reflect a balance of \$3,551,390 at year end. Of this amount, \$250,000 is covered by the FDIC's general deposit insurance rules. 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 State Treasurer. As a result, the District has no exposure to custodial credit risk for deposits with financial institutions.

2. Cash and Investments (Continued)

Investments

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool.

Investment Type	Fair Value	Weighted Average Maturity in Years	% of Investment Portfolio
US Agency Securities	\$ 604,215	0.10	2%
US Treasury Securities	6,137,659	0.11	18%
Local Government Investment Pool	26,774,054	0.08	80%
	<u>\$ 33,515,928</u>	<u>0.09</u>	<u>100%</u>

The District categorizes its fair value measurements within the fair value hierarchy established by generally acceptable accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments in U.S. Treasury securities and U.S. Agency securities are valued using quoted market prices (Level 1 inputs).

The "weighted average maturity in years" calculation assumes that all investments are held until maturity.

Interest rate risk – investments. Interest rate risks is the risk that changes in interest rates will adversely affect the fair value of an investment. The District minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet the cash requirements for ongoing operations and capital construction projects, thereby avoiding the need to sell securities in the open market, and investing primarily in the Local Government Investment Pool (LGIP). Funds may be invested in the LGIP to the extent permitted by ORS 294.810. Excess amounts are invested in adherence with the portfolio maturity constraints.

Under the District's policy, investments of over 18 months will be avoided, unless they can be matched with specific expected use of funds as provided by ORS 294.135. The investment of capital bond proceeds are timed to meet construction payments, for a term not to exceed three years.

Concentration of credit risk – investments. The Oregon State Treasurer's Local Government Investment Pool (LGIP) is subject to regulatory oversight by the Oregon Secretary of State and is not required to be categorized by risk. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares. The Oregon State Treasurer maintains the Oregon Short-Term Fund, of which the LGIP is a part. It is not registered with the U.S. Securities and Exchange Commission. The Fund currently has no credit rating as assigned by the credit rating agencies. On June 30, 2018 the fund's composite weighted rating was equivalent to S&P's AA ratings. The State's investment policies are governed by statute and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB) and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

McMINNVILLE SCHOOL DISTRICT NO. 40
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 Year Ended June 30, 2019

2. Cash and Investments (Continued)

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy for capital bond proceeds (Policy DFAA) limits investments as follows:

<u>Investment Type</u>	<u>Maximum % of Holdings</u>
U.S. Treasury securities	100%
U.S. Agency securities	33% per issuer
LGIP or Bank Deposits	Minimum of 10% of bond proceeds

As of June 30, 2019, more than 5% of the District's total investments are in securities by the following issuers:

<u>Issuer</u>	<u>% of Total Investments</u>
Federal National Mortgage Association	1.80%
U.S. Treasury	18.30%

As of June 30, 2019, and for the year then ended, the District was in compliance with the State of Oregon statutes regarding investments as discussed under Note 1 and the District's investment policies.

3. Receivables

Receivables are comprised of the following as of June 30, 2019:

Property taxes receivable	
General fund	\$ 952,581
Debt service fund	594,722
Total property taxes receivable	<u>1,547,303</u>
Grants receivable	
General fund	924,189
Grants fund	1,172,942
Other governmental funds	32,537
Total grants receivable	<u>2,129,668</u>
Interest and other receivables	
General fund	27,492
Grants fund	23,035
Capital projects fund	40,318
Other governmental funds	133,594
Total interest and other receivables	<u>224,439</u>
Total receivables	<u>\$ 3,901,410</u>

McMINNVILLE SCHOOL DISTRICT NO. 40
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 Year Ended June 30, 2019

4. Capital Assets

Capital assets activity for the year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Capital assets not being depreciated:				
Construction in Progress	\$ 11,110,289	\$ 41,689,248	\$ (118,259)	\$ 52,681,278
Land	4,879,642	-	-	4,879,642
Total Capital Assets not being depreciated	15,989,931	41,689,248	(118,259)	57,560,920
Capital assets being depreciated:				
Buildings and improvements	163,256,567	1,825,947	(27,218)	165,055,296
Equipment	6,791,990	831,134	(1,427,032)	6,196,092
Total capital assets being depreciated	170,048,557	2,657,081	(1,454,250)	171,251,388
Less accumulated depreciation for:				
Buildings and improvements	(42,326,180)	(4,166,813)	26,946	(46,466,047)
Equipment	(3,817,708)	(547,249)	1,289,246	(3,075,711)
Total accumulated depreciation	(46,143,888)	(4,714,062)	1,316,192	(49,541,758)
Total capital assets being depreciated, net	123,904,669	(2,056,981)	(138,058)	121,709,630
Total capital assets, net	\$ 139,894,600	\$ 39,632,267	\$ (256,317)	\$ 179,270,550

Depreciation expense for the year was charged to the following programs:

Program	
Instructional programs	\$ 4,116,828
Supporting services	499,311
Community services	97,923
Total depreciation expense	\$ 4,714,062

Construction Commitments - The District has active construction projects as of June 30, 2019. As of the end of the fiscal year, the District is committed under various accepted bid agreements and contracts for approximately \$9,841,089 for goods, services and construction of facilities.

McMINNVILLE SCHOOL DISTRICT NO. 40
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 Year Ended June 30, 2019

5. Long-Term Debt

Bonds Payable

General Obligation Bonds – General obligation bonds are direct obligations and pledge the full faith and credit of the District. The District issues general obligation bonds to provide funds for the acquisition and construction of school facilities.

On August 10, 2016, the District issued \$88,400,000 in General Obligation Bonds to finance capital construction and improvements. Interest rates range from 3.0% to 5.0%, payable semiannually in June and December, beginning December 15, 2018. The bonds mature on June 15, 2038 with principal payments due annually on June 15th. The bonds were issued at a premium of \$13,381,978, which is being amortized over the life of the bonds.

On February 27, 2013, the District issued \$42,075,000 in General Obligation Bonds to refund bonds issued June 26, 2007 and obtain a savings in total debt service requirement. Interest rates range from 2.0% to 5.0%, payable semiannually in June and December. The bonds mature on June 15, 2028 with principal payments due annually on June 15th.

Pension Obligation Bonds – On October 31, 2002, the District issued \$16,044,243 of limited tax pension obligation bonds to finance its portion of the unfunded actuarial liability (UAL) with the State of Oregon Public Employees Retirement System (PERS) as of December 31, 2000. On February 19, 2004, the District issued an additional \$13,715,000 of limited tax pension obligation bonds to finance its portion of the UAL with PERS as of December 31, 2001. On August 11, 2011, the District issued \$1,120,000 of limited tax pension refunding obligation bonds to advance refund the 2021 maturity of the Series 2002 pension bond.

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

Issue Date	Issue Amount	Outstanding July 1, 2018	Additions	Reductions	Outstanding June 30, 2019	Due Within One Year	Interest Rates
General Obligation Bonds:							
02/27/13	\$ 42,075,000	\$ 38,845,000	\$ -	\$ 2,455,000	\$ 36,390,000	\$ 2,735,000	3.0% - 5.0%
08/10/16	88,400,000	85,605,000	-	1,440,000	84,165,000	1,660,000	3.0% - 5.0%
		<u>124,450,000</u>	<u>-</u>	<u>3,895,000</u>	<u>120,555,000</u>	<u>4,395,000</u>	
Limited Tax Pension Obligation Bonds:							
10/31/02	16,044,243	11,547,490	-	336,768	11,210,722	340,721	4.82 - 5.55 %
02/19/04	13,715,000	11,100,000	-	660,000	10,440,000	760,000	4.40 - 5.53%
08/11/11	1,120,000	1,120,000	-	-	1,120,000	-	4.12%
		<u>23,767,490</u>	<u>-</u>	<u>996,768</u>	<u>22,770,722</u>	<u>1,100,721</u>	
Total G.O. and Pension Bonds		148,217,490	-	4,891,768	143,325,722		
Unamortized premium		16,711,893	-	1,184,259	15,527,634		
Total Bonds Payable		<u>\$ 164,929,383</u>	<u>\$ -</u>	<u>\$ 6,076,027</u>	<u>\$ 158,853,356</u>	<u>\$ 5,495,721</u>	

McMINNVILLE SCHOOL DISTRICT NO. 40
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 Year Ended June 30, 2019

5. Long-Term Debt (Continued)

Future Maturities are as follows:

Fiscal Year	Principal	Interest
2019-2020	\$ 5,495,721	\$ 6,969,675
2020-2021	6,895,000	6,107,710
2021-2022	7,635,000	5,788,214
2022-2023	8,485,000	5,402,022
2023-2024	9,395,000	4,965,200
2024-2029	49,435,000	17,386,074
2029-2034	27,325,000	9,181,400
2034-2038	28,660,000	2,864,800
Total	<u>\$ 143,325,721</u>	<u>\$ 58,665,095</u>

Payments on the general obligation bonds are made by the Debt Service Fund from property taxes and earnings on investments. Payments on pension bonds are made by the PERS Debt Service Fund from revenue charges to other funds.

6. Interfund Receivables/Payables & Transfers

The composition of due to/due from balances as of June 30, 2019 is as follows:

	Due from other funds	Due to other funds
Major Government Funds		
General Fund	\$ 745,831	\$ -
Grants Fund	-	737,047
Capital Projects Fund	-	8,784
	<u>\$ 745,831</u>	<u>\$ 745,831</u>

The District maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is reported as either Cash and Investments or Due to/from Other Funds. Interfund receivables and payables (Due to / Due from Other Funds) arise during normal processing of receipts and disbursements for all funds through a single checking account and do not represent interfund loans. There was \$745,831 due from the Grants Fund and Capital Projects Fund to cover grant expenditures pending reimbursement.

The interfund transfers during the year ended June 30, 2019 are as follows:

	Transfer in	Transfer out
Major Government Funds		
General Fund	\$ -	\$ 100,000
Grants Fund	100,000	-
	<u>\$ 100,000</u>	<u>\$ 100,000</u>

A transfer of \$100,000 from General Fund to Grants Fund is made to support the elementary after school program. Additionally, within the General Fund, transfers were made to budgetary reserve funds for school textbooks, technology and to maintain the District's capital assets.

7. Pension Plan

Plan Description

The District participates in the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan. OPERS provides retirement, disability, and death benefits to plan members and their beneficiaries.

All benefits of OPERS are established by the Oregon Legislature pursuant to Oregon Revised Statutes (ORS) Chapters 238 and 238A. The plan complies with Internal Revenue Service rules prescribed in 401(a). The Oregon Legislature has delegated the authority to the Public Employees Retirement Board (PERB) to administer and manage the system. OPERS issues a publicly available financial report that can be obtained at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx. OPERS prepares their financial statements in accordance with GASB statements and generally accepted accounting principles. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits are recognized in the month they are earned and withdrawals are recognized in the month they are due and payable. Investments are recognized at fair value, the amount at which financial instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale.

There are currently two programs within OPERS, with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are OPERS Program members, and benefits are provided based on whether a member qualifies for Tier One or Tier Two described below. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPERS is a hybrid retirement plan with two components: 1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and 2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

The 1995 Legislature created a second tier of benefits for those who became OPERS Program members after 1995 but before August 29, 2003. The second tier does not have the Tier One assumed earnings rate guarantee.

Beginning January 1, 2004, all employees who were active members of OPERS became members of the OPSRP IAP Program. OPERS plan member contributions (the employee contribution, whether made by the employee or "picked-up" by the employer) go into the IAP portion of OPSRP. OPERS plan members retain their existing OPERS accounts; however, member contributions after January 1, 2004 are deposited in the member's IAP, not into the member's OPERS account.

a. Tier One/Tier Two Retirement Benefit Plan (Chapter 238).

Pension Benefits

The PERS retirement allowance 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 (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.

7. Pension Plan (Continued)

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

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

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

Benefit Changes after Retirement

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

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2018 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

b. OPSRP Pension Program (Chapter 238A)

Pension Benefits.

The OPSRP 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. For general service employees benefits are calculated with the following formula: 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.

7. Pension Plan (Continued)

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 2018 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

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, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The District made lump sum payments to establish side accounts in 2002 and 2004, which reduces the District rates below the standard School District Pool rates. The District's contractually required contribution rate for the year ended June 30, 2019 was 18.33% of eligible payroll for Tier 1/Tier 2 members and 13.00% of eligible payroll for OPSRP members. Employer contributions for the year ended June 30, 2019 were \$5,885,307, excluding amounts to fund employer specific liabilities. \$2,694,123 was charged for the year ended June 30, 2019 as PERS benefit expenditures to be used for bond payments as they become due. In addition, \$1,716,977 in employee contributions were paid by the district for the year ended June 30, 2019.

McMINNVILLE SCHOOL DISTRICT NO. 40
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 Year Ended June 30, 2019

7. Pension Plan (Continued)

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

At June 30, 2019, the District reported a liability of \$60,341,144 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on the District's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers, actuarially determined. At June 30, 2018 the District's proportion was .40% which was .02% more than its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized a pension expense of \$11.34 million. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,052,625	
Changes in assumptions	14,029,201	
Net difference between projected and actual earnings on investments		\$ 2,679,488
Changes in proportionate share	1,199,841	1,586,726
Differences between employer contributions and employer's proportionate share of system contributions`	25,358	523,907
District contributions subsequent to the measurement date	<u>5,717,470</u>	<u>-</u>
Total	<u>\$ 23,024,495</u>	<u>\$ 4,790,121</u>

District contributions subsequent to the measurement date of \$5,717,470 reported as deferred outflows of resources related to pensions will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported by the District as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in subsequent years as follows:

	<u>Pension Expense</u>
June 30, 2020	\$ 7,176,049
June 30, 2021	4,944,348
June 30, 2022	(838,923)
June 30, 2023	838,425
June 30, 2024	<u>397,007</u>
	<u>\$ 12,516,906</u>

7. Pension Plan (Continued)

Actuarial Methods and Assumptions:

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 4, 2019. Oregon PERS produces an independently audited CAFR which can be found at: <https://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>

Actuarial Valuations

The employer contribution rates effective July 1, 2017 through June 30, 2019, were set using the projected unit credit actuarial cost method.

