

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2021



McMinnville School District #40

Achieving Excellence in Education

800 NE Lafayette Avenue • McMinnville, OR 97128 • 503.565.4000 • www.msd.k12.or.us

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

**Comprehensive Annual
Financial Report**

Year Ended June 30, 2021

Prepared by the
Fiscal Services Department

Debbie Brockett
Superintendent

Samantha Nelson
Director of Finance

Susan Escure
Financial Analyst

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TABLE OF CONTENTS

	Page
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	i
GFOA Certificate of Achievement for Excellence in Financial Reporting	vii
ASBO Certificate of Excellence in Financial Reporting	viii
Organization Chart	ix
Appointed and Elected Officials	x
 <u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	6-14
 BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balance of Governmental Funds to the Statement of Activities	21
Statement of Net Position – Fiduciary Funds	22
Statement of Changes in Net Position – Fiduciary Funds	23
Notes to the Basic Financial Statements	24-52
 REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Changes in Total Other Post Employment Benefits and Related Ratios	54
Oregon Public Employees Retirement System Schedules – District's Proportionate share of the Net OPEB Liability for RHIA and District Contributions	55
Oregon Public Employees Retirement System Schedules – District's Proportionate share of the Net Pension Liability and District Contributions	56
Schedule of Revenues, Expenditures, and Changes in Fund balance – Budget and Actual:	
General Fund	57
Grants Fund	58
Notes to Required Supplementary Information	59-60
 SUPPLEMENTARY INFORMATION:	
 OTHER MAJOR FUNDS	
Combining Balance Sheet – Major Governmental Fund	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Major Governmental Fund	63
Schedule of Revenues, Expenditures, and Changes in Fund balance – Budget and Actual:	
Asset Reserve Fund	64
Textbook and Technology Replacement Reserve	65
Insurance Reserve Fund	66
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Debt Service Fund	68
Capital Projects Fund	69

TABLE OF CONTENTS

	Page
SUPPLEMENTARY INFORMATION (Continued):	
NONMAJOR FUNDS	
Combining Balance Sheet – Nonmajor Governmental Funds	72
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	73
Schedule of Revenues, Expenditures, and Changes in Fund balance – Budget and Actual:	
School Nutrition Program Fund	76
Student Body Fund	77
Construction Excise Tax Fund	78
PERS Debt Service Fund	79
FIDUCIARY FUND	
Private Purpose Trust Fund	82
OTHER FINANCIAL SCHEDULES	
Schedule of Property Tax Transactions	84
Oregon Department of Education Form 581-3211 - Supplemental Information	85
Revenues by Function – All Governmental Funds	86
Expenditures by Function/Object – General Fund	87
Expenditures by Function/Object – Special Revenue Funds	88
Expenditures by Function/Object – Debt Service Fund	89
Expenditures by Function/Object – Capital Projects Fund	90
Expenditures by Function/Object – Fiduciary Fund	91
<u>STATISTICAL SECTION:</u>	
Net Position	94
Changes in Net Position	95
Fund Balance – Governmental Funds	96
Changes in Fund Balances – Governmental Fund	97
Assessed and Estimated Value of Taxable Property	98
Direct and Overlapping Property Tax Rates	99
Principal Property Taxpayers	100-101
Property Tax Levies and Collections	102
Ratios of General Bonded Debt Outstanding	103
Outstanding Debt by Type	104
Computation of Direct and Overlapping Debt	105
Legal Debt Margin Information	106
Demographic and Economic Statistics	107
Major Employment Industries	108
Average Student to Teacher Ratio	109
Certificated, Classified, Administrative and Other Employees	110
Operating Statistics	111
Capital Asset Information	112
<u>AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS</u>	
Independent Auditors' Report Required by Oregon State Regulations	115-116
<u>GRANT COMPLIANCE SECTION</u>	
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 <i>Government Auditing Standards</i>	119-120
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance	121-122
Schedule of Expenditures of Federal Awards	123
Notes to the Schedule of Expenditures of Federal Awards	124
Summary Schedule of Findings and Questioned Costs	125-126

INTRODUCTORY SECTION

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McMinnville

School District No. 40

800 NE Lafayette Avenue

McMinnville, OR 97128

Phone: 503.565.4000

Fax: 503.565.4030

December 10, 2021

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, 2021, 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, 2021. 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 6,400 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. Duties of the School Board include setting policy, adopting budgets, appointing the Superintendent, and hiring, terminating, and approving resignations of all certified and administrative staff members. The Board constitutes one-half of the Budget Committee and appoints the seven citizen members.

ENROLLMENT

Student enrollment in the fall of 2020 was 6,345. Enrollment counts are compiled annually on October 1st as required by the State of Oregon. The District's enrollment decreased by 363 last year. Due to the COVID-19 pandemic, many students enrolled in other online options or home school programs. The long-term implications of the pandemic on enrollment are yet to be fully understood. Regardless of the pandemic, enrollment was projected to decrease slightly over the next few years due to lower birth rates resulting in lower kindergarten cohorts.

Grade Level	2010	2015	2020
Elementary (Grades K-5)	2,947	3,088	2,578
Middle School (Grades 6-8)	1,506	1,540	1,653
High School (Grades 9-12)	2,007	2,110	2,114
Total Enrollment	6,460	6,738	6,345

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 34,251 and Lafayette, population 4,446. 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 production, medical and social services, retail, plastics and rubber products fabrication, fabricated metal products, leisure and hospitality, health food products, and agriculture. Yamhill County's primary economic base is agriculture. The County is the heart of Oregon's wine industry, with the largest area planted in vineyards of any county of the state.

As of June 2021, the Yamhill County unemployment rate was 5.4%, as compared to 5.6% for the state of Oregon and 5.9% at the national level. The unemployment rate improved from 10% the prior year. Employment numbers recovered steadily over the past fiscal year after the decline in the prior year resulting from economic impacts of the COVID-19 Pandemic.

The real market value of property located in the boundaries of the District increased by 8% from 2019-20 to 2020-21, while the assessed property values increased by 3.6%. Assessed value as a percentage of real market value was 57% 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 2020-21, the total real market value of property within the District boundaries is \$6.75 billion and the assessed value is \$3.8 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 \$9 billion to \$9.3 billion for 2021-23 biennium, a 3.4% increase. In addition, the state legislature passed the Student Success Act (SSA) in 2019 which when fully implemented will invest \$1 billion annually in early learning and K-12 education. A new corporate activity tax was imposed to provide this additional funding for new educational investment activities which first became effective during the 2020-21 fiscal year.

Economic recovery from the pandemic continues to be robust for the State of Oregon. As of December 2021, state revenues are currently forecasted to be 3.5% higher than budgeted. The State is on track to reach full employment by the end of 2022. Additionally, the State maintains two budgetary reserve funds currently totaling \$1.4 billion to offset future economic or revenue shortfalls.

LONG-TERM FINANCIAL PLANNING

The District's unassigned general fund balance at year-end was 12.9% of the total General Fund revenues. The board policy set the minimum ending fund balance at 8% of adopted revenues and encourages a higher fund balance, when possible, to offset unforeseen state revenue shortfalls. The reserves are maintained to absorb economic downturns, state funding formula reductions and other revenue shortfalls.

District facilities consist of eleven school buildings and four support services buildings. The average age of these buildings is 50 years, ranging from 2 years old to 107 years old. 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 \$105 million. In addition, the District received \$7 million from a state matching grant and \$2 million from a state seismic upgrade grant.

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. As of June 30, 2021, there remains \$3.8 million earmarked for seismic upgrades at Patton Middle School.

The District completed a detailed professional assessment of each facility in 2019. An updated long-range facilities plan will be developed to guide the future needs for the District.

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*** (SSA) – Oregon legislature passed HB 3427 during the 2019 legislative session which will increase revenue for K-12 education by \$1 billion each year beginning in 2020-21. The SSA provides funding in three accounts, the Student Investment Account (SIA), Statewide Education Initiatives Account, and the Early Learning Account. Beginning in 2019 the District held community engagement activities to determine the best use of the SIA funding. These funds will be used towards 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** (Measure 98) – The District has received funding from the High School Success fund for four years. These funds are used to establish and expand programs for dropout prevention, career and technical education, and college level opportunities. Passage of the Student Success Act has provided full funding for this program.
- **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 programing 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, 2020. This was the twelfth 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, 2020. This was the twelfth 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,



Debbie Brockett
Superintendent



Samantha Nelson
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**McMinnville School District #40
Oregon**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

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 40

**for its Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2020.**

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



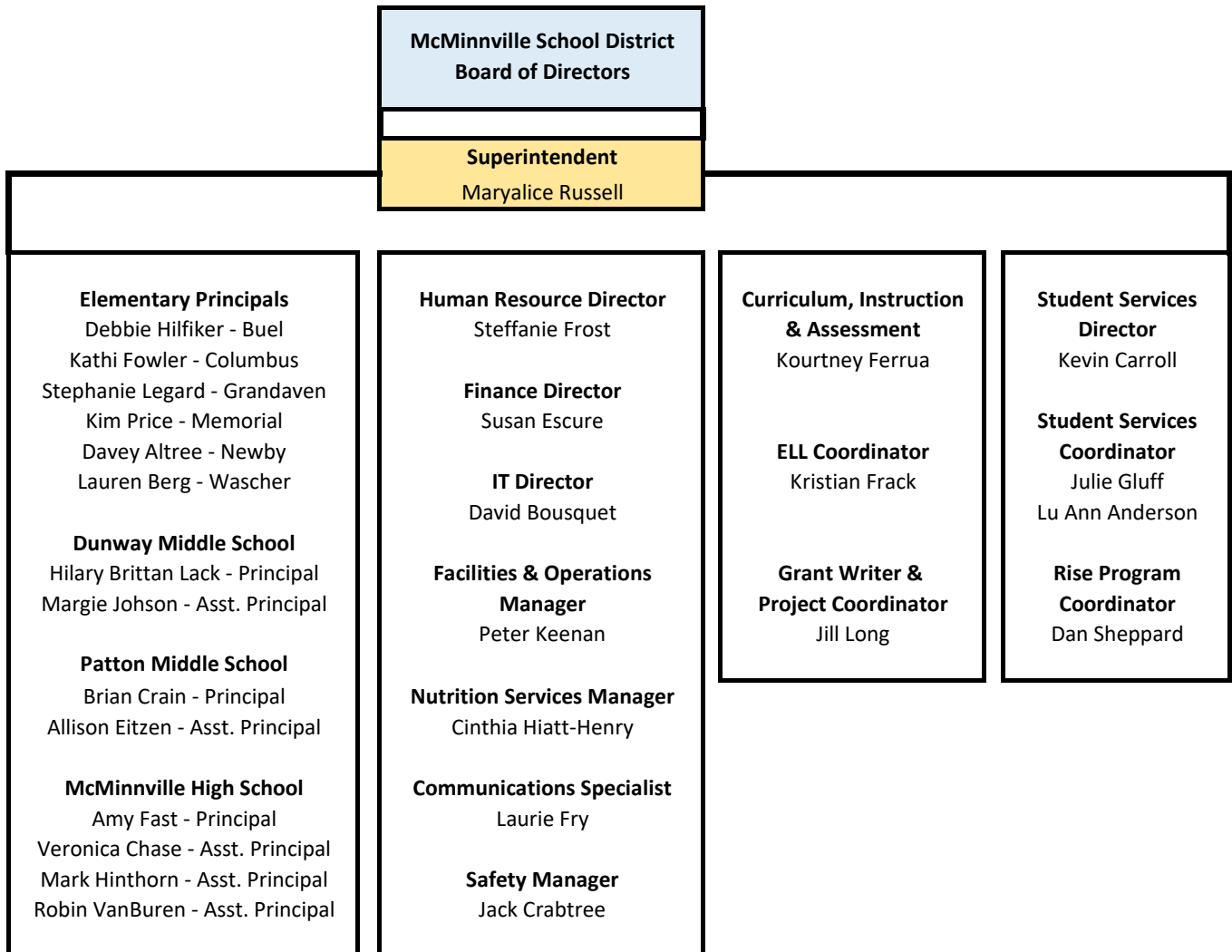
W. Edward Chabal
President

David J. Lewis
Executive Director

McMINNVILLE SCHOOL DISTRICT

ORGANIZATIONAL CHART

2020-2021



McMINNVILLE SCHOOL DISTRICT NO. 40
YAMHILL COUNTY, OREGON

Administrative Office

800 Lafayette Avenue
McMinnville, Oregon 97128

Debbie Brockett
Samantha Nelson
Susan Escure

Superintendent
Director of Finance
Financial Analyst

BOARD OF DIRECTORS AS OF JUNE 30, 2021

	<u>Term Expires</u>
Mr. Larry Vollmer, Board Chair 1946 Fir Street McMinnville, Oregon 97128	June 30, 2022
Mr. Carson Benner, Vice Chair 1240 SE Brooks St. McMinnville, Or 97128	June 30, 2021
Ms. Janis Braich 124 Anne Street McMinnville, Oregon 97128	June 30, 2022
Ms. Barbara Carter 629 NW Jason Court McMinnville, Oregon 97128	June 30, 2021
Dr. Paul Haddeland 2103 NW Chrystal Dr. McMinnville, OR 97128	June 30, 2022
Mr. Gerardo Partida 889 SW Westvale St. McMinnville, OR 97128	June 30, 2022
Ms. Yanira Vera 1825 NW Cottonwood Dr 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, 2021, 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, 2021, 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 States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 10, 2021, 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 10, 2021 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 10, 2021

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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, 2021

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, 2021. 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 liabilities and deferred inflows of resources exceeded the assets and deferred outflows of by \$12.2 million (net position). The total net position decreased by \$6.5 million from the prior year. The negative net position is primarily due to the District's share of actuarially determined unfunded retirement benefit liabilities. Further analysis can be found in the discussion of the Statement of Net Position.
- The total cost of all District programs was \$102.4 million, an increase of \$2.5 million (2.5 %) from the prior year.
- At June 30, 2021, the District's governmental funds report a combined fund balance of \$19 million, an increase of \$2.4 million in comparison to the prior fiscal year. Of this amount \$9.5 million is available for spending at the government's discretion (unassigned fund balance). The General Fund's unassigned fund balance increased by \$1.7 million from the prior year.

OTHER HIGHLIGHTS

- In May 2016, District voters passed an \$89.4 million capital bond measure. The bond authorization included major renovations to the McMinnville High School, a new career technical center, as well as various renovations to each school and support services building to include seismic upgrades, roof replacements, energy upgrades and safety and security investments. Of the \$89.4 million authorized, \$1 million remained unissued as of June 30, 2020. The remaining \$1 million in capital bonds were issued on June 15, 2021. These funds will be used to complete projects as authorized in 2016.
- On June 15, 2021, the District also issued \$25.85 million refunding bonds to refinance the 2013 series general obligation bonds. This refunding will save District taxpayers by reducing the total debt service requirement by \$1.6 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.

McMINNVILLE SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

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.

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.

McMINNVILLE SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

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 52 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.

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. As noted earlier, the District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$12.2 million at June 30, 2021.

Statement of Net Position

	Governmental Activities		Increase (Decrease)
	June 30, 2021	June 30, 2020	
Current and other assets	\$ 29,545,803	\$ 26,984,350	\$ 2,561,453
Capital assets	177,513,034	182,796,976	(5,283,942)
Total Assets	<u>207,058,837</u>	<u>209,781,326</u>	<u>(2,722,489)</u>
Deferred Outflows of Resources	<u>29,626,102</u>	<u>25,780,641</u>	<u>3,845,461</u>
Long-term obligations	232,889,940	225,715,224	7,174,716
Other liabilities	<u>8,463,227</u>	<u>8,865,684</u>	<u>(402,457)</u>
Total Liabilities	<u>241,353,167</u>	<u>234,580,908</u>	<u>6,772,259</u>
Deferred Inflows of Resources	<u>7,501,466</u>	<u>6,680,387</u>	<u>821,079</u>
Net Position			
Net investment in capital assets	54,686,599	56,345,606	(1,659,007)
Restricted	6,618,447	5,989,800	628,647
Unrestricted	<u>(73,474,770)</u>	<u>(68,034,734)</u>	<u>(5,440,036)</u>
Total Net Position	<u>\$ (12,169,724)</u>	<u>\$ (5,699,328)</u>	<u>\$ (6,470,396)</u>

McMINNVILLE SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Net position. The largest portion of the District's net position reflects an investment of \$54.7 million in capital assets (land, buildings, 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 \$6.6 million and represents resources that are subject to external restrictions on how they may be used.

The remaining balance is a negative unrestricted net position totaling \$73.5 million. The decrease of \$5.4 million from the fiscal year 2019-20 is primarily due to the change in the PERS net pension liability.

Cash and other assets. Cash and other assets totaled \$29.5 million at year end. Cash and investments (\$23.6 million) made up 80% of this total. Total cash and other assets increased by \$2.6 million from the prior year. This is primarily due to general fund revenues exceeding expenses and the issuance of \$1 million in general obligation bonds for capital projects.

Capital assets. At year end, the District's investment in capital assets amounted to \$177.5 million (net of accumulated depreciation). This includes land, buildings and improvements, equipment, and construction in progress as shown in the following table:

Capital Assets (Net of Depreciation)			
	Governmental Activities		
	June 30, 2021	June 30, 2020	Increase (Decrease)
Land	\$ 4,879,642	\$ 4,879,642	\$ -
Construction in Progress	207,752	39,314	168,438
Buildings and Improvements	170,161,020	175,143,197	(4,982,177)
Equipment	2,264,620	2,734,823	(470,203)
Total capital assets, net of accumulated depreciation	<u>\$ 177,513,034</u>	<u>\$ 182,796,976</u>	<u>\$ (5,283,942)</u>

During fiscal year, net capital assets decreased by \$5.3 million. This decrease is primarily due to depreciation expense in excess of capital asset additions. Major capital assets events during the current fiscal year included the following:

- Reroofing projects of \$366,500.
- Intercom systems replacements of \$75,400.
- Improvements to softball and baseball fields of \$60,597.
- Technology firewall appliance of \$64,364.
- General building maintenance and grounds equipment of \$93,135.

Depreciation expense was \$6.2 million for the year. Additional information on the District's capital assets can be found in Note 4 of this report.

McMINNVILLE SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Deferred inflows and outflows of resources. Deferred outflows of resources increased by \$3.8 million and deferred inflows of resources increased by \$821,000 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 3.5% of the District's total liabilities, consists of payables on accounts, salaries and benefits, interest charges, and unearned revenues.

Outstanding long-term obligations represent 96.5% of the District's total liabilities. At the end of the current fiscal year, the District's long-term obligations totaled \$232.9 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, 2021	June 30, 2020	
General obligation bonds	\$ 114,415,000	\$ 116,160,000	\$ (1,745,000)
Pension obligation bonds	19,685,001	21,670,001	(1,985,000)
Unamortized premium	11,129,966	14,343,375	(3,213,409)
Net Pension Liability	81,777,506	67,078,729	14,698,777
OPEB obligation	5,872,467	6,463,125	(590,658)
 Total long-term debt	 <u>\$ 232,879,940</u>	 <u>\$ 225,715,230</u>	 <u>\$ 7,164,710</u>

The District's total long-term debt increased by \$7.2 million during the current fiscal year. This reflects an increase of \$14.5 million in the net pension liability and a decrease in bonds payable of \$7 million in bonds payable and unamortized bond premium due to principal payments and the issuance of refunding bonds.

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 \$537 million, which significantly exceeds the District's outstanding general obligation debt of \$114 million. Additional information on the District's long-term debt can be found in Note 5 of this report.