For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study Report	2016, published July 26, 2017
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2% COLA and graded COLA (1.25%/0.15% in accordance with <i>Moro</i> decision; blend based on service.

7. Pension Plan (Continued)

Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: RP-2014 employee, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>
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(Source: June 30, 2019 PERS CAFR; Page 69)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

Discount Rate

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

Assumed Asset Allocation

Asset Class/Strategy	OIC Target
Cash	0.0
Debt Securities	20.0
Public Equity	37.5
Private Equity	17.5
Real Estate	12.5
Alternative Equity	12.5
Opportunity Portfolio	0.0
Total	100.0

(Source: June 30, 2019 PERS CAFR; Page 92)

7. Pension Plan (Continued)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes 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. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at: <https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>

TABLE 31

<u>Long-Term Expected Rate of Return</u> Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	3.59 %	3.49 %	4.55 %
Short-Term Bonds	8.00	3.42	3.38	2.70
Bank/Leveraged Loans	3.00	5.34	5.09	7.50
High Yield Bonds	1.00	6.90	6.45	10.00
Large/Mid Cap US Equities	15.75	7.45	6.30	16.25
Small Cap US Equities	1.31	8.49	6.69	20.55
Micro Cap US Equities	1.31	9.01	6.80	22.90
Developed Foreign Equities	13.13	8.21	6.71	18.70
Emerging Market Equities	4.13	10.53	7.45	27.35
Non-US Small Cap Equities	1.88	8.67	7.01	19.75
Private Equity	17.50	11.45	7.82	30.00
Real Estate (Property)	10.00	6.15	5.51	12.00
Real Estate (REITS)	2.50	8.26	6.37	21.00
Hedge Fund of Funds - Diversified	2.50	4.36	4.09	7.80
Hedge Fund - Event-driven	0.63	6.21	5.86	8.90
Timber	1.88	6.37	5.62	13.00
Farmland	1.88	6.90	6.15	13.00
Infrastructure	3.75	7.54	6.60	14.65
Commodities	1.88	5.43	3.84	18.95
Assumed Inflation - Mean			2.50 %	1.85 %

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.

7. Pension Plan (Continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

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

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability (asset)	\$ 100,841,451	\$ 60,341,144	\$ 26,911,455

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report. The effect of OPERS on the District's net position has been determined on the same basis used by OPERS.

There are no changes in actuarial methods, allocation, and assumptions subsequent to the June 30, 2018 measurement date.

8. Other Postemployment Benefits (OPEB)

The District offers a postemployment health insurance subsidy and contributes to a retirement health insurance account through Oregon Public Employees Retirement System. The breakdown of the net OPEB liability, asset, deferred outflows of resources and deferred inflows of resources related to OPEB are:

	Postemployment Health Insurance Subsidy	Postemployment Health Insurance Account	Net
Total OPEB Liability	\$ 5,620,863	\$ -	\$ 5,620,863
Total OPEB Asset	-	400,217	400,217
OPEB Deferred Outflows of Resources	245,209	177,103	422,312
OPEB Deferred Inflows of Resources	1,820,729	116,471	1,937,200

Postemployment Health Insurance Subsidy (PHIS)

Plan Description

The District maintains a single employer early retirement supplemental program for its employees. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The district does not issue a stand-alone report for this plan.

8. Postemployment Health Insurance Subsidy (PHIS) (Continued)

The District sponsors an early retirement program with two main components, as follows:

1) District paid medical premiums for certain retirees who were hired or retired before certain threshold dates. The District is in the process of phasing out this plan and has adopted benefit reduction trigger dates for each class of employee. Administrative and confidential employees hired prior to July 1, 2006 are eligible for District-paid medical insurance until they are eligible for Medicare, limited to a maximum of 72 months. This explicit benefit is required to be valued under GASB 75. At June 30, 2019 there were 10 active participants who are potentially eligible for this benefit in the future.

2) Per Oregon Revised Statutes (ORS) 243.303, the District provides health insurance coverage on a self-pay basis for retirees and eligible dependents until they are Medicare eligible. Healthcare premiums rates must be based on all plan members, both active employees and retirees. There is an implicit subsidy with respect to retired employees because the medical premium rates charged for coverage typically are less than actual expected retiree claim costs. This is due to medical premium rates being determined by blending both active employee and retiree experience. This additional cost is called the “implicit subsidy”, and is required to be valued under GASB 75. There are 792 active and 49 retired members in the plan.

Funding Policy

There is no obligation on the part of the District to fund these benefits in advance. The benefit from this program is paid by retired employees on a self-pay basis and the required contributions is based on projected pay-as-you go financing requirements.

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

The District’s total OPEB liability of \$5,620,863 was measured as of July 1, 2018 and was determined by an actuarial valuation as of that date.

For the year ended June 30, 2019, the District recognized OPEB expense of \$339,743. At June 30, 2019 the District reported deferred outflows of resources and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow s of Resources</u>	<u>Deferred Inflow s of Resources</u>
Differences between expected and actual experience	\$ 245,209	\$
Changes of assumptions or other input	<u> </u>	<u>1,820,729</u>
Total	<u>\$ 245,209</u>	<u>\$ 1,820,729</u>

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

	<u>Expense</u>
June 30, 2020	\$ (262,587)
June 30, 2021	(262,587)
June 30, 2022	(262,587)
June 30, 2023	(262,587)
June 30, 2024	(262,587)
Thereafter	(262,585)

8. Postemployment Health Insurance Subsidy (PHIS) (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2018
Measurement date	June 30, 2019 and June 30, 2020
Actuarial cost method	Entry Age Normal, level percent of salary.
Actuarial assumptions:	
Discount rate	3.0% per year, based on all years discounted at municipal bond rate.
Inflation rate	2.50% per year
Salary increases	3.50% per year
Healthcare cost trend rates	5.0% for 2019-20, 5.5% for 2020-21, increasing to 6.0% for 2028-29, and decreasing to an ultimate rate of 5.00% for 2038 and beyond.
Mortality rates	Basic table: RP 2014, Employee/Healthy Annuitant, sex distinct, generational Improvement scale: Unisex Social Security Data Scale (60 year average) Active employee/retiree adjustment: White collar adjustment, set back 12 months Beneficiary adjustments: Blended 50% blue collar/50% white collar, set back 12 months for males, no set back for females.
Turnover rates	As developed for the valuation of benefits under Oregon PERS and vary by years of service.
Disability rates	As developed for the valuation of benefits under Oregon PERS and vary by employee age.
Retirement rates	Calculated based on age and years of service. 100% of future retirees eligible for District-paid medical benefits are assumed to elect medical coverage. 85% of future retirees not eligible for District-paid medical benefits and currently enrolled in a medical plan are assumed to elect medical coverage.

McMINNVILLE SCHOOL DISTRICT NO. 40
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 Year Ended June 30, 2019

8. Other Post Employment Benefits (Continued)

Changes in the Total OPEB Liability:

Balance at June 30, 2018	\$ 7,124,609
Service cost	381,176
Interest	221,154
Difference between expected and actual experience	286,077
Changes of assumptions or other input	(2,124,184)
Benefit payments	<u>(267,969)</u>
Balance at June 30, 2019	<u>\$ 5,620,863</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what that the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.5 percent) or one percentage point higher (4.5 percent) than the current rate:

	<u>1% Decrease (2.5%)</u>	<u>Current Discount Rate (3.5%)</u>	<u>1% Increase (4.5%)</u>
Total OPEB Liability	\$ 6,059,339	\$ 5,620,863	\$ 5,213,112

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate - The following presents the total OPEB liability of the District, as well as what that the District's total OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 4,994,942	\$ 5,620,863	\$ 8,232,384

Retirement Health Insurance Account (RHIA)

Plan description

As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to the 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 OPERS. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA resides with the Oregon Legislature. The plan is closed to new entrants hired on or after August 29, 2003. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700.

8. Other Post Employment Benefits (Continued)

Benefits

RHIA pays a \$60 monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees.

Contributions

Because RHIA was created by enabling legislation (ORS238.420), 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 Retirement Health Insurance Account 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 credible 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.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.50% of Tier 1 and Tier 2 payroll and 0.43% of OPSRP of annual covered payroll. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution (ARC) of the employers, an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2019, 2018, and 2017, were approximately \$172,087, \$161,593, and \$148,053 which equaled the required contributions each year.

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

At June 30, 2018, the District reported an asset of \$400,217 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date. The District's proportion of the net OPEB liability was based on the District's actual, legally required contributions made during the fiscal year being compared to the total actual contributions made in the fiscal year by all employers. The District's proportionate share as of the measurement date is .35853%, changed from .32458% for the prior measurement date.

For the year ended June 30, 2018, the District recognized OPEB expense reduction of (\$40,416) related to the RHIA OPEB. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the RHIA OPEB from the following sources:

	<u>Deferred Outflow s of Resources</u>	<u>Deferred Inflow s of Resources</u>
Differences between expected and actual experience	\$ -	\$ 22,681
Changes in assumptions	-	1,270
Net difference between projected and actual earnings on investments	-	86,286
Changes in proportionate share	-	6,234
proportionate share of system contributions	<u>117,103</u>	<u>-</u>
Total	<u>\$ 117,103</u>	<u>\$ 116,471</u>

McMINNVILLE SCHOOL DISTRICT NO. 40
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 Year Ended June 30, 2019

8. Other Post Employment Benefits (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the RHIA OPEB will be recognized in OPEB expense as follows:

	Expense
June 30, 2020	\$ (39,169)
June 30, 2021	(39,005)
June 30, 2022	(29,719)
June 30, 2023	(8,578)

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	December 31, 2016
Measurement date	June 30, 2018
Experience study	2016, published July 26, 2017
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 38%; Disabled retirees: 20%
Healthcare cost trend rate	Not applicable
Mortality rates	<p>Healthy retirees and beneficiaries: RP 2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

8. Other Post Employment Benefits (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2018 was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes 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. For more information on the long-term expected rate of return for each major asset class, calculated using both the arithmetic and geometric means, see PERS audited financial statements at: <https://www.oregon.gov/pers/documents/financials/cafr/2018-CAFR.pdf>.

Sensitivity Analysis

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District for the Retirement Health Insurance Account, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current discount rate:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
District's net OPEB liability (asset)	\$ (233,026)	\$ (400,217)	\$ (542,530)

Tax Sheltered Annuity

The District offers its employees a tax deferred annuity program established pursuant to Section 403(b) of the Internal Revenue Code (the Code). Contributions are made through salary reductions from participating employee up to the amounts specified in the Code. No contributions are required from the District. As of June 30, 2019, 231 employees were participating in the plan.

10. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for other risks of loss including excess liability, workers' compensation, boiler and machinery, public official bond and employee dishonesty and contractors license bond coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The District's coverage in all areas remains consistent with prior years.

11. Contingent Liabilities

The amounts of grant revenue reflected in the financial statements are subject to audit and adjustment by grantor agencies, principally the federal government. Any costs that are questioned or recommended to be disallowed which ultimately result in disallowed claims may become a liability of the District. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although District management expects such amounts, if any, to be immaterial.

The District, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these lawsuits is not presently determinable.

The District is dependent on the State of Oregon for a substantial portion of its operating funds. Due to funding uncertainties at the State level, future funding for school district may be reduced. The ultimate effect of this possible reduction in funding on the District's future operations is not yet determinable.

12. Property Tax Abatements

The District's property tax revenues were reduced by \$52,854 under historic property and housing for low income rental agreements by other municipalities within the District's boundaries

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REQUIRED
SUPPLEMENTARY INFORMATION

McMINNVILLE SCHOOL DISTRICT NO. 40
SCHEDULE OF CHANGES IN TOTAL OTHER
POST EMPLOYMENT BENEFITS AND RELATED RATIOS - PHIS
June 30, 2019

	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability - Beginning	\$ 7,124,609	\$ 6,933,792	\$ 6,766,009
Service Cost	381,176	368,286	368,286
Interest	221,154	207,760	202,460
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	286,077	-	-
Changes of Assumptions or Other Input	(2,124,184)	-	-
Benefit Payments	(267,969)	(385,229)	(402,963)
Net Change in Total OPEB Liability	<u>(1,503,746)</u>	<u>190,817</u>	<u>167,783</u>
Total Liability - End of Year	<u>\$ 5,620,863</u>	<u>\$ 7,124,609</u>	<u>\$ 6,933,792</u>
Covered Payroll	\$ 39,255,141	\$ 37,904,098	\$ 37,036,888
Total OPEB Liability as Percentage of Covered Payroll	14.32%	18.80%	18.72%

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

McMINNVILLE SCHOOL DISTRICT NO. 40
 REQUIRED SUPPLEMENTARY INFORMATION
 OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
 June 30, 2019

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY FOR RHIA

Fiscal Year Ended	(a) District's Proportion of the net OPEB Liability (NOL)	(b) District's Proportionate Share of the Net OPEB Liability (NOL)	(c) District's Covered Payroll	(b/c) NOL as a Percentage of covered Payroll	Plan Fiduciary net position as a percentage of the total OPEB liability
June 30, 2018	0.3246%	\$ (135,460)	\$ 36,123,163	-0.37%	108.88%
June 30, 2019	0.3585%	(400,217)	37,313,847	-1.07%	123.99%

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

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR RHIA

Fiscal Year Ended	Statutorily required contribution	Contributions in relation to the statutorily required Contribution	Contributon deficiency (excess)	District's Covered payroll	Contributions as a percent of covered payroll
June 30, 2018	\$ 161,593	\$ 161,593	-	\$ 37,313,847	0.43%
June 30, 2019	172,087	172,087	-	38,525,099	0.45%

These schedules are presented to illustrate 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.