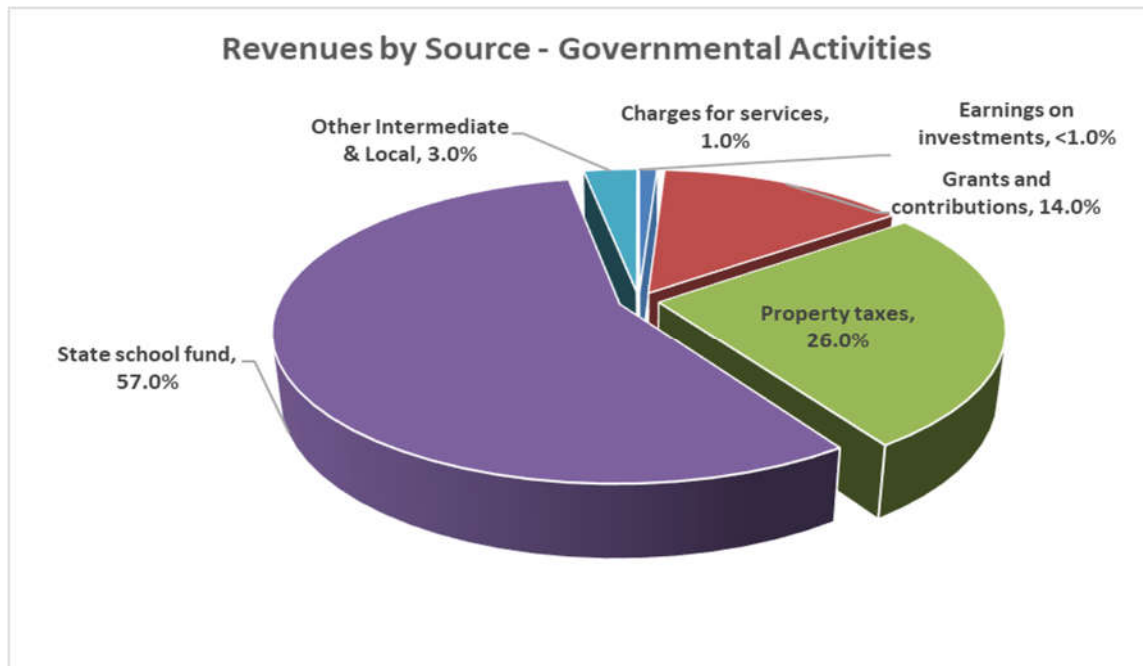
McMINNVILLE SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Governmental Activities. During the fiscal year, the District's net position decreased by \$6.5 million. The key elements of the change in the District's net position for the year ended June 30, 2021 are as follows:

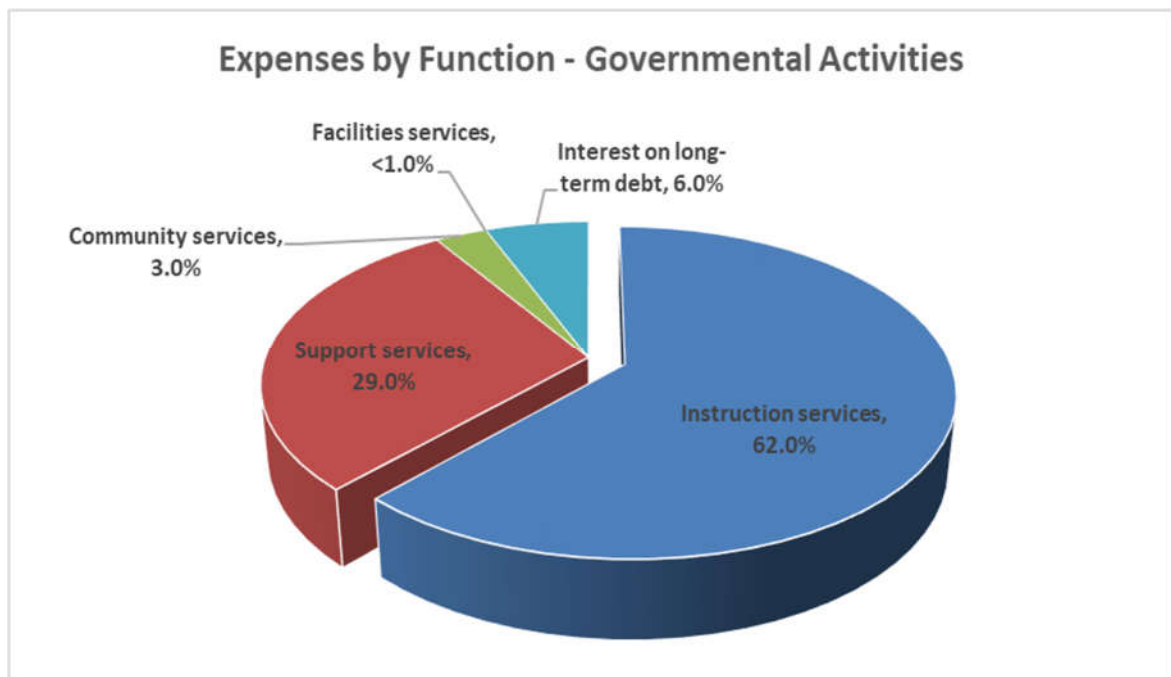
	Changes in Net Position For the Year Ended		
	<u>Governmental Activities</u>		<u>Increase (Decrease)</u>
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	
Revenues:			
Program Revenues:			
Charges for services	\$ 679,721	\$ 1,634,313	\$ (954,592)
Operating grants and contributions	13,071,973	9,642,820	3,429,153
Capital grants and contributions	-	162,372	(162,372)
General Revenues:			
Property taxes	25,039,587	24,087,025	952,562
State school fund	54,226,770	52,128,039	2,098,731
Intermediate and other local sources	2,577,909	2,034,218	543,691
Earnings on investments	294,281	859,506	(565,225)
Total revenues	<u>95,890,241</u>	<u>90,548,293</u>	<u>5,341,948</u>
Expenses:			
Instruction	63,400,809	61,371,161	2,029,648
Support services	29,544,121	28,228,246	1,315,875
Community services	3,142,629	3,447,468	(304,839)
Facilities services	236,370	556,068	(319,698)
Interest on long-term debt	6,036,708	6,306,571	(269,863)
Total expenses	<u>102,360,637</u>	<u>99,909,514</u>	<u>2,451,123</u>
Change in net position	(6,470,396)	(9,361,221)	2,890,825
Net position - July 1	<u>(5,699,328)</u>	<u>3,661,893</u>	<u>(9,361,221)</u>
Net position - June 30	<u>\$ (12,169,724)</u>	<u>\$ (5,699,328)</u>	<u>\$ (6,470,396)</u>

McMINNVILLE SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Revenues. Total revenues increased by \$5.3 million (5.9%). Program revenues increased by \$2.3 million due to new federal emergency relief funds available through the Cares Act and a new student success grant funded through a state corporate activity tax signed into law May 2019. General revenues increased by \$3 million as a result of increased state school funding and local property taxes.



Expenses. Total expenses increased by \$2.5 million (2.5%). This increase is primarily due to the increase in wages and benefits for instruction and student support services.



McMINNVILLE SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

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 near-term inflows – cash flow and funding for current services – and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in assessing the District's near-term 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, 2021, the District's governmental funds reported combined ending fund balances of \$19 million, an increase of \$2.4 million. 50% of this amount (\$9.5 million) is *unassigned fund balance*, which is available for spending at the government's discretion. 35% of this amount is *restricted* for particular purposes (\$6.6 million) and 15% is *committed* by the District for specific purposes (\$2.9 million). The increase in fund balance is primarily in unassigned fund balance. 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, 2021, the total general fund balance was \$11.9 million. The fund balance increased by \$1.7 million due to decreased expenditures resulting from changing to comprehensive distance learning in response to the COVID-19 pandemic. Significant decreases in expense were realized in the areas of student transportation and substitute teaching services. The *unassigned* fund balance is \$9.5 million which represents 12.9% of total General Fund revenues. *Committed* fund balance of \$2.4 million represent budgetary reserve funds held for asset replacement and insurance reserves.

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 \$307,055 which is not significantly different from the prior year. Grant revenue is normally recognized as grant expenditures are expended.

Debt Service Fund. The Debt Service Fund has a total *restricted* fund balance of \$503,216. 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 \$3.8 million. This fund increased by \$570,983 as a result of bond proceeds from the issuance of \$1 million of capital bonds authorized in 2016 net of capital expenditures of \$545,000.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there was one budget resolution in the General Fund to transfer \$250,000 from support services to transfers. The General Fund budgetary schedule can be found on page 57 of this report.

Final budget compared to actual results. Actual revenues were \$300,000 lower in the area of local sources: investment earnings, property tax and fees for services. Expenditures were lower than appropriations by \$3.5 million. Due to the pandemic, expenditures for substitute services and student transportation were significantly less than budget while the District was offering comprehensive distance learning. Also, an operating contingency of \$500,000 was not utilized.

McMINNVILLE SCHOOL DISTRICT NO. 40
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most significant economic factor for the District's General Fund is the State School Fund. 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 (ADM) of students with additional weights for students with special needs, English language learners and poverty. The ADM of the current year or the prior year is used, whichever is higher. Student enrollment declined by 4% state-wide in the fall of 2020 compared to a 5% decrease for the District. The decline in enrollment was primarily focused in the elementary grades and especially kindergarten. The transition from in person education to comprehensive distance learning due to the pandemic has resulted in students going to private or home school options. This decline did not affect the District's 2020-21 share of state school funding for two reasons: 1) the District was funded based on the higher prior year enrollment and 2) state-wide enrollment dropped similarly to the District.

For the 2021-22 budget, enrollment was projected to recover with the transition back to the brick and mortar education model. Instead, enrollment recovered by only 25%. Enrollment as of October 1, 2020 was 6,345 (363 less than the prior year). As of October 1, 2021, enrollment has increased to 6,432 (87 more than 2020). The full impact on enrollment due to the pandemic is unknown at this time.