McMINNVILLE SCHOOL DISTRICT NO. 40
 REQUIRED SUPPLEMENTARY INFORMATION
 OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
 June 30, 2019

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Fiscal Year Ended	(a) District's Proportion of the net pension Liability (NPL)	(b) District's Proportionate Share of the Net Pension Liability (NPL)	(c) District's Covered Payroll	(b/c) NPL as a Percentage of covered Payroll	Plan Fiduciary net position as a percentage of the total pension liability
June 30, 2014	0.4179%	\$ 21,418,478	30,469,297	70.30%	91.97%
June 30, 2015	0.4179%	-9,513,317	31,518,849	-30.18%	103.60%
June 30, 2016	0.4203%	24,131,137	32,826,426	73.51%	91.88%
June 30, 2017	0.4070%	61,102,578	34,416,163	177.54%	80.53%
June 30, 2018	0.3838%	51,742,648	36,123,163	143.24%	83.12%
June 30, 2019	0.3983%	60,341,144	37,313,847	161.71%	82.10%

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

SCHEDULE OF DISTRICT CONTRIBUTIONS

Fiscal Year Ended	Statutorily required contribution	Contributions in relation to the statutorily required Contribution	Contributon deficiency (excess)	District's Covered payroll	Contributions as a percent of covered payroll
June 30, 2014	\$ 3,874,843	\$ 3,874,843	\$ -	31,518,849	12.29%
June 30, 2015	4,362,852	4,362,852	-	32,826,426	13.29%
June 30, 2016	3,824,327	3,824,327	-	34,416,163	11.11%
June 30, 2017	3,913,232	3,913,232	-	36,123,163	10.83%
June 30, 2018	5,758,934	5,758,934	-	37,313,847	15.43%
June 30, 2019	5,885,307	5,885,307	-	38,525,099	15.28%

These schedules are presented to illustrate 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.

McMINNVILLE SCHOOL DISTRICT NO. 40
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS - NON-GAAP)
Year Ended June 30, 2019

	Budget		Actual	Variance with Final budget
	Adopted	Final		
Revenues				
Revenues from Local Sources				
Property Taxes	\$ 13,850,000	\$ 13,850,000	\$ 14,556,207	\$ 706,207
Tuition	42,000	42,000	4,103	(37,897)
Investment Earnings	250,000	250,000	532,512	282,512
Extracurricular Activities	158,000	158,000	142,192	(15,808)
Community Service Activities	148,400	148,400	137,487	(10,913)
Rentals	15,000	15,000	5,825	(9,175)
Fees Charged to Grants	90,000	90,000	84,409	(5,591)
Miscellaneous Local Sources	45,000	45,000	26,487	(18,513)
Total Local Revenues	14,598,400	14,598,400	15,489,222	890,822
Revenues from Intermediate Sources				
ESD Apportionment	2,045,000	2,045,000	2,090,794	45,794
County School Fund	25,000	25,000	22,292	(2,708)
Total Intermediate Sources	2,070,000	2,070,000	2,113,086	43,086
Revenues from State Sources				
State School Fund Support	50,960,581	50,960,581	51,801,065	840,484
Common School Fund	666,867	666,867	743,109	76,242
Total State Revenues	51,627,448	51,627,448	52,544,174	916,726
Revenues from Federal Sources				
Foster Care Transportation	10,000	10,000	10,283	283
Total Federal Revenues	10,000	10,000	10,283	283
Total Revenues	68,305,848	68,305,848	70,156,765	1,850,917
Expenditures				
Instruction *	46,861,146	46,861,146	45,246,888	1,614,258
Support Services *	23,334,702	23,334,702	22,939,603	395,099
Facilities Acquisition and Construction *	10,000	10,000	-	10,000
Contingencies *	250,000	250,000	-	250,000
Total Expenditures	70,455,848	70,455,848	68,186,491	2,269,357
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,150,000)	(2,150,000)	1,970,274	4,120,274
Other Financing Sources (Uses):				
Transfers out *	(850,000)	(850,000)	(850,000)	-
Total Other Financing Sources (Uses)	(850,000)	(850,000)	(850,000)	-
Net Change in Fund Balance	(3,000,000)	(3,000,000)	1,120,274	4,120,274
Fund Balance				
Beginning of Year	7,000,000	7,000,000	7,355,987	355,987
End of Year	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	8,476,261	<u>\$ 4,476,261</u>
* Legally adopted appropriation level				
Reconciliation to Governmental Ending Fund Balance:				
Asset Reserve Fund			2,046,481	
Textbook and Technology Replacement Fund			124,765	
Insurance Reserve Fund			483,355	
Total Governmental Funds	57		<u>\$ 11,130,862</u>	

McMINNVILLE SCHOOL DISTRICT NO. 40
GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2019

	Budget		Actual	Variance with Final budget
	Adopted	Final		
Revenues				
Local Sources	\$ 438,500	\$ 438,500	\$ 287,187	\$ (151,313)
Intermediate Sources	30,000	30,000	52,275	22,275
State Sources	2,115,500	2,115,500	1,818,128	(297,372)
Federal Sources	3,900,000	3,900,000	3,451,879	(448,121)
Total Revenues	<u>6,484,000</u>	<u>6,484,000</u>	<u>5,609,469</u>	<u>(874,531)</u>
Expenditures				
Instruction *	4,852,480	4,852,480	4,191,845	660,635
Support Services *	1,796,126	1,796,126	1,416,097	380,029
Community Services *	243,394	243,394	92,717	150,677
Facilities Acquisition and Construction *	185,000	185,000	-	185,000
Total Expenditures	<u>7,077,000</u>	<u>7,077,000</u>	<u>5,700,659</u>	<u>1,376,341</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(593,000)	(593,000)	(91,190)	501,810
Other Financing Sources (Uses):				
Transfers in	100,000	100,000	100,000	-
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net Change in Fund Balance	(493,000)	(493,000)	8,810	501,810
Fund Balances				
Beginning of Year	<u>493,000</u>	<u>493,000</u>	<u>275,783</u>	<u>(217,217)</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,593</u>	<u>\$ 284,593</u>

* Legally adopted appropriation level

1. Other Postemployment Benefits – PHIS and RHIA

These schedules of changes in total other postemployment benefits and related ratios will eventually present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

2. Employee Retirement Pension Benefits.

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB information found at:

<https://www.oregon.gov/pers/EMP/Pages/gasb-68.aspx>

Changes in Assumptions

A summary of key changes implemented since the December 31, 2016 valuation are described in the Oregon Public Retirement System's GASB 68 disclosure information which can be found at:

<https://www.oregon.gov/pers/EMP/Pages/gasb-68.aspx>

Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2016 Experience Study for the System, which was published on July 28, 2017, and can be found at:

<https://www.oregon.gov/pers/Documents/2016-Exp-Study.pdf>

3. General Fund

The General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual are based on legally adopted budgets with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles (GAAP), a reconciliation of these differences is provided at the bottom of this schedule.

The District has three reserve funds that are separate funds for budget appropriation but are included in the government financial statements under General Fund. Transfers from the General Fund (budgetary basis) are the primary source of inflows for these two funds.

4. Budget

A budget is prepared and legally adopted for the General Fund, Asset Reserve Fund, Textbooks and Technology Reserve, Insurance Reserve Fund and Grants Fund on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America basis for the governmental fund types, proprietary fund type and private purpose trust fund type. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

McMINNVILLE SCHOOL DISTRICT NO. 40
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2019

4. Budget (continued)

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of supplemental budget and appropriation resolution.

Supplemental budgets less than 10% of fund's budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearing before the public, publication 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 (major function levels) with Board approval. Appropriations lapse at the end of each fiscal year.

SUPPLEMENTARY INFORMATION

McMINNVILLE SCHOOL DISTRICT NO. 40
 COMBINING BALANCE SHEET
 MAJOR GOVERNMENTAL FUND - GENERAL FUND
 June 30, 2019

	General	Asset Reserve	Textbooks and Technology Reserve	Insurance Reserve	Totals
ASSETS					
Cash and Investments	\$ 14,295,755	\$ 2,087,129	\$ 128,515	\$ 483,735	\$ 16,995,134
Receivables					
Property Taxes	952,581	-	-	-	952,581
Accounts and grants receivable	944,260	7,421	-	-	951,681
Due from Other Funds	745,831	-	-	-	745,831
Total Assets	\$ 16,938,427	\$ 2,094,550	\$ 128,515	\$ 483,735	\$ 19,645,227
LIABILITIES					
Accounts Payable	\$ 415,274	\$ 48,069	\$ 3,750	\$ 380	\$ 467,473
Accrued Payroll and Payroll Liabilities	7,359,089	-	-	-	7,359,089
Total Liabilities	7,774,363	48,069	3,750	380	7,826,562
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	687,803	-	-	-	687,803
Total Deferred Inflows of Resources	687,803	-	-	-	687,803
FUND BALANCES					
Fund Balances					
Committed to					
Asset Reserve	-	2,046,481	-	-	2,046,481
Textbook and Technology Replacement	-	-	124,765	-	124,765
Insurance Reserve	-	-	-	483,355	483,355
Unassigned	8,476,261	-	-	-	8,476,261
Total Fund Balances	8,476,261	2,046,481	124,765	483,355	11,130,862
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 16,938,427	\$ 2,094,550	\$ 128,515	\$ 483,735	\$ 19,645,227

McMINNVILLE SCHOOL DISTRICT NO. 40
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 MAJOR GOVERNMENTAL FUND - GENERAL FUND
 Year Ended June 30, 2019

	General	Asset Reserve	Textbooks and Technology Reserve	Insurance Reserve	Total
Revenues					
Local Sources					
Property Taxes	\$ 14,556,207	\$ -	\$ -	\$ -	\$ 14,556,207
Charges for Services	283,782	-	-	-	283,782
Rentals	5,825	60,409	-	-	66,234
Investment Earnings	532,512	56,953	4,898	14,680	609,043
Fees Charged to Grants	84,409	-	-	-	84,409
Miscellaneous	26,487	-	-	101,338	127,825
Intergovernmental					
Intermediate Sources	2,113,086	-	-	-	2,113,086
State Sources	52,544,174	-	-	-	52,544,174
Federal Sources	10,283	-	-	-	10,283
Total Revenues	70,156,765	117,362	4,898	116,018	70,395,043
Expenditures					
Instruction	45,246,888	-	306,674	199	45,553,761
Support Services	22,939,603	161,445	-	138,986	23,240,034
Facilities Acquisition and Construction	-	491,301	-	-	491,301
Total Expenditures	68,186,491	652,746	306,674	139,185	69,285,096
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,970,274	(535,384)	(301,776)	(23,167)	1,109,947
Other Financing Sources (Uses)					
Sale of Assets	-	-	-	-	-
Transfer In	-	500,000	250,000	-	750,000
Transfers Out	(850,000)	-	-	-	(850,000)
Total Other Sources (Uses)	(850,000)	500,000	250,000	-	(100,000)
Net Change in Fund Balance	1,120,274	(35,384)	(51,776)	(23,167)	1,009,947
Fund Balances					
Beginning of Year	7,355,987	2,081,865	176,541	506,522	10,120,915
End of Year	<u>\$ 8,476,261</u>	<u>\$ 2,046,481</u>	<u>\$ 124,765</u>	<u>\$ 483,355</u>	<u>\$ 11,130,862</u>

McMINNVILLE SCHOOL DISTRICT NO. 40
ASSET RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues				
Local Sources				
Investment Earnings	\$ 30,000	\$ 30,000	\$ 56,953	\$ 26,953
Rentals	40,000	40,000	60,409	20,409
Miscellaneous Local Sources	10,000	10,000	-	(10,000)
Total Revenue	<u>80,000</u>	<u>80,000</u>	<u>117,362</u>	<u>37,362</u>
Expenditures				
Support Services *	250,000	250,000	161,445	88,555
Facilities Acquisition and Construction *	1,980,000	1,980,000	491,301	1,488,699
Contingencies *	250,000	250,000	-	250,000
Total Expenditures	<u>2,480,000</u>	<u>2,480,000</u>	<u>652,746</u>	<u>1,827,254</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,400,000)</u>	<u>(2,400,000)</u>	<u>(535,384)</u>	<u>1,864,616</u>
Other Financing Sources				
Transfer in	500,000	500,000	500,000	-
Total Other Sources *	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Net Change in Fund Balance	(1,900,000)	(1,900,000)	(35,384)	1,864,616
Fund Balance				
Beginning of Year	<u>1,900,000</u>	<u>1,900,000</u>	<u>2,081,865</u>	<u>181,865</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,046,481</u>	<u>\$ 2,046,481</u>

* Legally adopted appropriation level

McMINNVILLE SCHOOL DISTRICT NO. 40
 TEXTBOOKS AND TECHNOLOGY REPLACEMENT RESERVE
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues				
Local Sources				
Investment Earnings	\$ 3,000	\$ 3,000	\$ 4,898	\$ 1,898
Total Revenue	3,000	3,000	4,898	1,898
Expenditures				
Instruction *	328,000	328,000	306,674	21,326
Total Expenditures	328,000	328,000	306,674	21,326
Excess (Deficiency) of Revenues Over (Under) Expenditures	(325,000)	(325,000)	(301,776)	23,224
Other Financing Sources				
Transfer in	250,000	250,000	250,000	-
Total Other Sources *	250,000	250,000	250,000	-
Net Change in Fund Balance	(75,000)	(75,000)	(51,776)	23,224
Fund Balance				
Beginning of Year	75,000	75,000	176,541	101,541
End of Year	\$ -	\$ -	\$ 124,765	\$ 124,765

* Legally adopted appropriation level

McMINNVILLE SCHOOL DISTRICT NO. 40
INSURANCE RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues				
Local Sources				
Investment Earnings	\$ 5,000	\$ 5,000	\$ 14,680	\$ 9,680
Miscellaneous Local Sources	60,000	60,000	101,338	41,338
Total Revenue	65,000	65,000	116,018	51,018
Expenditures				
Instruction *	50,000	50,000	199	49,801
Support Services *	289,411	289,411	138,986	150,425
Total Expenditures	339,411	339,411	139,185	200,226
Excess (Deficiency) of Revenues Over (Under) Expenditures	(274,411)	(274,411)	(23,167)	251,244
Fund Balance				
Beginning of Year	510,000	510,000	506,522	(3,478)
End of Year	\$ 235,589	\$ 235,589	\$ 483,355	\$ 247,766

* Legally adopted appropriation level

OTHER MAJOR GOVERNMENTAL FUNDS

The District's Other Major Governmental Funds are as follows:

Debt Service Fund – This fund is used for the accumulation of resources and payment of general obligation principal and interest. Primary resources in these funds are property taxes, and earnings on investments.

Capital Projects Fund – This fund accounts for activities related to the acquisition, construction, and equipping of facilities. The principle revenue sources are proceeds from the sale of bonds, state capital grants, and interest earnings.

McMINNVILLE SCHOOL DISTRICT NO. 40
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues				
Local Sources				
Property Taxes	\$ 8,800,000	\$ 8,800,000	\$ 9,086,116	\$ 286,116
Investment Earnings	75,000	75,000	123,104	48,104
Total Revenue	<u>8,875,000</u>	<u>8,875,000</u>	<u>9,209,220</u>	<u>334,220</u>
Expenditures				
Debt Service *				
Redemption of Principal	3,895,000	3,895,000	3,895,000	-
Interest	5,271,750	5,271,750	5,271,750	-
Total Expenditures	<u>9,166,750</u>	<u>9,166,750</u>	<u>9,166,750</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(291,750)	(291,750)	42,470	334,220
Fund Balance				
Beginning of Year	<u>600,000</u>	<u>600,000</u>	<u>646,835</u>	<u>46,835</u>
End of Year	<u>\$ 308,250</u>	<u>\$ 308,250</u>	<u>\$ 689,305</u>	<u>\$ 381,055</u>

* Legally adopted appropriation level

McMINNVILLE SCHOOL DISTRICT NO. 40
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues				
Local Sources				
Investment Earnings	\$ 500,000	\$ 500,000	\$ 890,740	\$ 390,740
Donations	-	-	18,617	18,617
Miscellaneous	-	-	34,765	34,765
Intergovernmental				
State Sources	1,500,000	1,500,000	-	(1,500,000)
Total Revenue	2,000,000	2,000,000	944,122	(1,074,495)
Expenditures				
Facilities Acquisition and Construction *				
Total Expenditures	59,500,000	59,500,000	44,503,581	14,996,419
Total Expenditures	59,500,000	59,500,000	44,503,581	14,996,419
Excess (Deficiency) of Revenues Over (Under) Expenditures	(57,500,000)	(57,500,000)	(43,559,459)	13,921,924
Fund Balance				
Beginning of Year	57,500,000	57,500,000	56,052,272	(1,447,728)
End of Year	\$ -	\$ -	\$ 12,492,813	\$ 12,474,196

* Legally adopted appropriation level

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NONMAJOR GOVERNMENTAL FUNDS

These funds account for revenues and expenditures restricted for specific educational projects, capital improvements funded by construction excise taxes, debt service on pension obligation bonds and remaining capital project funds.

School Nutrition Fund - accounts for revenue and expenditures associated with providing a student food service program. Principal sources of revenue are from lunch sales and subsidies under the National School Lunch Program received through the State of Oregon.

Student Body Fund - This fund is used to account for fund-raising resources held by the District in a fiduciary capacity for use by students

Construction Excise Tax Fund – accounts for revenue and expenditures for facilities, acquisitions, improvements, and construction. The principal sources of revenue are fees charged on new construction permits.

PERS Debt Service Fund - This fund is used for the accumulation of resources and payment of pension obligation bond principal and interest. Primary resources in this fund are services provided other funds and earnings on investments.

McMINNVILLE SCHOOL DISTRICT NO. 40
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2019

	Special Revenue Funds				Total
	Nutrition Services	Student Body	Construction Excise Tax	PERS Debt Service	
ASSETS					
ASSETS					
Cash and Investments	\$ 600,749	\$ 424,281	\$ 459,096	\$ 470,544	\$ 1,954,670
Accounts and Grants Receivable	166,131	-	-	-	166,131
Restricted Cash and Investments	-	-	-	36,818	36,818
Total Assets	<u>\$ 766,880</u>	<u>\$ 424,281</u>	<u>\$ 459,096</u>	<u>\$ 507,362</u>	<u>\$ 2,157,619</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 839	\$ -	\$ 151,108	\$ -	\$ 151,947
Total Liabilities	<u>839</u>	<u>-</u>	<u>151,108</u>	<u>-</u>	<u>151,947</u>
FUND BALANCES					
Restricted for					
Capital Improvements	-	-	307,988	-	307,988
Student Body Activities	-	424,281	-	-	424,281
Nutrition Services	766,041	-	-	-	766,041
Committed To					
PERS Debt Service	-	-	-	507,362	507,362
Total Fund Balances	<u>766,041</u>	<u>424,281</u>	<u>307,988</u>	<u>507,362</u>	<u>2,005,672</u>
Total Liabilities and Fund Balances	<u>\$ 766,880</u>	<u>\$ 424,281</u>	<u>\$ 459,096</u>	<u>\$ 507,362</u>	<u>\$ 2,157,619</u>

McMINNVILLE SCHOOL DISTRICT NO. 40
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2019

	Special Revenue Funds				Total
	Nutrition Services	Student Body	Construction Excise Tax	PERS Debt Service	
Revenues					
Local Sources	\$ 280,872	\$ 1,035,278	\$ 654,895	\$ 2,747,536	\$ 4,718,581
State Sources	92,106	-	-	-	92,106
Federal Sources	2,542,986	-	-	-	2,542,986
Total Revenues	2,915,964	1,035,278	654,895	2,747,536	7,353,673
Expenditures					
Instruction	-	1,046,905	-	-	1,046,905
Enterprise and Community Services	3,098,515	-	-	-	3,098,515
Facilities Acquisition and Construction	-	-	347,311	-	347,311
Debt Service					
Principal	-	-	-	996,768	996,768
Interest	-	-	-	1,825,559	1,825,559
Total Expenditures	3,098,515	1,046,905	347,311	2,822,327	7,315,058
Excess (Deficiency) of Revenues Over (Under) Expenditures	(182,551)	(11,627)	307,584	(74,791)	38,615
Fund Balances					
Beginning of Year	948,592	435,908	404	582,153	1,967,057
End of Year	\$ 766,041	\$ 424,281	\$ 307,988	\$ 507,362	\$ 2,005,672

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BUDGET REPORTS

McMINNVILLE SCHOOL DISTRICT NO. 40
SCHOOL NUTRITION PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues				
Revenues from Local Sources				
Sales	\$ 486,500	\$ 486,500	\$ 213,356	\$ (273,144)
Investment Earnings	8,000	8,000	17,389	9,389
Miscellaneous Local Sources	55,500	55,500	50,127	(5,373)
Total Local Sources	550,000	550,000	280,872	(269,128)
Revenue from State Sources				
State School Fund	32,500	32,500	30,774	(1,726)
State Restricted Grants	41,500	41,500	61,332	19,832
Total State Sources	74,000	74,000	92,106	18,106
Revenues from Federal Sources				
National School Lunch Program	2,618,000	2,618,000	2,243,332	(374,668)
U.S.D.A. Donated Commodities	250,500	250,500	247,859	(2,641)
Federal Restricted Grants	62,000	62,000	51,795	(10,205)
Total Federal Sources	2,930,500	2,930,500	2,542,986	(387,514)
Total Revenues	3,554,500	3,554,500	2,915,964	(638,536)
Expenditures				
Enterprise and Community Services *	4,154,500	4,154,500	3,098,515	1,055,985
Contingency	400,000	400,000	-	400,000
Total Expenditures	4,554,500	4,554,500	3,098,515	1,455,985
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	(1,000,000)	(1,000,000)	(182,551)	817,449
Fund Balance				
Beginning of Year	1,000,000	1,000,000	948,592	(51,408)
End of Year	\$ -	\$ -	\$ 766,041	\$ 766,041

* Legally adopted appropriation level

McMINNVILLE SCHOOL DISTRICT NO. 40
 STUDENT BODY FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues				
Local Sources				
Extracurricular Activities	\$ 1,250,000	\$ 1,250,000	\$ 1,035,278	\$ (214,722)
Expenditures				
Instruction *	1,650,000	1,650,000	1,046,905	603,095
Excess (Deficiency) of Revenues Over (Under) Expenditures	(400,000)	(400,000)	(11,627)	388,373
Fund Balance				
Beginning of Year	400,000	400,000	435,908	35,908
End of Year	\$ -	\$ -	\$ 424,281	\$ 424,281

* Legally adopted appropriation level

McMINNVILLE SCHOOL DISTRICT NO. 40
 CONSTRUCTION EXCISE TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues				
Local Sources				
Excise Tax	\$ 320,000	\$ 320,000	\$ 649,062	\$ 329,062
Investment Earnings	5,000	5,000	5,833	833
Total Revenues	<u>325,000</u>	<u>325,000</u>	<u>654,895</u>	<u>329,895</u>
Expenditures				
Facilities Acquisition and Construction*	<u>350,000</u>	<u>350,000</u>	<u>347,311</u>	<u>2,689</u>
Total Expenditures	<u>350,000</u>	<u>350,000</u>	<u>347,311</u>	<u>2,689</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,000)	(25,000)	307,584	332,584
Fund Balance				
Beginning of the Year	<u>25,000</u>	<u>25,000</u>	<u>404</u>	<u>(24,596)</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307,988</u>	<u>\$ 307,988</u>

* Legally adopted appropriation level

McMINNVILLE SCHOOL DISTRICT NO. 40
PERS DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget
	Adopted	Final		
Revenues				
Local Sources				
Investment Earnings	\$ 30,000	\$ 30,000	\$ 53,376	\$ 23,376
Services Provided to Other Funds	2,680,000	2,680,000	2,694,160	14,160
Total Revenues	2,710,000	2,710,000	2,747,536	37,536
Expenditures				
Debt Service *				
Redemption of Principal	996,770	996,770	996,768	2
Interest	1,825,560	1,825,560	1,825,559	1
Total Debt Service	2,822,330	2,822,330	2,822,327	3
Excess (Deficiency) of Revenues Over (Under) Expenditures	(112,330)	(112,330)	(74,791)	37,539
Fund Balance				
Beginning of Year	506,000	506,000	582,153	76,153
End of Year	\$ 393,670	\$ 393,670	\$ 507,362	\$ 113,692

* Legally adopted appropriation level

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FIDUCIARY FUNDS

These funds account for the District's scholarship programs provided by bequests and donations. Included are:

Private Purpose Trust Fund – accounts for fund-raising and scholarship resources received and held by the District in the fiduciary capacity. Disbursements from this fund are made in accordance with the trust and fund-raising agreements.

McMINNVILLE SCHOOL DISTRICT NO. 40
PRIVATE PURPOSE TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2019

	Budget		Actual	Variance Favorable (Unfavorable)
	Adopted	Final		
Revenues				
Local Sources				
Earnings on Investments	\$ 3,000	\$ 3,000	\$ 4,064	\$ 1,064
Contributions	10,000	10,000	2,600	(7,400)
Total Revenues	13,000	13,000	6,664	(6,336)
Expenditures				
Community Services *	50,000	50,000	8,167	41,833
Operating Contingencies *	98,000	98,000	-	98,000
Total Expenditures	148,000	148,000	8,167	139,833
Excess (Deficiency) of Revenues Over (Under) Expenditures	(135,000)	(135,000)	(1,503)	133,497
Fund Balances				
Beginning of Year	135,000	135,000	162,265	27,265
End of Year	\$ -	\$ -	\$ 160,762	\$ 160,762

* Legally adopted appropriation level

OTHER FINANCIAL SCHEDULES

McMINNVILLE SCHOOL DISTRICT NO. 40
 SCHEDULE OF PROPERTY TAX TRANSACTIONS
 Year Ended June 30, 2019

Tax Roll Year	Uncollected July 1, 2018 and Tax Levy	Less Discounts	Net Adjustments	Collections	Uncollected June 30, 2019
2018-2019	\$ 23,716,107	\$ 618,237	\$ (66,604)	\$ 22,390,052	\$ 641,214
2017-2018	637,202	-	(64,901)	266,814	305,487
2016-2017	404,380	-	(75,268)	138,662	190,450
2015-2016	229,261	-	(66,318)	92,729	70,214
2014-2015	145,390	-	(22,726)	104,839	17,825
2013-2014	107,472	-	(12,978)	77,263	17,231
Prior	351,690	-	(23,845)	265,197	62,648
	<u>\$ 25,591,502</u>	<u>\$ 618,237</u>	<u>\$ (332,640)</u>	23,335,556	<u>\$ 1,305,069</u>

Interest	113,611
Offsets and other adjustments	111,671
Sale of surplus property	29,359
Undistributed tax collections, June 30, 2019	189,206
Undistributed tax collections, June 30, 2018	<u>(137,080)</u>

Revenue Turned Over to District \$ 23,642,323

	General Fund	Debt Service Fund	Total Revenue
Current Year's Taxes	\$ 13,877,514	\$ 8,639,853	\$ 22,517,367
Prior Year's Taxes	591,969	390,017	981,986
County Property Sales	17,909	11,450	29,359
Interest on Uncollected Taxes	68,815	44,796	113,611
Revenue Turned Over to District	<u>\$ 14,556,207</u>	<u>\$ 9,086,116</u>	<u>\$ 23,642,323</u>

McMINNVILLE SCHOOL DISTRICT NO. 40
 SUPPLEMENTAL INFORMATION AS REQUIRED
 BY THE OREGON DEPARTMENT OF EDUCATION
 Year Ended June 30, 2019

A. Energy bill for Heating - **All Funds:**

Please enter your expenditures for electricity
 & heating fuel for these Functions & Objects.