The 2021-22 budget was adopted by the Board on June 28, 2021. The adopted budget for the General Fund for the year ending June 30, 2021 includes appropriations of \$76.9 million, 1.8% higher than the 2020-21 adopted budget. Board policy mandates that the District budget with the goal to maintain a minimum target of eight percent ending fund balance. The budget for 2020-21 includes planned reserves of \$7.0 million or 10% of revenues.

The budget for next year focuses on increased academic supports and interventions for our most vulnerable and historically underserved students with the addition of instructional specialists, investments in special education programs and added preschool classrooms. The budget also focuses on social emotional mental and behavior supports across the District that include additional instructional assistants focused on skill building, social emotional curriculum, and counselors. These additional supports and interventions are funded through increased federal and state restricted grant revenue: the Elementary and Secondary School Emergency Relief Fund (federal grant) and the School Investment Account (state grant). The adopted budget for the Grants Fund for 2021-22 reflects an increase in appropriations of \$7.5 million (54%) primarily due to these new resources.

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 Samantha Nelson, Director of Finance, McMinnville School District #40, 800 N.E. Lafayette St. McMinnville, OR 97128.

BASIC FINANCIAL STATEMENTS

McMINNVILLE SCHOOL DISTRICT NO. 40
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets	
Cash and investments	\$ 23,597,189
Accounts receivables	
Property taxes	1,344,214
Accounts and grants receivable	3,287,554
Restricted cash and investments	12,633
OPEB net asset - RHIA	1,304,213
Capital assets not depreciated	5,087,394
Capital assets, net of depreciation	<u>172,425,640</u>
Total Assets	<u>207,058,837</u>
Deferred Outflows of Resources	
PERS deferred outflows	26,177,553
OPEB deferred outflows	730,017
Deferred charge on refunding	<u>2,718,532</u>
Total Deferred Outflows of Resources	<u>29,626,102</u>
Liabilities	
Current liabilities	
Accounts payable	876,666
Accrued payroll and payroll liabilities	7,212,844
Accrued interest payable	166,554
Unearned revenue	207,193
Long-term liabilities	
Due within one year	8,270,000
Due in more than one year	
Bonds payable	136,969,967
PERS net pension liability	81,777,506
Total OPEB liability - PHIS	<u>5,872,467</u>
Total Liabilities	<u>241,353,197</u>
Deferred Inflows of Resources	
PERS deferred inflows	4,974,503
OPEB - deferred inflows	<u>2,526,963</u>
Total Deferred Inflows of Resources	<u>7,501,466</u>
Net Position	
Net investment in capital assets	54,686,599
Restricted for:	
Other grant activities	307,055
Debt service	503,216
Capital improvements	4,685,639
Associated student body	442,441
Nutrition services	680,096
Unrestricted	<u>(73,474,770)</u>
Total Net Position	<u>\$ (12,169,724)</u>

See notes to the basic financial statements.

McMINNVILLE SCHOOL DISTRICT NO. 40
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	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	\$ 63,400,809	\$ 275,230	\$ 5,757,002	\$ -
Supporting services				
Student transportation	2,120,943		1,367,508	-
Other support services	27,423,178	259,440	3,347,759	-
Community services	3,142,629	145,051	2,599,704	-
Facilities services	236,370		-	-
Interest on long-term debt	6,036,708		-	-
Total Governmental Activities	<u>\$ 102,360,637</u>	<u>\$ 679,721</u>	<u>\$ 13,071,973</u>	<u>\$ -</u>
General Revenues				
Property taxes levied for				
General purposes				15,409,829
Debt service				9,629,758
Construction excise tax				340,920
State School Fund - general support				54,226,770
Unrestricted intermediate sources				2,236,989
Earnings on investments				294,281
Total general revenues				<u>82,138,547</u>
Change in Net Position				(6,470,396)
Net Position				
Beginning of year				<u>(5,699,328)</u>
End of year				<u>\$ (12,169,724)</u>

See notes to the basic financial statements.

McMINNVILLE SCHOOL DISTRICT NO. 40
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Grants Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals
ASSETS						
Cash and Investments	\$ 17,109,061	\$ -	\$ 340,991	\$ 3,795,103	\$ 2,352,034	\$ 23,597,189
Receivables						
Property Taxes	834,120	-	510,094	-	-	1,344,214
Accounts and Grants Receivable	442,241	2,618,266	-	-	227,047	3,287,554
Due from Other Funds	1,966,219	-	-	-	-	1,966,219
Restricted Cash and Investments	-	-	-	-	12,633	12,633
Total Assets	\$ 20,351,641	\$ 2,618,266	\$ 851,085	\$ 3,795,103	\$ 2,591,714	\$ 30,207,809
LIABILITIES						
Accounts Payable	\$ 654,620	\$ 137,799	\$ 4,470	\$ 35,104	\$ 44,673	\$ 876,666
Accrued Payroll and Related Charges	7,212,844	-	-	-	-	7,212,844
Due to Other Funds	-	1,966,219	-	-	-	1,966,219
Unearned Revenue	-	207,193	-	-	-	207,193
Total Liabilities	7,867,464	2,311,211	4,470	35,104	44,673	10,262,922
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	567,852	-	343,399	-	-	911,251
Total Deferred Inflows of Resources	567,852	-	343,399	-	-	911,251
FUND BALANCES						
Restricted for						
Grant Activities	-	307,055	-	-	-	307,055
Debt service	-	-	503,216	-	-	503,216
Capital Improvements	-	-	-	3,759,999	925,640	4,685,639
Associated Student Body	-	-	-	-	442,441	442,441
Nutrition Services	-	-	-	-	680,096	680,096
Committed to						
Asset Reserve	1,897,373	-	-	-	-	1,897,373
Textbook and Technology Replacement	170,601	-	-	-	-	170,601
Insurance Reserve	310,538	-	-	-	-	310,538
Debt Service	-	-	-	-	498,864	498,864
Unassigned	9,537,813	-	-	-	-	9,537,813
Total Fund Balances	11,916,325	307,055	503,216	3,759,999	2,547,041	19,033,636
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 20,351,641	\$ 2,618,266	\$ 851,085	\$ 3,795,103	\$ 2,591,714	\$ 30,207,809

See notes to the basic financial statements.

McMINNVILLE SCHOOL DISTRICT NO. 40
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
June 30, 2021

Total fund balances - governmental funds	\$	19,033,636
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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	\$	238,357,512	
Accumulated depreciation		<u>(60,844,478)</u>	177,513,034

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.	911,251
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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	(81,777,506)	
Deferred outflows of pension related items	26,177,553	
Deferred inflows of pension related items	<u>(4,974,503)</u>	(60,574,456)

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	1,304,213	
Total OPEB liability - PHIS	(5,872,467)	
Deferred outflows of OPEB related items	730,017	
Deferred inflows of OPEB related items	<u>(2,526,963)</u>	(6,365,200)

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	(166,554)	
Bonds payable (including premium)	(145,239,967)	
Deferred charges on refunding	<u>2,718,532</u>	<u>(142,687,989)</u>

Total Net Position	<u>\$</u>	<u>(12,169,724)</u>
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McMINNVILLE SCHOOL DISTRICT NO. 40
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021

	General Fund	Grants Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Revenues						
Local Sources						
Property Taxes	\$ 15,435,676	\$ -	\$ 9,648,911	\$ -	\$ -	\$ 25,084,587
Construction Excise Tax	-	-	-	-	340,920	340,920
Charges for Services	85,249	6,386	-	-	294,230	385,865
Rentals	82,536	-	-	-	-	82,536
Investment Earnings	211,810	-	30,449	24,239	27,783	294,281
Contributions and Donations	-	61,292	-	-	18,000	79,292
Recovery of Prior Years' Expenditures	49,737	-	-	-	-	49,737
Fees Charged to Grants	140,823	-	-	-	-	140,823
Services to Other Funds	-	-	-	-	3,133,249	3,133,249
Miscellaneous	100,239	66,775	-	-	1,255	168,269
Intergovernmental						
Intermediate Sources	2,234,950	247,768	2,039	-	-	2,484,757
State Sources	55,616,770	3,970,785	-	-	92,347	59,679,902
Federal Sources	2,508	4,945,945	-	-	2,343,328	7,291,781
Total Revenues	73,960,298	9,298,951	9,681,399	24,239	6,251,112	99,215,999
Expenditures						
Current						
Instruction	47,461,554	5,756,400	-	-	269,746	53,487,700
Support Services	24,057,721	3,380,683	-	-	-	27,438,404
Enterprise and Community Services	232,986	146,027	-	-	2,511,541	2,890,554
Facilities Acquisition and Construction	179,436	-	-	40,129	16,805	236,370
Debt Service						
Principal	-	-	4,910,000	-	1,985,000	6,895,000
Interest	-	-	4,926,350	-	1,181,361	6,107,711
Bond Issuance Costs	-	-	229,645	12,082	-	241,727
Capital Outlay						
Support Services	38,611	-	-	-	-	38,611
Enterprise and Community Services	-	-	-	-	-	-
Facilities Acquisition and Construction	245,892	-	-	493,882	111,050	850,824
Total Expenditures	72,216,200	9,283,110	10,065,995	546,093	6,075,503	98,186,901
Excess (Deficiency) of						
Revenues Over (Under) Expenditures	1,744,098	15,841	(384,596)	(521,854)	175,609	1,029,098
Other Financing Sources (Uses)						
Issuance of debt	-	-	-	1,000,000	-	1,000,000
Bond premium	-	-	-	92,837	-	92,837
Refunding bonds issued	-	-	25,850,000	-	-	25,850,000
Payment to Refunded Bonds Escrow Agent	-	-	(25,615,480)	-	-	(25,615,480)
Total Other Financing Sources (Uses)	-	-	234,520	1,092,837	-	1,327,357
Net Change in Fund Balance	1,744,098	15,841	(150,076)	570,983	175,609	2,356,455
Fund Balances						
Beginning of Year	10,172,227	291,214	653,292	3,189,016	2,371,432	16,677,181
End of year	<u>\$ 11,916,325</u>	<u>\$ 307,055</u>	<u>\$ 503,216</u>	<u>\$ 3,759,999</u>	<u>\$ 2,547,041</u>	<u>\$ 19,033,636</u>

See notes to the basic financial statements.

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, 2021

Net Change in Fund Balances - total governmental funds	\$ 2,356,455
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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	\$ 889,435	
Less current year depreciation	<u>(6,173,377)</u>	(5,283,942)

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.

Issuance of bonds	(1,000,000)	
Bond premium	(92,837)	
Refunding bonds issued	(25,850,000)	
Payment to refunded bond escrow agent	25,615,480	
Principal payments	<u>6,895,000</u>	5,567,643

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	(760,965)	
Amortization of premium	<u>793,257</u>	32,292

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.

(9,452,388)

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.

315,833

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.

38,711

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.

(45,000)

Change in Net Position	<u><u>\$ (6,470,396)</u></u>
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McMINNVILLE SCHOOL DISTRICT NO. 40
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Private Purpose Trust Fund
Assets	
Cash and Investments	\$ 157,058
Total Assets	157,058
Net Position	
Held in trust for:	
Scholarships	157,058
Total Net Position	\$ 157,058

See notes to the basic financial statements.

McMINNVILLE SCHOOL DISTRICT NO. 40
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2021

	Private Purpose Trust Fund
Additions:	
Investment Earnings	\$ 1,227
Contributions	15,295
Total Additions	16,522
Deductions:	
Scholarships	15,900
Total Deductions	15,900
Change in Net Position	622
Net Position	
Beginning of year	156,436
Total Net Position	\$ 157,058

See notes to the basic financial statements.

McMINNVILLE SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2021

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.

McMINNVILLE SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2021

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.

McMINNVILLE SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2021

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, 2021.

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, 2021

2. Cash and Investments (Continued)

Cash and investments on June 30, 2021 consist of the following:

Petty Cash	\$ 1,254
Cash with fiscal agent	12,633
Deposits with banks	1,076,721
Investments	<u>22,676,272</u>
	<u><u>\$ 23,766,880</u></u>

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

Statement of Net Position	
Cash and Investments	\$ 23,597,189
Restricted Cash and Investments	12,633
Statement of Net Position - Fiduciary Funds	
Cash and Investments - Private Purpose Trust	<u>157,058</u>
	<u><u>\$ 23,766,880</u></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 \$1,076,721 on June 30, 2021. The bank statement records reflect a balance of \$3,195,912 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.

McMINNVILLE SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2021

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
Local Government Investment Pool	22,676,272	0.61	100%
	<u>\$ 22,676,272</u>	<u>0.61</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, 2021

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, 2021, 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, 2021:

Property taxes receivable	
General fund	\$ 834,120
Debt service fund	510,094
Total property taxes receivable	<u>1,344,214</u>
Grants receivable	
General fund	381,023
Grants fund	2,609,815
Other governmental funds	13,281
Total grants receivable	<u>3,004,119</u>
Other receivables	
General fund	61,218
Grants fund	8,451
Other governmental funds	213,766
Total other receivables	<u>283,435</u>
Total receivables	<u>\$ 4,631,768</u>

McMINNVILLE SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2021

4. Capital Assets

Capital assets activity for the year ended June 30, 2021 was as follows:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets not being depreciated:				
Construction in Progress	\$ 39,314	\$ 207,752	\$ (39,314)	\$ 207,752
Land	4,879,642	-	-	4,879,642
Total Capital Assets not being depreciated	4,918,956	207,752	(39,314)	5,087,394
Capital assets being depreciated:				
Buildings and improvements	226,101,201	511,412	(16,273)	226,596,340
Equipment	6,484,853	209,585	(20,660)	6,673,778
Total capital assets being depreciated	232,586,054	720,997	(36,933)	233,270,118
Less accumulated depreciation for:				
Buildings and improvements	(50,958,004)	(5,493,589)	16,273	(56,435,320)
Equipment	(3,750,030)	(679,788)	20,660	(4,409,158)
Total accumulated depreciation	(54,708,034)	(6,173,377)	36,933	(60,844,478)
Total capital assets being depreciated, net	177,878,020	(5,452,380)	-	172,425,640
Total capital assets, net	<u>\$ 182,796,976</u>	<u>\$ (5,244,628)</u>	<u>\$ (39,314)</u>	<u>\$ 177,513,034</u>

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

Program	
Instructional programs	\$ 5,576,313
Supporting services	490,305
Community services	106,759
Total depreciation expense	<u>\$ 6,173,377</u>

Construction Commitments - The District has active construction projects as of June 30, 2021. As of the end of the fiscal year, the District is committed under various accepted bid agreements and contracts for approximately \$268,047 for goods, services and construction of facilities.

McMINNVILLE SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2021

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 June 15, 2021, the District issued \$1,000,000 in General Obligation Bonds to finance capital construction and improvements. This is the remaining authorization from May 2016 when District voters approved \$89.4 million, but issued \$88.4 million. Interest rates were 3% payable semiannually in June and December. The bonds mature on June 15, 2028 with principal payments due annually on June 15th. The bonds were issued at a premium of \$92,837, which is being amortized over the life of the bonds.

On June 15, 2021, the District also issued \$25,850,000 in General Obligation Bonds to refund bonds issued February 27, 2013 and obtain a savings in total debt service requirement. Interest rates range from 0.18% to 1.51%, payable semiannually in June and December. The bonds mature on June 15, 2028 with principal payments due annually on June 15th.

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. 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. The bonds were issued at a premium of \$7,273,383, which is being amortized over the life of the bonds.

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.

McMINNVILLE SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2021

5. Long-Term Debt (Continued)

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

Issue Date	Issue Amount	Outstanding July 1, 2020	Additions	Reductions	Outstanding June 30, 2021	Due Within One Year	Interest Rates
General Obligation Bonds:							
02/27/13	\$ 42,075,000	\$ 33,655,000	\$ -	\$ 26,685,000	\$ 6,970,000	\$ 3,320,000	3.0% - 5.0%
08/10/16	88,400,000	82,505,000	-	1,900,000	80,605,000	2,115,000	3.0% - 5.0%
06/15/21	1,000,000	-	1,000,000	-	1,000,000	135,000	3.00%
06/15/21	25,850,000	-	25,850,000	-	25,850,000	500,000	.18% - 1.51%
		<u>116,160,000</u>	<u>26,850,000</u>	<u>28,585,000</u>	<u>114,425,000</u>	<u>6,070,000</u>	
Limited Tax Pension Obligation Bonds:							
10/31/02	16,044,243	10,870,001	-	-	10,870,001	1,215,000	4.82 - 5.55 %
02/19/04	13,715,000	9,680,000	-	865,000	8,815,000	985,000	4.40 - 5.53%
08/11/11	1,120,000	1,120,000	-	1,120,000	-	-	4.12%
		<u>21,670,001</u>	<u>-</u>	<u>1,985,000</u>	<u>19,685,001</u>	<u>2,200,000</u>	
Total G.O. and Pension Bonds		137,830,001	26,850,000	30,570,000	134,110,001		
Unamortized premium		<u>14,343,374</u>	<u>92,837</u>	<u>3,306,245</u>	<u>11,129,966</u>		
Total Bonds Payable		<u>\$ 152,173,375</u>	<u>\$ 26,942,837</u>	<u>\$ 33,876,245</u>	<u>\$ 145,239,967</u>	<u>\$ 8,270,000</u>	

Future Maturities are as follows:

Fiscal Year	Principal	Interest
2021-2022	\$ 8,270,000	\$ 5,085,652
2022-2023	9,125,000	4,694,510
2023-2024	10,040,000	4,252,224
2024-2025	10,860,000	3,939,604
2025-2026	11,730,000	3,579,238
2026-2031	37,765,000	12,621,546
2031-2036	31,820,000	6,907,800
2036-2038	<u>14,500,001</u>	<u>845,000</u>
Total	<u>\$ 134,110,001</u>	<u>\$ 41,925,574</u>

McMINNVILLE SCHOOL DISTRICT NO. 40
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 Year Ended June 30, 2021

5. Long-Term Debt (Continued)

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.

Advance Refunding

The District issued \$25,850,000 general obligation refunding bonds with interest rates ranging from 0.18% to 1.51% on June 15, 2021. The proceeds were used to advance refund \$23,675,000 of Series 2013 bonds which had interest rates ranging from 4.0% to 5.0%. The net proceeds of \$25,615,479 from the advance refunding (after payment of \$234,521 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As required by generally accepted accounting principles, the assets and liabilities of these trust accounts are not included in the District's basic financial statements. As a result, the Series 2013 bonds maturing from 2024 through 2028 are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,940,480. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The advance refunding reduced the total debt service payments over the next seven years by approximately \$1.61 million. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1.57 million.

6. Interfund Receivables/Payables & Transfers

The composition of due to/due from balances as of June 30, 2021 is as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
Major Government Funds		
General Fund	\$ 1,966,219	\$ -
Grants Fund	-	1,966,219
	<u>\$ 1,966,219</u>	<u>\$ 1,966,219</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 \$1,966,219 due from the Grants Fund to cover grant expenditures pending reimbursement.

There were no interfund transfers during the year ended June 30, 2021

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: <https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-CAFR.pdf>. 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, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. 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, 2021 was 23.07% of eligible payroll for Tier 1/Tier 2 members and 17.62% of eligible payroll for OPSRP members. Employer contributions for the year ended June 30, 2021 were \$8,220,811, excluding amounts to fund employer specific liabilities. \$2,920,171 was charged for the year ended June 30, 2021 as PERS benefit expenditures to be used for bond payments as they become due. In addition, \$1,839,794 in employee contributions were paid by the district for the year ended June 30, 2021.