	Objects 325 & 326
Function 2540	\$ 934,046
Function 2550	\$ -

B. Replacement Equipment - **General Fund:**

Include all General Fund expenditures in object 542, except for the following exclusions:

Exclude these functions:

\$	-
----	---

1113,1122 &1132	Co-curricular Activities	2550	Pupil Transportation
1140	Pre-Kindergarten	3100	Food Service
1300	Continuing Education	3300	Community Services
1400	Summer School	4150	Construction

McMINNVILLE SCHOOL DISTRICT NO. 40
REVENUE SUMMARY - ALL FUNDS
Year Ended June 30, 2019

	General Fund 100	Special Revenue Fund 200	Debt Service Fund 300	Capital Projects Fund 400	Trust Fund 700	Total
Local Sources						
1111 Current year taxes	\$ 13,877,514	\$ -	\$ 8,639,853	\$ -	\$ -	\$ 22,517,367
1112 Prior year taxes	591,969	-	390,017	-	-	981,986
1113 County Tax Sales Back Tax	17,909	-	11,450	-	-	29,359
1130 Construction Excise Tax	-	649,062	-	-	-	649,062
1190 Penalties/Interest Taxes	68,815	-	44,796	-	-	113,611
1300 Tuition	4,103	-	-	-	-	4,103
1500 Earnings on Investments	532,512	99,753	176,480	890,740	4,064	1,703,549
1600 Food Service	-	212,965	-	-	-	212,965
1700 Extra-Curricular Activities	142,192	1,095,413	-	-	-	1,237,605
1800 Community Service Activities	137,487	-	-	-	-	137,487
1910 Rentals	5,825	60,409	-	-	-	66,234
1920 Contributions and Donations	-	147,348	-	18,617	2,600	168,565
1940 Services Provided Other Districts	-	39,700	-	-	-	39,700
1970 Services Provided Other Funds	-	-	2,694,160	-	-	2,694,160
1980 Fees Charged to Grants	84,409	-	-	-	-	84,409
1990 Miscellaneous	26,487	191,860	-	34,765	-	253,112
Total Local Sources	15,489,222	2,496,510	11,956,756	944,122	6,664	30,893,274
Intermediate Sources						
2101 County School Fund	22,292	-	-	-	-	22,292
2102 ESD Apportionment	2,090,794	-	-	-	-	2,090,794
2199 Other Intermediate Sources	-	52,275	-	-	-	52,275
Total Intermediate Sources	2,113,086	52,275	-	-	-	2,165,361
State Sources						
3101 State School Fund	51,801,065	-	-	-	-	51,801,065
3102 State School Fund Match	-	30,774	-	-	-	30,774
3103 Common School Fund	743,109	-	-	-	-	743,109
3299 Other Restricted Grants-In-Aid	-	1,879,460	-	-	-	1,879,460
Total State Sources	52,544,174	1,910,234	-	-	-	54,454,408
Federal Sources						
4500 Restricted Through State	10,283	5,674,466	-	-	-	5,684,749
4700 Restricted Through Intermediate	-	72,540	-	-	-	72,540
4900 Commodities	-	247,859	-	-	-	247,859
Total Federal Sources	10,283	5,994,865	-	-	-	6,005,148
Other Sources						
5200 Interfund Transfers In	-	850,000	-	-	-	850,000
Total Other Sources	-	850,000	-	-	-	850,000
TOTAL REVENUES	\$ 70,156,765	\$ 11,303,884	\$ 11,956,756	\$ 944,122	\$ 6,664	\$ 94,368,191

McMINNVILLE SCHOOL DISTRICT NO. 40
GENERAL FUND (100) EXPENDITURE SUMMARY (BUDGETARY BASIS)
Year Ended June 30, 2019

	Wages Object 100	Payroll Costs Object 200	Services Object 300	Supplies Object 400	Capital Outlay Object 500	Other Object 600	Transfers Object 700	Total
Instruction								
1111 Elementary Programs	\$ 9,587,522	\$ 5,956,881	\$ 81,054	\$ 398,445	\$ -	\$ -	\$ -	\$ 16,023,902
1121 Middle/Junior High Programs	4,812,758	2,873,812	39,078	194,657	-	50	-	7,920,355
1122 Middle/Junior High School Extracurricular	115,498	29,526	8,207	26,458	-	100	-	179,789
1131 High School Programs	5,775,371	3,461,880	86,783	199,478	-	-	-	9,523,512
1132 High School Extracurricular	307,562	93,492	60,121	81,746	-	11,647	-	554,568
1140 Pre-kindergarten Programs	99,772	83,655	-	2,821	-	-	-	186,248
1210 Programs for the Talented and Gifted	136,023	83,896	-	2,134	-	-	-	222,053
1220 Restrictive programs for students with disabilities	1,577,479	1,179,134	-	12,338	-	-	-	2,768,951
1250 Less restrictive programs for students with disabilities	1,629,732	1,216,704	-	5,912	-	-	-	2,852,348
1280 Alternative Education	914,512	610,544	-	3,665	-	-	-	1,528,721
1291 English Second Language Programs	1,785,022	1,267,691	2,688	43,677	-	-	-	3,099,078
1292 Teen Parent Programs	149,075	91,147	-	8,787	-	-	-	249,009
1299 Other Programs	62,325	12,328	-	-	-	-	-	74,653
1400 Summer School Programs	47,327	16,374	-	-	-	-	-	63,701
Total Instruction	26,999,978	16,977,064	277,931	980,118	-	11,797	-	45,246,888
Support Services								
2110 Attendance and Social Work Services	839,556	569,088	58,984	315,610	-	-	-	1,783,238
2120 Guidance Services	975,052	644,287	225	3,013	-	-	-	1,622,577
2130 Health Services	148,878	87,010	801	(1,022)	-	-	-	235,667
2140 Psychological Services	265,116	161,507	39,890	5,766	-	-	-	472,279
2150 Speech Pathology and Audiology Services	390,423	257,570	21,099	8,967	-	1,700	-	679,759
2190 Service Direction: Student Support Services	245,746	132,152	8,714	12,546	-	500	-	399,658
2210 Improvement of Instruction Services	536,078	303,430	9,939	152,554	-	89	-	1,002,090
2220 Educational Media Services	780,907	514,273	-	38,470	-	-	-	1,333,650
2230 Assessment and Testing	-	-	-	9,849	-	-	-	9,849
2240 Instructional Staff Development	40,204	11,250	186,972	8,379	-	-	-	246,805
2310 Board of Education Services	-	-	156,829	20,154	-	133,029	-	310,012
2320 Executive Administration Services	271,227	183,045	3,343	5,581	-	1,899	-	465,095
2410 Office of the Principal Services	2,397,973	1,519,651	23,370	78,174	-	59	-	4,019,227
2510 Direction of Business Support Services	107,160	58,878	183	2,841	-	15	-	169,077
2520 Fiscal Services	340,922	196,567	6,268	24,101	-	30,412	-	598,270
2540 Operation and Maintenance of Plant Services	1,718,856	1,319,541	1,621,592	347,347	-	255,787	-	5,263,123
2550 Student Transportation Services	24,741	16,027	2,619,265	(20)	-	-	-	2,660,013
2570 Internal Services	-	-	47,523	21,834	-	1,338	-	70,695
2610 Direction of Central Support Services	218,019	125,381	63,452	21,958	-	16,992	-	445,802
2630 Information Services	60,288	30,954	20,416	10,125	-	-	-	121,783
2660 Technology Services	388,356	227,730	128,229	102,074	-	-	-	846,389
2700 Supplemental Retirement Program	115,800	68,745	-	-	-	-	-	184,545
Total Support Services	9,865,302	6,427,086	5,017,094	1,188,301	-	441,820	-	22,939,603
Other Functions								
5200 Transfers of Funds	-	-	-	-	-	-	850,000	850,000
Total Other Functions	-	-	-	-	-	-	850,000	850,000
TOTAL EXPENDITURES	\$ 36,865,280	\$ 23,404,150	\$ 5,295,025	\$ 2,168,419	\$ -	\$ 453,617	\$ 850,000	\$ 69,036,491

McMINNVILLE SCHOOL DISTRICT NO. 40
SPECIAL REVENUE FUNDS (200) EXPENDITURE SUMMARY (BUDGETARY BASIS)
Year Ended June 30, 2019

	Wages Object 100	Payroll Costs Object 200	Services Object 300	Supplies Object 400	Capital Outlay Object 500	Other Object 600	Transfers Object 700	Total
Instruction								
1111 Elementary Programs	\$ 7,947	\$ 643	\$ 38,124	\$ 258,016	\$ -	\$ -	\$ -	\$ 304,730
1113 Elementary Extracurricular	-	-	-	3,849	-	-	-	3,849
1121 Middle/Junior High Programs	31,706	8,832	4,971	162,439	-	-	-	207,948
1122 Middle/Junior High School Extracurricular	90	7	-	162,335	-	-	-	162,432
1131 High School Programs	309,548	153,546	75,913	625,781	-	52	-	1,164,840
1132 High School Extra-curricular	-	-	-	885,388	-	-	-	885,388
1140 Pre-kindergarten Programs	1,901	517	-	31,294	-	-	-	33,712
1220 Restrictive programs for students with disabilities	192,810	142,140	69,303	118	-	-	-	404,371
1250 Less restrictive programs for students with disabilities	93,894	101,063	-	4,224	-	-	-	199,181
1271 Remediation	355,703	110,028	41,615	22,755	-	14,247	-	544,348
1272 Title I	763,362	615,359	-	6,664	-	35,563	-	1,420,948
1280 Alternative Education	-	-	-	275	-	-	-	275
1291 English Second Language Programs	24,278	16,388	-	3,893	-	-	-	44,559
1400 Summer School Programs	110,158	35,827	20	23,037	-	-	-	169,042
Total Instruction	1,891,397	1,184,350	229,946	2,190,068	-	49,862	-	5,545,623
Support Services								
2110 Attendance and Social Work Services	161,961	97,073	30,261	16,946	-	1,939	-	308,180
2115 Student Safety	-	-	42,223	-	-	-	-	42,223
2120 Guidance Services	53,050	31,124	-	-	-	-	-	84,174
2130 Health Services	-	-	5,910	882	-	-	-	6,792
2140 Psychological Services	177,700	111,130	11,060	-	-	-	-	299,890
2150 Speech Pathology and Audiology Services	29,005	27,420	21,500	-	-	-	-	77,925
2160 Other Student Treatment	-	-	2,276	-	-	-	-	2,276
2190 Service Direction: Student Support Services	-	-	-	-	-	23,144	-	23,144
2210 Improvement of Instruction Services	7,648	1,180	9,515	1,934	-	1,116	-	21,393
2220 Educational Media Services	-	-	-	14,239	-	-	-	14,239
2240 Instructional Staff Development	95,444	23,247	133,392	28,684	-	8,348	-	289,115
2410 Office of Principal Services	79,515	37,503	956	4,074	-	-	-	122,048
2490 Other Support Services-School Administration	59,232	23,726	2,370	1,180	-	-	-	86,508
2540 Operation and Maintenance of Plant Services	-	-	103,192	1,059	60,849	-	-	165,100
2546 Security Services	58,452	35,775	18,063	2,332	-	18	-	114,640
2550 Student Transportation Services	-	-	13,198	-	-	-	-	13,198
2610 Direction of Central Support Services	-	-	823	-	-	-	-	823
2640 Staff Services	14,595	29,718	187	360	-	-	-	44,860
Total Support Services	736,602	417,896	394,926	71,690	60,849	34,565	-	1,716,528
Enterprise and Community Services								
3100 Food Services	976,837	744,416	69,336	1,256,423	43,284	8,219	-	3,098,515
3300 Community Services	22,850	3,553	42,082	24,232	-	-	-	92,717
Total Enterprise and Community Services	999,687	747,969	111,418	1,280,655	43,284	8,219	-	3,191,232
Facilities Acquisition and Construction								
4120 Site Acquisition and Development Services	-	-	133,194	2,095	-	13,417	-	148,706
4150 Building Acquisition, Construction, and Improvement	-	-	42,549	11,836	635,521	-	-	689,906
Total Facilities Acquisition and Construction	-	-	175,743	13,931	635,521	13,417	-	838,612
Other Functions								
5200 Transfers of Funds	-	-	-	-	-	-	-	-
Total Other Functions	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 3,627,686	\$ 2,350,215	\$ 912,033	\$ 3,556,344	\$ 739,654	\$ 106,063	\$ -	\$ 11,291,995

McMINNVILLE SCHOOL DISTRICT NO. 40
 DEBT SERVICE FUND (300) EXPENDITURE SUMMARY (BUDGETARY BASIS)
 Year Ended June 30, 2019

	Wages Object 100	Payroll Costs Object 200	Services Object 300	Supplies Object 400	Capital Outlay Object 500	Other Object 600	Total
Other Functions							
5100 Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,989,077	\$ 11,989,077
Total Other Functions	-	-	-	-	-	11,989,077	11,989,077
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,989,077</u>	<u>\$ 11,989,077</u>

McMINNVILLE SCHOOL DISTRICT NO. 40
 CAPITAL PROJECTS FUND (400) EXPENDITURE SUMMARY (BUDGETARY BASIS)
 Year Ended June 30, 2019

	Wages Object 100	Payroll Costs Object 200	Services Object 300	Supplies Object 400	Capital Outlay Object 500	Other Object 600	Total
Facilities Acquisition and Construction							
4110 Service Area Direction	\$ 128,798	\$ 47,674	\$ 66,752	\$ 730	\$	\$ -	\$ 243,954
4150 Building Acquisition, Construction, and Improvement	-	-	257,648	500,091	43,501,888	-	44,259,627
Total Facilities Acquisition and Construction	128,798	47,674	324,400	500,821	43,501,888	-	44,503,581
TOTAL EXPENDITURES	\$ 128,798	\$ 47,674	\$ 324,400	\$ 500,821	\$ 43,501,888	\$ -	\$ 44,503,581

McMINNVILLE SCHOOL DISTRICT NO. 40
 FIDUCIARY FUND (700) EXPENDITURE SUMMARY (BUDGETARY BASIS)
 Year Ended June 30, 2019

	Wages Object 100	Payroll Costs Object 200	Services Object 300	Supplies Object 400	Capital Outlay Object 500	Other Object 600	Total
Other Functions							
3390 Other Community Services	\$ -	\$ -	\$ 8,167	\$ -	\$ -	\$ -	\$ 8,167
Total Other Functions	-	-	8,167	-	-	-	8,167
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,167</u>

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STATISTICAL SECTION

This section provides further details as a context for a better understanding of the financial statements.