McMINNVILLE SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2021

7. Pension Plan (Continued)

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

At June 30, 2021, the District reported a liability of \$81,777,506 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. 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, 2020 the District's proportion was .37% which was .02% less than its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized a pension expense of \$17.2 million. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,599,200	-
Changes in assumptions	4,388,740	\$ 153,772
Net difference between projected and actual earnings on investments	9,615,972	-
Changes in proportionate share	626,813	2,824,302
Differences between employer contributions and employer's proportionate share of system contributions`	-	1,996,429
District contributions subsequent to the measurement date	7,946,828	-
Total	<u>\$ 26,177,553</u>	<u>\$ 4,974,503</u>

District contributions subsequent to the measurement date of \$7,946,828 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, 2022. 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:

	Pension Expense
June 30, 2022	\$ 2,645,770
June 30, 2023	4,243,390
June 30, 2024	3,825,067
June 30, 2025	2,660,571
June 30, 2026	(118,576)
	<u>\$ 13,256,222</u>

McMINNVILLE SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2021

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 12, 2021. Oregon PERS produces an independently audited CAFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

Actuarial Valuations

The employer contribution rates effective July 1, 2019 through June 30, 2021, 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, 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study Report	2018, published July 24, 2019
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.

McMINNVILLE SCHOOL DISTRICT NO. 40
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 Year Ended June 30, 2021

7. Pension Plan (Continued)

Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in valuation.</p> <p>Active members: Pub-2010 employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>
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(Source: June 30, 2020 Oregon PERS CAFR; Page 71)

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

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	32.5
Private Equity	17.5
Real Estate	12.5
Alternative Equity	15.0
Risk Parity	2.5
Total	100.0

(Source: June 30, 2020 Oregon PERS CAFR; Page 42)

McMINNVILLE SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2021

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 May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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/2020-CAFR.pdf>

<u>Long-Term Expected Rate of Return</u> ¹				
Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Core Fixed Income	9.60 %	4.14 %	4.07 %	3.90 %
Short-Term Bonds	9.60	3.70	3.68	2.10
Bank/Leveraged Loans	3.60	5.40	5.19	6.85
High Yield Bonds	1.20	6.13	5.74	9.35
Large/Mid Cap US Equities	16.17	7.35	6.30	15.50
Small Cap US Equities	1.35	8.35	6.68	19.75
Micro Cap US Equities	1.35	8.86	6.79	22.10
Developed Foreign Equities	13.48	8.30	6.91	17.95
Emerging Market Equities	4.24	10.35	7.69	25.35
Non-US Small Cap Equities	1.93	8.81	7.25	19.10
Private Equity	17.50	11.95	8.33	30.00
Real Estate (Property)	10.00	6.19	5.55	12.00
Real Estate (REITS)	2.50	8.29	6.69	21.00
Hedge Fund of Funds - Diversified	1.50	4.28	4.06	6.90
Hedge Fund - Event-driven	0.38	5.89	5.59	8.10
Timber	1.13	6.36	5.61	13.00
Farmland	1.13	6.87	6.12	13.00
Infrastructure	2.25	7.51	6.67	13.85
Commodities	1.13	5.34	3.79	18.70
Assumed Inflation - Mean			2.50 %	1.65 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of April 24, 2019.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

(Source: June 30, 2020 Oregon PERS CAFR; Page 74)

McMINNVILLE SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2021

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)	\$ 121,432,843	\$ 81,777,506	\$ 48,524,668

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.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes in actuarial methods, allocation, and assumption from December 31, 2017 to the December 31, 2018 actuarial valuation as noted in the Actuarial Valuation Report page 108.

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	\$ 5,872,467	\$ -	\$ 5,872,467
Total OPEB Asset	-	1,304,213	1,304,213
OPEB Deferred Outflow s of Resources	576,750	153,267	730,017
OPEB Deferred Inflow s of Resources	2,035,336	491,627	2,526,963

A. 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.

McMINNVILLE SCHOOL DISTRICT NO. 40
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 Year Ended June 30, 2021

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, 2020, there were 8 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 776 active and 53 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 \$5,872,467 was measured as of July 1, 2020 and was determined by an actuarial valuation as of that date.

For the year ended June 30, 2021, the District recognized OPEB expense of \$311,707. At June 30, 2021 the District reported deferred outflows of resources and inflows of resources related to OPEB from the following sources:

	Deferred Outflow s of Resources	Deferred Inflow s of Resources
Differences between expected and actual experience	\$ 163,473	\$ 330,103
Changes of assumptions or other input	413,277	1,705,233
Total	\$ <u>576,750</u>	\$ <u>2,035,336</u>

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

	Expense
June 30, 2022	\$ (297,292)
June 30, 2023	(297,292)
June 30, 2024	(297,292)
June 30, 2025	(297,290)
June 30, 2026	(34,703)
Thereafter	(234,717)

McMINNVILLE SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2021

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

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 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, 2020
Measurement date	June 30, 2021 and June 30, 2022
Actuarial cost method	Entry Age Normal, level percent of salary.
Actuarial assumptions:	
Discount rate	2.25% per year, based on all years discounted at municipal bond rate.
Inflation rate	2.00% per year
Salary increases	3.00% per year
Healthcare cost trend rates	3.5% for 2020-21, 4.00% for 2021-22, increasing to 6.0% for 2025-26, and decreasing to an ultimate rate of 4.00% for 2040 and beyond.
Mortality rates	Basic table: Pub-2010, Teachers table, separate Employee/Healthy Annuitant, sex distinct, generational, no set-back. Mortality rates for active male participants are 120% of the above rates, and for active female participants are 100% of the above rates. Beneficiaries: Pub-2010 General Employees table, Healthy Annuitant, sex distinct, generational, set back 12 months for males, no set-back for females. Improvement scale: Unisex Social Security Data Scale (60 year average), with data through 2015.
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	As developed for the valuation of benefits under Oregon PERS and vary by employee age. For the current school year, it is assumed that retirements are reflected in the census data provided. It is also assumed employees will retire by the time both employee and dependent have reached age 65, the age at which they can no longer receive subsidized health benefits.

McMINNVILLE SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2021

8. Other Post Employment Benefits (Continued)

Changes in the Total OPEB Liability:

Balance at June 30, 2020	\$ 6,463,125
Service cost	456,247
Interest	152,752
Difference between expected and actual experience	(377,261)
Changes of assumptions or other input	(561,616)
Benefit payments	(260,780)
Balance at June 30, 2021	<u>\$ 5,872,467</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 (1.25 percent) or one percentage point higher (3.25 percent) than the current rate:

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
Total OPEB Liability	\$ 6,334,879	\$ 5,872,467	\$ 5,439,070

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:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 5,176,556	\$ 5,872,467	\$ 6,705,995

B. 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.

McMINNVILLE SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2021

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, 2020, and 2021, were approximately \$172,087, \$177,294, and \$40,706 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, 2021, the District reported an asset of \$1,304,213 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018, 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 0.64%, changed from 0.357% for the prior measurement date.

For the year ended June 30, 2021, the District recognized OPEB income of \$368,876 related to the RHIA OPEB. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the RHIA OPEB from the following sources:

	Deferred Outflow s of Resources	Deferred Inflow s of Resources
Differences between expected and actual experience	\$ -	\$ 133,328
Changes in assumptions	-	69,325
Net difference between projected and actual earnings on investments	145,039	-
Changes in proportionate share	343	288,974
District contributions subsequent to the measurement date	7,885	-
Total	\$ 153,267	\$ 491,627

McMINNVILLE SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2021

8. Other Post Employment Benefits (Continued)

The amount of contributions subsequent to the measurement date of \$7,885 will be included as a reduction of the net OPEB asset in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the RHIA OPEB will be recognized in OPEB (income) expense as follows:

	Expense
June 30, 2022	\$ (282,153)
June 30, 2023	(163,459)
June 30, 2024	53,615
June 30, 2025	45,751

Actuarial Methods and Assumptions

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report as of and for the year ended June 30, 2020. The independently audited report was dated March 4, 2021 and can be found at: <https://www.oregon.gov/pers/EMP/Pages/GASB.aspx>.

Valuation date	December 31, 2018
Measurement date	June 30, 2020
Experience study	2018, published July 24, 2019
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: 32%; Disabled retirees: 20%
Healthcare cost trend rate	Not applicable

8. Other Post Employment Benefits (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2020 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 May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. 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 the arithmetic and geometric means, see PERS audited financial statements at: <https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-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)	\$ (1,052,932)	\$ (1,304,213)	\$ (1,519,068)

Changes Subsequent to Measurement Date

There were no changes subsequent the measurement date in actuarial methods, allocation, and assumptions.

McMINNVILLE SCHOOL DISTRICT NO. 40
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
Year Ended June 30, 2021

9. 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, 2021, 230 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 \$75,013 under historic property and housing for low income rental agreements by other municipalities within the District's boundaries.

13. COVID-19

The COVID-19 outbreak worldwide has resulted in government mandated closures that have caused disruption in the District's ability to deliver-in-person education. The outbreak has affected local and global economies. The extent and duration of the impact of this outbreak on the operations of the District is unknown at this time.

REQUIRED
SUPPLEMENTARY INFORMATION

McMINNVILLE SCHOOL DISTRICT NO. 40
SCHEDULE OF CHANGES IN TOTAL OTHER
POST EMPLOYMENT BENEFITS AND RELATED RATIOS - PHIS
June 30, 2021

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability - Beginning	\$ 6,463,125	\$ 5,620,863	\$ 7,124,609	\$ 6,933,792	\$ 6,766,009
Service Cost	456,247	356,451	381,176	368,286	368,286
Interest	152,752	204,012	221,154	207,760	202,460
Differences Between Expected and Actual Experience	(377,261)	-	286,077	-	-
Changes of Assumptions or Other Input	(561,616)	578,587	(2,124,184)	-	-
Benefit Payments	(260,780)	(296,788)	(267,969)	(385,229)	(402,963)
Net Change in Total OPEB Liability	(590,658)	842,262	(1,503,746)	190,817	167,783
Total Liability - End of Year	<u>\$ 5,872,467</u>	<u>\$ 6,463,125</u>	<u>\$ 5,620,863</u>	<u>\$ 7,124,609</u>	<u>\$ 6,933,792</u>
Covered Payroll	\$ 43,051,045	\$ 40,670,388	\$ 39,255,141	\$ 37,904,098	\$ 37,036,888
Total OPEB Liability as Percentage of Covered Payroll	13.64%	15.89%	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, 2021

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%
June 30, 2020	0.3573%	(690,504)	38,525,099	-1.79%	144.40%
June 30, 2021	0.6401%	(1,304,213)	38,745,655	-3.37%	150.10%

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%
June 30, 2020	177,294	177,294	-	38,745,655	0.46%
June 30, 2021	40,706	40,706	-	40,645,337	0.10%

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, 2021

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%
June 30, 2020	0.3878%	67,078,729	38,525,099	174.12%	80.20%
June 30, 2021	0.3747%	81,777,506	38,745,655	211.06%	75.80%

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	Contribuiton 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%
June 30, 2020	7,878,582	7,878,582	-	38,745,655	20.33%
June 30, 2021	7,946,828	7,946,828	-	40,645,337	19.55%

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, 2021

	Budget			Variance with
	Adopted	Final	Actual	Final budget
Revenues				
Revenues from Local Sources				
Property Taxes	\$ 15,580,000	\$ 15,580,000	\$ 15,435,676	\$ (144,324)
Tuition	5,000	5,000	-	(5,000)
Investment Earnings	300,000	300,000	191,130	(108,870)
Extracurricular Activities	165,000	165,000	300	(164,700)
Community Service Activities	150,000	150,000	84,949	(65,051)
Rentals	6,000	6,000	-	(6,000)
Recovery of Prior Years' Expenditures	-	-	49,737	49,737
Fees Charged to Grants	90,000	90,000	140,823	50,823
Miscellaneous Local Sources	25,000	25,000	20,905	(4,095)
Total Local Revenues	16,321,000	16,321,000	15,923,520	(397,480)
Revenues from Intermediate Sources				
ESD Apportionment	2,150,000	2,150,000	2,212,386	62,386
County School Fund	25,000	25,000	19,375	(5,625)
Other Intermediate Sources	-	-	3,189	3,189
Total Intermediate Sources	2,175,000	2,175,000	2,234,950	59,950
Revenues from State Sources				
State School Fund Support	54,887,190	54,887,190	54,829,724	(57,466)
Common School Fund	637,379	637,379	762,046	124,667
Total State Revenues	55,524,569	55,524,569	55,591,770	67,201
Revenues from Federal Sources				
Foster Care Transportation	30,000	30,000	2,508	(27,492)
Total Federal Revenues	30,000	30,000	2,508	(27,492)
Total Revenues	74,050,569	74,050,569	73,752,748	(297,821)
Expenditures				
Instruction *	48,087,889	47,837,889	47,347,667	490,222
Support Services *	26,215,817	26,215,817	23,721,639	2,494,178
Enterprise and Community Services *	240,642	240,642	232,986	7,656
Contingencies *	500,000	500,000	-	500,000
Total Expenditures	75,044,348	74,794,348	71,302,292	3,492,056
Excess (Deficiency) of Revenues Over (Under) Expenditures	(993,779)	(743,779)	2,450,456	3,194,235
Other Financing Sources (Uses):				
Transfers out *	(500,000)	(750,000)	(750,000)	-
Total Other Financing Sources (Uses)	(500,000)	(750,000)	(750,000)	-
Net Change in Fund Balance	(1,493,779)	(1,493,779)	1,700,456	3,194,235
Fund Balance				
Beginning of Year	8,000,000	8,000,000	7,837,357	(162,643)
End of Year	\$ 6,506,221	\$ 6,506,221	9,537,813	\$ 3,031,592
* Legally adopted appropriation level				
Reconciliation to Governmental Ending Fund Balance:				
Asset Reserve Fund			1,897,373	
Textbook and Technology Replacement Fund			170,601	
Insurance Reserve Fund			310,538	
Total Governmental Funds			\$ 11,916,325	

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, 2021

	Budget			Variance with
	Adopted	Final	Actual	Final budget
Revenues				
Local Sources	\$ 428,010	\$ 428,010	\$ 134,453	\$ (293,557)
Intermediate Sources	151,685	151,685	247,768	96,083
State Sources	8,157,728	8,157,728	3,970,785	(4,186,943)
Federal Sources	4,843,950	4,843,950	4,945,945	101,995
Total Revenues	13,581,373	13,581,373	9,298,951	(4,282,422)
Expenditures				
Instruction *	8,965,731	8,965,731	5,756,400	3,209,331
Support Services *	4,418,920	4,418,920	3,380,683	1,038,237
Community Services *	260,572	260,572	146,027	114,545
Facilities Acquisition and Construction *	205,000	205,000	-	205,000
Total Expenditures	13,850,223	13,850,223	9,283,110	4,567,113
Excess (Deficiency) of Revenues Over (Under) Expenditures	(268,850)	(268,850)	15,841	284,691
Fund Balances				
Beginning of Year	268,850	268,850	291,214	22,364
End of Year	\$ -	\$ -	\$ 307,055	\$ 307,055

* 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.aspx>

Changes in Assumptions

A summary of key changes implemented since the December 31, 2018 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.aspx>

A summary of key changes in plan provisions and assumptions implemented since the December 31, 2017 valuation are described in the Oregon Public Employees Retirement System's Actuarial Presentations and Reports Information. Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2018 Experience Study for the System, which was published on July 24, 2019. These reports can be found at:

<https://www.oregon.gov/pers/Pages/Financials/Actuarial-Presentations-and-Reports.aspx>

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, 2021

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, 2021

	General	Asset Reserve	Textbooks and Technology Reserve	Insurance Reserve	Totals
ASSETS					
Cash and Investments	\$ 14,680,850	\$ 1,946,923	\$ 170,601	\$ 310,687	\$ 17,109,061
Receivables					
Property Taxes	834,120	-	-	-	834,120
Accounts and grants receivable	442,241	-	-	-	442,241
Due from Other Funds	1,966,219	-	-	-	1,966,219
Total Assets	\$ 17,923,430	\$ 1,946,923	\$ 170,601	\$ 310,687	\$ 20,351,641
LIABILITIES					
Accounts Payable	\$ 604,921	\$ 49,550	\$ -	\$ 149	\$ 654,620
Accrued Payroll and Payroll Liabilities	7,212,844	-	-	-	7,212,844
Total Liabilities	7,817,765	49,550	-	149	7,867,464
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	567,852	-	-	-	567,852
Total Deferred Inflows of Resources	567,852	-	-	-	567,852
FUND BALANCES					
Fund Balances					
Committed to					
Asset Reserve	-	1,897,373	-	-	1,897,373
Textbook and Technology Replacement	-	-	170,601	-	170,601
Insurance Reserve	-	-	-	310,538	310,538
Unassigned	9,537,813	-	-	-	9,537,813
Total Fund Balances	9,537,813	1,897,373	170,601	310,538	11,916,325
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 17,923,430	\$ 1,946,923	\$ 170,601	\$ 310,687	\$ 20,351,641

McMINNVILLE SCHOOL DISTRICT NO. 40
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
MAJOR GOVERNMENTAL FUND - GENERAL FUND
Year Ended June 30, 2021

	General	Asset Reserve	Textbooks and Technology Reserve	Insurance Reserve	Total
Revenues					
Local Sources					
Property Taxes	\$ 15,435,676	\$ -	\$ -	\$ -	\$ 15,435,676
Charges for Services	85,249	-	-	-	85,249
Rentals	-	82,536	-	-	82,536
Investment Earnings	191,130	16,497	897	3,286	211,810
Recovery of Prior Years' Expenditures	49,737	-	-	-	49,737
Fees Charged to Grants	140,823	-	-	-	140,823
Miscellaneous	20,905	-	-	79,334	100,239
Intergovernmental					
Intermediate Sources	2,234,950	-	-	-	2,234,950
State Sources	55,591,770	25,000	-	-	55,616,770
Federal Sources	2,508	-	-	-	2,508
Total Revenues	73,752,748	124,033	897	82,620	73,960,298
Expenditures					
Instruction	47,347,667	-	107,089	6,798	47,461,554
Support Services	23,721,639	213,685	-	161,008	24,096,332
Enterprise and Community Services	232,986	-	-	-	232,986
Facilities Acquisition and Construction	-	425,328	-	-	425,328
Total Expenditures	71,302,292	639,013	107,089	167,806	72,216,200
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,450,456	(514,980)	(106,192)	(85,186)	1,744,098
Other Financing Sources (Uses)					
Transfer In	-	500,000	250,000	-	750,000
Transfers Out	(750,000)	-	-	-	(750,000)
Total Other Sources (Uses)	(750,000)	500,000	250,000	-	-
Net Change in Fund Balance	1,700,456	(14,980)	143,808	(85,186)	1,744,098
Fund Balances					
Beginning of Year	7,837,357	1,912,353	26,793	395,724	10,172,227
End of Year	\$ 9,537,813	\$ 1,897,373	\$ 170,601	\$ 310,538	\$ 11,916,325

McMINNVILLE SCHOOL DISTRICT NO. 40
ASSET RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
Revenues				
Local Sources				
Investment Earnings	\$ 20,000	\$ 20,000	\$ 16,497	\$ (3,503)
Rentals	65,000	65,000	82,536	17,536
Miscellaneous Local Sources	5,000	5,000	-	(5,000)
Intergovernmental				
State Sources	-	-	25,000	25,000
Total Revenue	90,000	90,000	124,033	34,033
Expenditures				
Support Services *	460,000	460,000	213,685	246,315
Facilities Acquisition and Construction *	1,120,000	1,120,000	425,328	694,672
Contingencies *	500,000	500,000	-	500,000
Total Expenditures	2,080,000	2,080,000	639,013	1,440,987
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,990,000)	(1,990,000)	(514,980)	1,475,020
Other Financing Sources				
Transfer in	250,000	250,000	500,000	250,000
Total Other Sources *	250,000	250,000	500,000	250,000
Net Change in Fund Balance	(1,740,000)	(1,740,000)	(14,980)	1,725,020
Fund Balance				
Beginning of Year	1,740,000	1,740,000	1,912,353	172,353
End of Year	\$ -	\$ -	\$ 1,897,373	\$ 1,897,373