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Financial Trends These schedules contain trend information to help the reader understand how financial performance has changed over time.	94
Revenue Capacity These schedules contain information to help the reader assess the McMinnville School District's most significant local revenue sources, state school fund and property taxes.	98
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the ability to issue additional debt in the future.	102
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.	106
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs	108

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

McMINNVILLE SCHOOL DISTRICT NO. 40
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	2018-19	2017-18	2016-17	2015-16 *	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Governmental Activities										
Net investment in capital assets	\$ 60,569,246	\$ 59,894,436	\$ 52,959,303	\$ 44,269,882	\$ 40,288,915	\$ 36,979,216	\$ 34,552,035	\$ 31,098,952	\$ 29,772,254	\$ 29,369,762
Restricted	2,164,220	2,669,614	3,521,235	4,934,389	3,461,939	2,778,236	2,578,592	2,410,179	574,562	506,505
Unrestricted	(59,071,573)	(55,492,361)	(51,398,512)	(43,979,929)	(16,701,864)	(36,954,932)	(3,544,713)	(1,998,526)	1,436,885	2,004,510
Total primary government net position	<u>\$ 3,661,893</u>	<u>\$ 7,071,689</u>	<u>\$ 5,082,026</u>	<u>\$ 5,224,342</u>	<u>\$ 27,048,990</u>	<u>\$ 2,802,520</u>	<u>\$ 33,585,914</u>	<u>\$ 31,510,605</u>	<u>\$ 31,783,701</u>	<u>\$ 31,880,777</u>

* Restated for GASB 75

McMINNVILLE SCHOOL DISTRICT NO. 40
 CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Expenses										
Instructional programs	\$ 56,506,959	\$ 54,532,271	\$ 52,558,011	\$ 63,619,441	\$ 30,991,109	\$ 41,484,570	\$ 39,110,966	\$ 39,655,528	\$ 39,732,278	\$ 37,396,228
Support services										
Student transportation	2,673,211	2,249,261	2,208,921	2,089,382	2,045,590	1,993,979	2,198,634	2,190,121	2,182,331	2,018,216
Other support services	23,232,631	22,202,258	21,429,643	25,646,971	14,149,942	18,637,893	18,620,524	16,952,859	16,726,376	15,871,037
Community services	3,271,939	3,537,084	3,522,195	3,838,040	2,548,372	2,639,518	2,499,644	2,521,615	2,527,026	2,470,481
Facilities services	1,211,007	1,028,581	581,682	117,817	92,820	20,128	15,993	472,056	-	-
Interest on long-term debt	6,434,550	6,466,628	6,669,502	3,800,386	4,030,059	4,243,817	3,092,214	4,828,778	4,965,950	5,070,271
Total expenses	93,330,297	90,016,083	86,969,954	99,112,037	53,857,892	69,019,905	65,537,975	66,620,957	66,133,961	62,826,233
Program Revenues										
Charges for services										
Instructional programs	1,287,128	1,449,981	1,499,275	1,530,476	1,440,986	1,404,134	1,250,940	1,419,803	623,646	252,215
Other support services	176,218	178,343	129,363	122,901	120,027	77,982	143,440	185,630	38,989	-
Community services	263,483	117,921	107,322	101,108	96,296	393,159	388,648	447,170	493,052	557,467
Operating grants and contributions	9,823,510	9,450,956	9,166,772	10,090,709	10,840,699	9,745,187	10,300,449	8,849,537	10,611,941	10,008,494
Capital grants and contributions	53,382	4,938,157	4,823,252	-	-	-	-	-	-	-
Total program revenues	11,603,721	16,135,358	15,725,984	11,845,194	12,498,008	11,620,462	12,083,477	10,902,140	11,767,628	10,818,176
Net (Expense) Revenue	<u>(81,726,576)</u>	<u>(73,880,725)</u>	<u>(71,243,970)</u>	<u>(87,266,843)</u>	<u>(41,359,884)</u>	<u>(57,399,443)</u>	<u>(53,454,498)</u>	<u>(55,718,817)</u>	<u>(54,366,333)</u>	<u>(52,008,057)</u>
General Revenues										
Property taxes	23,019,870	21,850,303	21,529,589	20,756,714	19,971,205	18,912,202	18,757,989	18,292,024	17,850,725	17,108,697
State school fund - general support	50,835,277	49,507,845	45,323,080	45,102,671	42,186,575	39,074,365	33,941,098	34,490,713	32,795,909	34,642,566
Intermediate sources	2,113,086	2,100,157	2,172,679	2,126,367	2,189,842	1,934,088	1,875,412	1,264,323	1,200,859	-
Other state and local sources	649,062	1,077,628	1,259,595	1,201,250	1,119,603	946,812	823,229	739,183	2,025,891	1,638,031
Earnings on investments	1,699,485	1,300,355	816,711	199,469	139,129	128,987	132,079	131,244	123,825	158,813
Other	-	34,100	-	-	-	-	-	53,251	272,048	232,878
Total general revenues	78,316,780	75,870,388	71,101,654	69,386,471	65,606,354	60,996,454	55,529,807	54,970,738	54,269,257	53,780,985
Change in Net Position	<u>\$ (3,409,796)</u>	<u>\$ 1,989,663</u>	<u>\$ (142,316)</u>	<u>\$ (17,880,372)</u>	<u>\$ 24,246,470</u>	<u>\$ 3,597,011</u>	<u>\$ 2,075,309</u>	<u>\$ (748,079)</u>	<u>\$ (97,076)</u>	<u>\$ 1,772,928</u>

McMINNVILLE SCHOOL DISTRICT NO. 40
 FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Years
 (modified accrual basis of accounting)

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
General Fund										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,598,452
Committed to										
Asset Reserve	2,046,481	2,081,865	2,820,055	2,886,198	2,310,406	2,046,414	1,969,466	1,879,503	1,851,530	-
Textbook and Technology Replacement	124,765	176,541	179,300	421,400	250,000	-	-	-	-	-
Insurance Reserve	483,355	506,522	590,157	690,886	771,402	746,204	774,738	778,827	735,348	-
Unassigned	8,476,261	7,355,987	6,129,550	6,647,752	6,105,164	4,755,843	3,437,015	4,455,113	5,218,825	-
Total general fund	\$ 11,130,862	\$ 10,120,915	\$ 9,719,062	\$ 10,646,236	\$ 9,436,972	\$ 7,548,461	\$ 6,181,219	\$ 7,113,443	\$ 7,805,703	\$ 6,598,452
All Other Governmental Funds										
Unreserved, reported in:										
Debt Service Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,103,640
Capital Projects Funds	-	-	-	-	-	-	-	-	-	382,182
Special Revenue Funds	-	-	-	-	-	-	-	-	-	3,064,869
Restricted for										
Grant Activities	284,593	275,783	319,491	262,857	255,235	259,795	219,474	224,579	114,008	-
Debt Service	689,305	646,835	955,302	802,803	749,900	568,295	704,145	694,337	574,562	-
Capital Improvements	12,800,801	56,052,676	86,269,284	1,795,091	1,410,855	969,003	660,824	490,316	732,000	-
Associated Student Body	424,281	435,908	417,309	519,024	510,837	490,899	507,463	498,324	-	-
Nutrition Services	766,041	948,592	1,125,638	798,727	535,112	490,244	486,686	502,623	422,037	-
Committed to										
PERS Bond Debt Service	507,362	582,153	563,215	575,824	570,040	566,867	563,578	719,687	1,170,126	-
Total all other governmental funds	\$ 15,472,383	\$ 58,941,947	\$ 89,650,239	\$ 4,754,326	\$ 4,031,979	\$ 3,345,103	\$ 3,142,170	\$ 3,129,866	\$ 3,012,733	\$ 4,550,691

Note: GASB Statement 54 was implemented in fiscal year 2010-11.

McMINNVILLE SCHOOL DISTRICT NO. 40
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Revenues										
Property Taxes	\$ 23,642,323	\$ 21,880,892	\$ 21,655,614	\$ 20,725,897	\$ 19,853,832	\$ 18,885,540	\$ 18,585,198	\$ 18,294,839	\$ 17,810,749	\$ 16,817,229
Earnings on Investments	1,699,485	1,300,355	816,711	199,469	139,129	128,986	132,079	131,243	123,825	158,813
Other Revenue From Local Sources	3,952,251	3,544,297	4,020,911	3,341,203	3,261,526	3,017,593	2,721,176	2,214,090	3,129,710	2,848,557
Charges for Services	1,592,551	1,610,039	1,612,440	1,688,631	1,623,549	1,803,474	1,815,582	2,029,211	983,804	809,682
Intermediate Sources	2,165,361	2,177,104	2,339,067	2,333,034	2,373,720	2,107,064	1,895,508	1,290,982	1,261,691	254,349
State sources	54,454,408	57,818,198	52,421,334	48,062,326	45,259,744	41,689,946	37,158,203	37,087,147	35,177,714	36,553,481
Federal Sources	6,005,148	6,562,043	6,858,096	7,573,919	8,132,034	7,439,483	7,581,145	6,672,979	8,662,900	8,019,066
Total Revenues	93,511,527	94,892,928	89,724,173	83,924,479	80,643,534	75,072,086	69,888,891	67,720,491	67,150,393	65,461,177
Expenditures										
Instruction	50,792,511	49,051,233	47,093,306	45,749,145	42,796,254	39,915,996	37,401,381	37,511,136	36,901,689	34,900,224
Support Services	24,595,282	23,333,801	22,362,522	21,801,470	21,591,515	20,829,700	21,054,314	18,945,273	18,862,222	17,811,098
Enterprise and Community Services	3,147,948	3,373,212	3,305,735	3,220,708	2,967,976	2,563,536	2,421,521	2,416,555	2,455,359	2,440,894
Facilities Acquisition and Construction	1,204,785	1,022,557	581,682	117,816	92,820	20,128	15,993	602,012	303,685	1,937,380
Debt Service:										
Principal	4,891,768	4,412,249	4,422,629	6,811,360	6,183,956	5,582,120	5,396,877	5,452,976	3,891,484	3,363,729
Interest	7,097,309	7,125,224	6,675,573	3,860,160	4,088,757	4,301,834	4,265,880	4,929,097	5,066,661	5,169,486
Bond Issuance Costs	-	-	504,795	-	-	-	233,036	17,872	-	-
Capital Outlay	44,241,541	36,915,191	22,597,900	432,209	346,869	288,597	255,347	-	-	-
Total Expenditures	135,971,144	125,233,467	107,544,142	81,992,868	78,068,147	73,501,911	71,044,349	69,874,921	67,481,100	65,622,811
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,459,617)	(30,340,539)	(17,819,969)	1,931,611	2,575,387	1,570,175	(1,155,458)	(2,154,430)	(330,707)	(161,634)
Other Financing Sources (Uses)										
Sale of Fixed Assets	-	34,100	6,730	-	-	-	-	-	-	-
Bonds Issued and Premiums	-	-	101,781,978	-	-	-	-	-	-	-
Refunding Bonds Issued and Premiums	-	-	-	-	-	-	49,348,383	1,104,320	-	-
Payments of Escrow for Refunding	-	-	-	-	-	-	(49,112,845)	-	-	-
Total Other Sources (Uses)	-	34,100	101,788,708	-	-	-	235,538	1,104,320	-	-
Net Change in Fund Balance	(42,459,617)	(30,306,439)	83,968,739	1,931,611	2,575,387	1,570,175	(919,920)	(1,050,110)	(330,707)	(161,634)
Fund Balance										
Beginning of Year	69,062,862	99,369,301	15,400,562	13,468,951	10,893,564	9,323,389	10,243,309	11,293,419	11,149,143	11,310,777
End of year	\$ 26,603,245	\$ 69,062,862	\$ 99,369,301	\$ 15,400,562	\$ 13,468,951	\$ 10,893,564	\$ 9,323,389	\$ 10,243,309	\$ 10,818,436	\$ 11,149,143
Debt service as a percentage of noncapital expenc	13.24%	13.22%	13.16%	13.10%	13.23%	13.50%	13.65%	14.99%	13.34%	13.40%

McMINNVILLE SCHOOL DISTRICT NO. 40
 ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Assessed Value					Assessed Value	Total Direct Rate (a)	Estimated Actual Value of Taxable Property (b)	Assessed Value as a % of Estimated Actual Value of Taxable Property
	Real Property	Personal Property	Manufactured Structures	Utilities					
2010	\$ 2,337,138,142	\$ 75,381,461	\$ 41,282,812	\$ 86,109,012	\$ 2,539,911,427	6.94	\$ 4,045,707,073	62.78%	
2011	2,428,004,168	76,957,802	40,924,662	88,259,688	2,634,146,320	6.92	3,961,011,054	66.50%	
2012	2,488,542,770	73,129,486	36,518,687	88,806,674	2,686,997,617	6.98	3,547,429,517	75.74%	
2013	2,562,434,123	74,971,254	34,549,906	86,811,210	2,758,766,493	6.98	3,488,131,424	79.09%	
2014	2,624,439,230	73,919,360	34,671,070	92,937,829	2,825,967,489	6.87	3,518,402,639	80.32%	
2015	2,712,588,271	77,963,094	32,588,494	89,481,076	2,912,620,935	6.94	3,658,832,392	79.61%	
2016	2,896,448,939	81,438,355	35,516,279	102,508,575	3,115,912,148	6.87	4,026,645,831	77.38%	
2017	2,986,919,695	35,831,188	87,739,415	103,182,263	3,213,672,561	6.89	4,413,034,916	72.82%	
2018	3,091,624,120	86,752,183	40,671,388	104,687,235	3,323,734,926	6.75	5,604,828,529	59.30%	
2019	3,248,949,459	89,669,279	45,453,679	106,443,602	3,490,516,019	6.74	5,764,553,363	60.55%	

(a) Per \$1,000 of assessed value.

(b) The real market value of property in the county is reassessed annually. The amounts in this schedule do not include tax exempt property.

Source: Yamhill County Assessor's Office.

McMINNVILLE SCHOOL DISTRICT NO. 40
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	McMinnville School District No. 40			Overlapping Rates (a)									
	Operating	Debt Service	Total District	Yamhill County	City of McMinnville	City of Lafayette	Willamette ESD	Chemeketa Community College	McMinnville RFPD	Carlton Fire	Sheridan Fire	Amity RFPD	Other Taxing Districts (b)
2010	4.15	2.79	6.94	2.58	5.84	3.49	0.30	0.71	1.14	1.48	1.47	1.77	0.16
2011	4.15	2.77	6.92	2.58	5.74	3.49	0.30	0.79	1.14	1.48	1.47	1.81	0.16
2012	4.15	2.83	6.98	2.58	5.70	3.49	0.30	0.88	1.14	1.50	1.47	1.85	0.16
2013	4.15	2.83	6.98	2.58	5.72	3.49	0.30	0.86	0.96	1.46	1.47	1.76	0.16
2014	4.15	2.72	6.87	2.58	5.72	3.49	0.30	0.86	0.96	1.46	1.47	1.76	0.16
2015	4.15	2.79	6.94	2.58	5.70	3.49	0.30	0.89	0.96	1.46	1.47	1.79	0.16
2016	4.15	2.72	6.87	2.58	6.18	3.49	0.30	0.92	0.96	1.45	1.47	1.79	0.16
2017	4.15	2.74	6.89	2.58	6.10	3.49	0.30	0.90	0.96	1.44	1.47	2.21	0.16
2018	4.15	2.60	6.75	2.58	6.36	3.49	0.30	0.90	0.96	1.43	1.47	2.21	0.16
2019	4.15	2.59	6.74	2.58	6.47	3.49	0.30	0.90	0.96	1.43	1.47	2.21	0.16

Note: Property tax rates listed are per \$1,000 assessed value.

(a) Overlapping rates are those of local and county governments that apply to property owners within the McMinnville School District. Not all overlapping rates apply to all McMinnville School District property owners (example: the rates for special districts apply only to property located within the geographic boundaries of that special district).

(b) Other taxing districts include Yamhill County Extension Service, Yamhill County Soil & Water District and Chemeketa Library .

Source: Yamhill County Assessor's Office.

McMINNVILLE SCHOOL DISTRICT NO. 40
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS PRIOR

Taxpayer	Business/Service	2019			2010		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Value
Cascade Steel Rolling Mills	Steel Mill	\$ 72,896,317	1	2.09%	\$ 69,576,709	1	2.74%
Willamette Valley Medical Center	(a) Medical Care/Hospital	59,141,643	2	1.69%	57,235,320	2	2.25%
The Falls at McMinnville LLC	Events Center	24,664,742	3	0.71%			
Riverbend Landfill Co	Landfill	23,980,144	4	0.69%			
HCP SH ELP1 Properties LLC	(b) Retirement Living	20,559,031	5	0.59%	17,412,733	4	0.69%
Portland General Electric	Utility	19,134,000	6	0.55%			
Lafayette Place Apartments LLC	Apartment rental	18,612,004	7	0.53%			
Jackson Family Wines Inc	Vineyards and wineries	17,267,035	8	0.49%			
Lowes HIW Inc.	Retail	13,758,898	9	0.39%	15,598,025	6	0.61%
McMinnville Plaza	(c) Shopping Center	13,337,149	10	0.38%	9,878,841	9	0.39%
Verizon Northwest Inc.	Telecommunications				21,139,800	3	0.83%
Northwest Natural Gas Co	Natural Gas Utility				16,528,700	5	0.65%
Comcast Corporation	Telecommunications				12,984,200	7	0.51%
Air Liquide Industrial LP	Oxygen				10,265,728	8	0.40%
Homette Corporation	Manufactured Homes				7,428,073	10	0.29%
Subtotal - ten of the District's largest taxpayers		283,350,963		8.12%	238,048,129		9.37%
All other District taxpayers in Yamhill County		3,207,165,056		91.88%	2,301,863,298		90.63%
Total District taxpayers		\$ 3,490,516,019		100.00%	\$ 2,539,911,427		100.00%

Source: Yamhill County Assessor's Office

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

McMINNVILLE SCHOOL DISTRICT NO. 40
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year End June 30,	Total Tax Levy for Fiscal Year			Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Original	Adjustments (a)	Total Adjusted	Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2010	\$ 17,625,301	\$ (510,025)	\$ 17,115,276	\$ 16,233,698	92.10%	\$ 860,234	\$ 17,093,932	99.88%
2011	18,226,860	(586,586)	17,640,274	16,842,355	92.40%	791,996	17,634,351	99.97%
2012	18,736,255	(582,739)	18,153,516	17,355,602	92.63%	793,422	18,149,024	99.98%
2013	19,244,450	(673,423)	18,571,027	17,757,708	92.27%	802,065	18,559,773	99.94%
2014	19,410,313	(596,362)	18,813,951	18,048,287	92.98%	748,433	18,796,720	99.91%
2015	20,410,647	(622,491)	19,788,156	19,008,327	93.13%	762,004	19,770,331	99.91%
2016	21,389,909	(817,032)	20,572,877	19,911,013	93.09%	591,650	20,502,663	99.66%
2017	22,110,201	(737,368)	21,372,833	20,749,859	93.85%	432,524	21,182,383	99.11%
2018	22,517,639	(736,204)	21,781,435	21,209,134	94.19%	266,814	21,475,948	98.60%
2018	23,716,107	(684,841)	23,031,266	22,390,052	94.41%	-	22,390,052	97.22%

Source: Yamhill County Department of Assessment and Taxation.

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

McMINNVILLE SCHOOL DISTRICT NO. 40
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS

Fiscal Year Ended June 30,	General Obligation Bonds (1)	Less Amounts Available in Debt Service Fund (2)	Total	Taxable Assessed Value (3)	Percentage of Taxable Assessed Value	Estimated Actual Value of Property (3)	Percentage of Estimated Actual Value of Property	District Population (4) (Estimated)	Per Capita (4)
2010	\$ 73,050,401	\$ 506,505	\$ 72,543,896	\$ 2,539,911,427	2.856%	\$ 4,045,707,073	1.793%	41,457	1,750
2011	69,417,641	574,562	68,843,079	2,634,146,320	2.613%	3,961,011,054	1.738%	42,130	1,634
2012	65,287,163	694,337	64,592,826	2,686,997,617	2.404%	3,547,429,517	1.821%	42,232	1,529
2013	67,221,391	704,145	66,517,246	2,758,766,493	2.411%	3,488,131,424	1.907%	42,500	1,565
2014	61,635,405	568,295	61,067,110	2,825,967,489	2.161%	3,518,402,639	1.736%	42,704	1,430
2015	55,524,419	749,900	54,774,519	2,912,620,935	1.881%	3,658,832,392	1.497%	43,113	1,270
2016	48,868,433	802,803	48,065,630	3,115,912,148	1.543%	4,026,645,831	1.194%	43,704	1,100
2017	145,856,152	955,302	144,900,850	3,213,672,561	4.509%	4,413,034,916	3.283%	44,479	3,258
2018	141,161,893	646,835	140,515,058	3,323,734,926	4.228%	5,604,828,529	2.507%	44,634	3,148
2019	136,082,634	689,305	135,393,329	3,490,516,019	3.879%	5,764,553,363	2.349%	44,774	3,024

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

(1) This is the general bonded debt net of original issuance discounts and premiums

(2) This is the amount restricted for debt service principal payments

(3) See Assessed and Real Market Value of properties for property value data.

(4) See Demographic and Economic Statistics for population and personal income data. These ratios are calculated using income and population from prior calendar year.

McMINNVILLE SCHOOL DISTRICT NO. 40
 OUTSTANDING DEBT BY TYPE
 LAST TEN YEARS

Fiscal Year Ended June 30,	General Obligation Bonds (1)	Pension Obligation Bonds	Total Outstanding Debt	Percentage of Personal Income (2)	Debt Per Capita (2)
2010	\$ 73,050,401	\$ 28,666,141	\$ 101,716,542	7.67%	\$ 2,454
2011	69,417,641	28,309,657	97,727,298	7.08%	2,320
2012	65,287,163	27,931,681	93,218,844	6.48%	2,207
2013	67,221,391	27,434,804	94,656,195	6.49%	2,227
2014	61,635,405	26,862,684	88,498,089	5.91%	2,072
2015	55,524,419	26,213,728	81,738,147	5.16%	1,896
2016	48,868,433	25,482,368	74,350,801	4.37%	1,701
2017	145,856,152	24,669,739	170,525,891	9.22%	3,834
2018	141,161,893	23,767,490	164,929,383	8.53%	3,695
2019	136,082,634	22,770,722	158,853,356	7.80%	3,548

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- (1) This is the general bonded debt net of original issuance discounts and premiums
- (2) See Demographic and Economic Statistics for population and personal income data. These ratios are calculated using income and population from the prior calendar year.

McMINNVILLE SCHOOL DISTRICT NO. 40
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 June 30, 2019

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to District</u>	<u>Amount Applicable to District</u>
Direct			
McMinnville School District No. 40	\$ 158,853,356	100.00%	\$ 158,853,356
Overlapping			
Chemeketa Community College	65,383,375	8.92%	5,831,020
City of McMinnville	32,267,920	99.96%	32,255,174
Yamhill County	7,608,556	35.67%	2,713,751
Willamette ESD	8,523,891	8.09%	689,702
City of Lafayette	5,304,909	100.00%	5,304,909
New Carlton Fire District	805,000	2.44%	<u>19,673</u>
Subtotal, overlapping debt			<u>46,814,229</u>
Total direct and overlapping debt			<u>\$ 205,667,585</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and business of the District. This process recognizes that, when considering the District'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.

Source: Debt Management Division, Oregon State Treasury.

McMINNVILLE SCHOOL DISTRICT NO. 40
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2019

Real Market Value	\$ 5,764,553,363
Debt limit (7.95% of real market value)	458,281,992
Debt applicable to limit	<u>(120,555,000)</u>
Legal debt margin	<u><u>\$ 337,726,992</u></u>

Fiscal Year	Debt Limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
2019	\$ 458,281,992	\$ 120,555,000	\$ 337,726,992	26.31%
2018	445,583,868	124,450,000	321,133,868	27.93%
2017	350,836,276	127,960,000	222,876,276	36.47%
2016	320,118,344	43,170,000	276,948,344	13.49%
2015	290,877,175	49,250,000	241,627,175	16.93%
2014	279,713,010	54,785,000	224,928,010	19.59%
2013	277,306,448	59,795,000	217,511,448	21.56%
2012	282,020,647	63,805,000	218,215,647	22.62%
2011	314,900,379	67,760,000	247,140,379	21.52%
2010	321,633,712	71,295,000	250,338,712	22.17%

Note: Under ORS 328.245, the McMinnville School District's outstanding general obligation debt should not exceed 7.95% of real market value. This is based on a limitation factor of .0055 for each grade kindergarten through eight and .0075 by each grade nine through twelve.

McMINNVILLE SCHOOL DISTRICT NO. 40
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS

<u>Calendar Year</u>	<u>Estimated Population (a)</u>	<u>Per Capita Personal Income (b)</u>	<u>Total Estimated Personal Income</u>	<u>Unemployment Rate (c)</u>
2009	41,457	\$ 31,991	\$ 1,326,250,887	11.60%
2010	42,130	32,768	1,380,515,840	10.40%
2011	42,232	34,055	1,438,210,760	9.20%
2012	42,500	34,330	1,459,025,000	8.50%
2013	42,704	35,049	1,496,732,496	7.60%
2014	43,113	36,765	1,585,049,445	6.50%
2015	43,704	38,920	1,700,959,680	5.30%
2016	44,479	41,600	1,850,326,400	4.60%
2017	44,634	43,328	1,933,901,952	3.80%
2018	44,774	45,478	2,036,231,972	3.60%

Sources:

- (a) Population estimate includes population of the City of McMinnville, City of Lafayette and 26% of unincorporated areas of Yamhill County. Population estimate per Portland State University Population Research Center data.
- (b) Per Capita Personal Income for Yamhill County per U.S. Department of Commerce, Bureau of Economic Analysis.
- (c) Oregon Employment Department, Local Area Unemployment Statistics for Yamhill County, seasonally adjusted.

McMINNVILLE SCHOOL DISTRICT NO. 40
 MAJOR EMPLOYMENT INDUSTRIES - YAMHILL COUNTY
 CURRENT YEAR AND NINE YEARS PRIOR

Employer	2018			2009		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Private Employers:						
Manufacturing	6,896	1	18.99%	5,810	1	19.03%
Health care	4,880	2	13.44%	3,907	2	12.80%
Retail	3,732	3	10.27%	3,086	3	10.11%
Leisure & Hospitality	3,792	4	10.44%	2,624	5	8.59%
Natural Resources: Agriculture, forestry	3,669	5	10.10%	2,758	4	9.03%
Professional and business services	1,940	6	5.34%	1,474	6	4.83%
Construction	1,977	7	5.44%	1,345	8	4.40%
Education services	1,512	8	4.16%	1,397	7	4.58%
Other services	1,396	9	3.84%	1,111	9	3.64%
Financial activities	1,007	10	2.77%	1,047	10	3.43%
Wholesale	629	11	1.73%	541	12	1.77%
Transportation, warehousing & utilities	468	12	1.29%	648	11	2.12%
Information	242	13	0.67%	184	13	0.60%
Subtotal Private	32,140		88.48%	25,932		84.93%
Government						
Federal	440		1.21%	473		1.55%
State	211		0.58%	410		1.34%
Local Government						
Education & health services	2,093		5.76%	2,101		6.88%
Public administration	1,121		3.09%	1,410		4.62%
Other	318		0.88%	208		0.68%
Subtotal Government	4,183		11.52%	4,602		15.07%
Total Employment	36,323		100.00%	30,534		100.00%

Source: Oregon Employment Department Workforce and Economic Research Division at www.qualityinfo.org.

Note: Information provided for Yamhill County

McMINNVILLE SCHOOL DISTRICT NO. 40
 STUDENT ENROLLMENT STATISTICS
 LAST TEN YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Weighted Average Daily Membership (1)</u>	<u>Average Daily Membership (2)</u>	<u>Full-time Equivalent Teaching Staff (3)</u>	<u>Ratio of Students to Teaching Staff</u>
2010	7,732	6,237	335	19
2011	7,565	6,126	342	18
2012	7,536	6,130	331	19
2013	7,558	6,142	321	19
2014	7,695	6,269	327	19
2015	7,796	6,303	349	18
2016	8,223	6,630	367	18
2017	8,151	6,667	375	18
2018	8,101	6,662	371	18
2019	7,904	6,607	378	17

(1) Weighted Average Daily Membership is the enrollment figure used to allocate revenues appropriated by the State to school districts. It is the average daily membership increased for a variety of weighting factors such as students with disabilities, english language learners and poverty.

(2) Average daily membership during the school year. Kindergarten was counted as .50 until 2015-16 , the first year of full day kindergarten.

(3) Includes classroom, music, physical education, special education teachers, librarians and counselors.

Source: McMinnville School District No. 40 personnel and student records.

McMINNVILLE SCHOOL DISTRICT NO. 40
 CERTIFIED, CLASSIFIED, ADMINISTRATIVE AND OTHER EMPLOYEES
 LAST TEN YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Licensed</u>	<u>Classified</u>	<u>Administrative</u>	<u>Confidential</u>	<u>Total</u>
2010	375	297	23	14	709
2011	384	313	22	14	733
2012	368	309	22	14	713
2013	363	299	23	14	699
2014	360	294	23	14	691
2015	394	299	23	14	730
2016	404	319	25	14	762
2017	422	328	25	14	789
2018	417	324	25	13	779
2019	420	326	25	13	784

Source: McMinnville School District No. 40 personnel records.

Note: Number of employees both full-time and part-time (headcount).

McMINNVILLE SCHOOL DISTRICT NO. 40
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS

Fiscal Year	(2) Average Daily Membership	General Fund (3) Expenditures and other financing uses	General Fund Per Student Expenditure	Nutrition Services				Percent Eligible Free or Reduced (5)	Student Transportation	
				Breakfast	Lunch	Dinner (4)	Total Meals		Total Bus Routes	Total Miles
2019	6,607	\$ 69,036,491	\$ 10,449	404,722	519,174	73,264	997,160	63.0%	47	655,681
2018	6,659	66,784,822	10,029	454,728	676,871	70,629	1,202,228	100.0%	47	615,791
2017	6,667	64,195,002	9,629	462,984	716,278	84,463	1,263,725	100.0%	47	614,304
2016 (1)	6,630	62,215,375	9,384	427,859	736,361	80,016	1,244,236	100.0%	47	516,654
2015	6,533	57,662,742	8,826	338,964	669,075	80,845	1,088,884	100.0%	47	546,937
2014	6,523	53,894,508	8,262	225,762	507,543	-	733,305	58.3%	47	651,252
2013	6,396	50,759,176	7,936	194,712	513,108	-	707,820	58.2%	47	657,333
2012	6,385	50,331,836	7,883	188,411	531,753	-	720,164	57.9%	47	651,871
2011	6,345	50,995,677	8,037	189,143	555,826	-	744,969	55.6%	47	705,512
2010	6,467	48,201,963	7,454	199,476	579,521	-	778,997	54.4%	47	686,080

- (1) District began offering full day kindergarten in 2015-16.
- (2) Average daily membership with kindergarten = 1.0
- (3) General fund budgetary basis schedule
- (4) District began serving dinner meals to students in after school programs in 2015
- (5) District participated in the Community Eligibility Provision at all schools from 2014-2018. In 2018-19, only elementary schools participated.

Source: McMinnville School District Records.

McMINNVILLE SCHOOL DISTRICT NO. 40
 CAPITAL ASSET INFORMATION
 AS OF JUNE 30, 2019

<u>Building</u>	<u>Year of Original Building Construction</u>	<u>Square Footage (1)</u>	<u>Capacity (1)</u>	<u>Enrollment 10/1/2018</u>	<u>Percent of Capacity</u>	<u>Average Age of Buildings (in years)</u>
Elementary Schools						
Buel	2008	80,837	600	462	77%	11
Columbus	1994	68,740	600	462	77%	25
Grandhaven	1999	69,958	600	513	86%	20
Memorial	1947	67,292	600	598	100%	72
Newby	1960	58,527	532	504	95%	59
Wascher	1979	61,259	517	410	79%	40
Total		<u>406,613</u>	<u>3,449</u>	<u>2,949</u>	<u>86%</u>	<u>38</u>
Middle Schools						
Duniway	1993	119,412	961	762	79%	26
Patton	1976	132,820	971	845	87%	43
Total		<u>252,232</u>	<u>1,932</u>	<u>1,607</u>	<u>83%</u>	<u>35</u>
High Schools						
McMinnville High Sch	1955 - 2017	268,935	2,231			63
Adams Campus	1914	34,052	336			105
Total		<u>302,987</u>	<u>2,567</u>	<u>2,165</u>	<u>84%</u>	<u>84</u>
Other Buildings						
Cook Administration Office	1924	43,464				95
Baker Street Annex	1965	9,081				54
Evans Street Ctr	1995	6,418				24
Facilities Warehouse	1977	23,000				42
19th Street Maintenance	1948	12,395				71
Stadium	1980	12,480				39
Total		<u>106,838</u>				<u>54</u>
GRAND TOTAL		<u>1,068,670</u>	<u>7,948</u>	<u>6,721</u>	<u>85%</u>	<u>49</u>

Notes:

Many buildings have undergone remodels since original construction

(1) Square footage and capacity presented do not include modular classroom space.

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AUDIT COMMENTS AND
DISCLOSURES
REQUIRED BY STATE
REGULATIONS

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MCMINNVILLE SCHOOL DISTRICT NO. 40
INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

We have audited the basic financial statements of the McMinnville School District No. 40 (District) as of and for the year ended June 30, 2019 and have issued our report thereon dated December 13, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).
- State school fund factors and calculation

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.



OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

This report is intended solely for the information and use of the board of directors and management of the District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 13, 2019

GRANT COMPLIANCE SECTION

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To the School Board
McMinnville School District No. 40
Yamhill County, Oregon

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

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, each major fund, and the aggregate remaining fund information of McMinnville School District No. 40 (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 13, 2019.

Internal Control over Financial Reporting

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing 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.

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 13, 2019



To the School Board
McMinnville School District No. 40
Yamhill County, Oregon

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

We have audited McMinnville School District No. 40's (District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.



Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wilcox Arredondo & Co.

Certified Public Accountants
Canby, Oregon
December 13, 2019

McMINNVILLE SCHOOL DISTRICT NO. 40
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2019

Federal Grantor/Pass-through Grantor Program Title	Grant Period	Federal C.F.D.A. Number	Pass-Through Grantor's Number	Grant Amount	Federal Expenditures	Expend- itures to Subrecipients
U.S. Department of Education						
Passed through Oregon State Department of Education						
Title IA Grants	07/01/17-09/30/18	84.010	45636	1,561,903	\$ 25,654	\$ -
	07/01/18-09/30/19	84.010	50429	1,546,439	1,521,243	-
	Total			3,108,342	1,546,897	-
IDEA: Special Education Grants to State	07/01/17-09/30/19	84.027	45212	970,544	305,938	-
	07/01/18-09/30/20	84.027	49911	955,112	680,206	-
Post School Outcomes - Interviews 2018	07/01/17-07/01/18	84.027	52270	585	585	-
SPR&I (System Performance Review and Improvement	07/01/18-06/30/19	84.027	49557	5,793	195	-
Extended Assessment	07/01/18-06/30/19	84.027	49158	1,099	1,099	-
IDEA Enhancement	10/01/17-09/30/18	84.027	46479	7,957	3,027	-
	10/01/18-09/30/19	84.027	51306	7,957	1,862	-
IDEA Part B, Section 619	07/01/17-09/30/19	84.173	45451	8,856	-	-
	07/01/18-09/30/20	84.173	50137	9,318	-	-
	Total Special Education Cluster			1,967,221	992,912	-
Title IV-A Student Support and Academic Enrichment	07/01/18-09/30/19	84.424	50765	112,726	98,919	-
21st Century Community Learning Centers	07/01/17-09/30/18	84.287	44153	299,985	88,060	-
	07/01/18-09/30/19	84.287	49069	499,371	401,885	40,000
	Total			799,356	489,945	40,000
Title III English Language Acquisition	07/01/18-09/30/19	84.365	50261	101,214	56,913	-
Title II-A Improving Teacher Quality	07/01/17-09/30/18	84.367	45852	208,028	17,263	-
	07/01/18-09/30/19	84.367	49349	223,309	177,076	-
	Total			431,337	194,339	-
Foster Care Transportation Grant	07/01/17-06/30/19	93.658	47457	9,698	9,698	-
Passed Through University of Oregon Paths 2 the Future	07/01/17-12/31/18	84.324A	226000-00528	3,000	246	-
Passed Through Willamette Education Service District Title I-C Migrant Education	07/01/18-09/30/19	84.011	N/A	72,294	72,294	-
Total U.S. Department of Education				6,605,188	3,462,163	40,000
U.S. Department of Agriculture - Special Revenue Fund						
Passed through Oregon State Department of Education						
School Breakfast Program	07/01/18-06/30/19	10.553	N/A	647,349	647,349	-
National School Lunch Program	07/01/18-06/30/19	10.555	N/A	1,274,791	1,274,791	-
Commodities - NSLP	07/01/18-06/30/19	10.555	N/A	247,859	247,859	-
Summer Food Service Program	07/01/18-06/30/19	10.559	N/A	55,184	55,184	-
National School Lunch SAE Admin	07/01/17-06/30/18	10.560	N/A	1,523	1,523	-
National School Lunch SAE Admin	07/01/18-06/30/19	10.560	N/A	4,764	4,764	-
	Total Child Nutrition Cluster			2,231,470	2,231,470	-
Child Nutrition Program Block - Child Care - Food	07/01/18-06/30/19	10.558	N/A	242,504	242,504	-
Child Nutrition Program CACFP CIL - Cash Commoditie	07/01/18-06/30/19	10.558	N/A	17,217	17,217	-
	Total			259,721	259,721	-
Fresh Fruit and Vegetable Program	10/01/17-09/30/18	10.582	46332	27,850	64	-
Fresh Fruit and Vegetable Program	10/01/17-09/30/18	10.582	46588	25,500	86	-
Fresh Fruit and Vegetable Program	10/01/18-09/30/19	10.582	50562	27,850	26,144	-
Fresh Fruit and Vegetable Program	10/01/18-09/30/19	10.582	50563	25,500	25,500	-
	Total			106,700	51,794	-
Total U.S. Department of Agriculture				2,597,891	2,542,985	-
Total Federal Awards				\$ 9,203,079	\$ 6,005,148	\$ 40,000

McMINNVILLE SCHOOL DISTRICT NO. 40
NOTES RELATIVE TO SCHEDULE OF FEDERAL AWARDS
For the Year Ended June 30, 2019

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of McMinnville School District No. 40 (District) programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

2. Summary of Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*) wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance due to the fact that the District has a negotiated indirect cost rate with Oregon Department of Education, and thus is not allowed to use the de minimus rate.

McMINNVILLE SCHOOL DISTRICT NO. 40
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes ___ No

Significant deficiency(ies) identified that are not considered to be material weakness(es) Yes ___ None reported

Noncompliance material to financial statements noted? Yes ___ No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? Yes ___ No

Significant deficiency(ies) identified not considered to be material weakness(es)? Yes ___ None reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? Yes ___ No

Identification of major programs:

CFDA NUMBER

NAME OF PROGRAM OR CLUSTER

84.010

Title 1A

Dollar threshold used to distinguish between type A and B programs \$ 750,000

Auditee qualified as low-risk auditee? Yes No ___

McMINNVILLE SCHOOL DISTRICT NO. 40
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS - NONE

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS - NONE

SECTION IV - SUMMARY OF PRIOR AUDIT FINDING - NONE