* 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, 2021

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
Revenues				
Local Sources				
Investment Earnings	\$ 1,000	\$ 1,000	\$ 897	\$ (103)
Total Revenue	1,000	1,000	897	(103)
Expenditures				
Instruction *	276,000	276,000	107,089	168,911
Total Expenditures	276,000	276,000	107,089	168,911
Excess (Deficiency) of Revenues Over (Under) Expenditures	(275,000)	(275,000)	(106,192)	168,808
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	(25,000)	(25,000)	143,808	168,808
Fund Balance				
Beginning of Year	25,000	25,000	26,793	1,793
End of Year	\$ -	\$ -	\$ 170,601	\$ 170,601

* 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, 2021

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
Revenues				
Local Sources				
Investment Earnings	\$ 5,000	\$ 5,000	\$ 3,286	\$ (1,714)
Miscellaneous Local Sources	60,000	60,000	79,334	19,334
Total Revenue	65,000	65,000	82,620	17,620
Expenditures				
Instruction *	50,000	50,000	6,798	43,202
Support Services *	400,000	400,000	161,008	238,992
Total Expenditures	450,000	450,000	167,806	282,194
Excess (Deficiency) of Revenues Over (Under) Expenditures	(385,000)	(385,000)	(85,186)	299,814
Fund Balance				
Beginning of Year	385,000	385,000	395,724	10,724
End of Year	\$ -	\$ -	\$ 310,538	\$ 310,538

* 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, 2021

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
Revenues				
Local Sources				
Property Taxes	\$ 9,606,000	\$ 9,606,000	\$ 9,648,911	\$ 42,911
Investment Earnings	50,000	50,000	30,449	(19,551)
Intergovernmental				
Intermediate Sources	-	-	2,039	2,039
Total Revenue	9,656,000	9,656,000	9,681,399	25,399
Expenditures				
Debt Service *				
Redemption of Principal	4,910,000	4,910,000	4,910,000	-
Interest	4,926,350	4,926,350	4,926,350	-
Bond Issuance Costs	-	-	229,645	(229,645)
Total Expenditures	9,836,350	9,836,350	10,065,995	(229,645)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(180,350)	(180,350)	(384,596)	(204,246)
Other Financing Sources (Uses)				
Refunding Bonds Issued	-	-	25,850,000	25,850,000
Payment to Refunded Bonds Escrow Agent	-	-	(25,615,480)	(25,615,480)
Total Other Sources (Uses)	-	-	234,520	234,520
Net Change in Fund Balance	(180,350)	(180,350)	(150,076)	30,274
Fund Balance				
Beginning of Year	600,000	600,000	653,292	53,292
End of Year	\$ 419,650	\$ 419,650	\$ 503,216	\$ 83,566

* Legally adopted appropriation level - Not a budget violation bond issuance costs

McMINNVILLE SCHOOL DISTRICT NO. 40
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
Revenues				
Local Sources				
Investment Earnings	\$ 50,000	\$ 50,000	\$ 24,239	\$ (25,761)
Total Revenue	50,000	50,000	24,239	(25,761)
Expenditures				
Facilities Acquisition and Construction *	3,500,000	3,500,000	546,093	2,953,907
Total Expenditures	3,500,000	3,500,000	546,093	2,953,907
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,450,000)	(3,450,000)	(521,854)	2,928,146
Other Financing Sources (Uses)				
Proceeds from Bonds Issued	-	-	1,000,000	1,000,000
Premium on Bond Issuance	-	-	92,837	92,837
Total Other Sources (Uses)	-	-	1,092,837	1,092,837
Net Change in Fund Balance	(3,450,000)	(3,450,000)	570,983	4,020,983
Fund Balance				
Beginning of Year	3,450,000	3,450,000	3,189,016	(260,984)
End of Year	\$ -	\$ -	\$ 3,759,999	\$ 3,759,999

* 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, 2021

	Special Revenue Funds			PERS	
	Nutrition Services	Student Body	Construction Excise Tax	Debt Service	Total
ASSETS					
Cash and Investments	\$ 462,011	\$ 442,441	\$ 961,351	\$ 486,231	\$ 2,352,034
Accounts and Grants Receivable	227,047	-	-	-	227,047
Restricted Cash and Investments	-	-	-	12,633	12,633
Total Assets	<u>\$ 689,058</u>	<u>\$ 442,441</u>	<u>\$ 961,351</u>	<u>\$ 498,864</u>	<u>\$ 2,591,714</u>
LIABILITIES					
Accounts Payable	\$ 8,962	\$ -	\$ 35,711	\$ -	\$ 44,673
Total Liabilities	<u>8,962</u>	<u>-</u>	<u>35,711</u>	<u>-</u>	<u>44,673</u>
FUND BALANCES					
Restricted for					
Capital Improvements	-	-	925,640	-	925,640
Student Body Activities	-	442,441	-	-	442,441
Nutrition Services	680,096	-	-	-	680,096
Committed To					
PERS Debt Service	-	-	-	498,864	498,864
Total Fund Balances	<u>680,096</u>	<u>442,441</u>	<u>925,640</u>	<u>498,864</u>	<u>2,547,041</u>
Total Liabilities and Fund Balances	<u>\$ 689,058</u>	<u>\$ 442,441</u>	<u>\$ 961,351</u>	<u>\$ 498,864</u>	<u>\$ 2,591,714</u>

McMINNVILLE SCHOOL DISTRICT NO. 40
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2021

	Special Revenue Funds			PERS	
	Nutrition Services	Student Body	Construction Excise Tax	Debt Service	Total
Revenues					
Local Sources	\$ 81,737	\$ 235,383	\$ 348,246	\$ 3,150,071	\$ 3,815,437
State Sources	92,347	-	-	-	92,347
Federal Sources	2,343,328	-	-	-	2,343,328
Total Revenues	2,517,412	235,383	348,246	3,150,071	6,251,112
Expenditures					
Instruction	-	269,746	-	-	269,746
Enterprise and Community Services	2,511,541	-	-	-	2,511,541
Facilities Acquisition and Construction	-	-	127,855	-	127,855
Debt Service					
Principal	-	-	-	1,985,000	1,985,000
Interest	-	-	-	1,181,361	1,181,361
Total Expenditures	2,511,541	269,746	127,855	3,166,361	6,075,503
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,871	(34,363)	220,391	(16,290)	175,609
Fund Balances					
Beginning of Year	674,225	476,804	705,249	515,154	2,371,432
End of Year	\$ 680,096	\$ 442,441	\$ 925,640	\$ 498,864	\$ 2,547,041

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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, 2021

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
Revenues				
Revenues from Local Sources				
Sales	\$ 216,000	\$ 216,000	\$ 58,847	\$ (157,153)
Investment Earnings	15,000	15,000	3,635	(11,365)
Miscellaneous Local Sources	55,500	55,500	19,255	(36,245)
Total Local Sources	286,500	286,500	81,737	(204,763)
Revenue from State Sources				
State School Fund	32,500	32,500	24,447	(8,053)
State Restricted Grants	42,000	42,000	67,900	25,900
Total State Sources	74,500	74,500	92,347	17,847
Revenues from Federal Sources				
National School Lunch Program	3,200,000	3,200,000	2,117,454	(1,082,546)
U.S.D.A. Donated Commodities	250,500	250,500	175,592	(74,908)
Federal Restricted Grants	52,000	52,000	50,282	(1,718)
Total Federal Sources	3,502,500	3,502,500	2,343,328	(1,159,172)
Total Revenues	3,863,500	3,863,500	2,517,412	(1,346,088)
Expenditures				
Enterprise and Community Services *	4,188,500	4,188,500	2,511,541	1,676,959
Contingency	200,000	200,000	-	200,000
Total Expenditures	4,388,500	4,388,500	2,511,541	1,876,959
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(525,000)	(525,000)	5,871	530,871
Fund Balance				
Beginning of Year	525,000	525,000	674,225	149,225
End of Year	\$ -	\$ -	\$ 680,096	\$ 680,096

* 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, 2021

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
Revenues				
Local Sources				
Extracurricular Activities	\$ 1,250,000	\$ 1,250,000	\$ 235,383	\$ (1,014,617)
Expenditures				
Instruction *	1,650,000	1,650,000	269,746	1,380,254
Excess (Deficiency) of Revenues Over (Under) Expenditures	(400,000)	(400,000)	(34,363)	365,637
Fund Balance				
Beginning of Year	400,000	400,000	476,804	76,804
End of Year	\$ -	\$ -	\$ 442,441	\$ 442,441

* 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, 2021

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
Revenues				
Local Sources				
Excise Tax	\$ 300,000	\$ 300,000	\$ 340,920	\$ 40,920
Investment Earnings	5,000	5,000	7,326	2,326
Total Revenues	305,000	305,000	348,246	43,246
Expenditures				
Facilities Acquisition and Construction*	905,000	905,000	127,855	777,145
Total Expenditures	905,000	905,000	127,855	777,145
Excess (Deficiency) of Revenues Over (Under) Expenditures	(600,000)	(600,000)	220,391	820,391
Fund Balance				
Beginning of the Year	600,000	600,000	705,249	105,249
End of Year	\$ -	\$ -	\$ 925,640	\$ 925,640

* 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, 2021

	Budget			Variance with
	Adopted	Final	Actual	Final Budget
Revenues				
Local Sources				
Investment Earnings	\$ 20,000	\$ 20,000	\$ 16,822	\$ (3,178)
Services Provided to Other Funds	3,100,001	3,100,001	3,133,249	33,248
Total Revenues	3,120,001	3,120,001	3,150,071	30,070
Expenditures				
Debt Service *				
Redemption of Principal	1,985,000	1,985,000	1,985,000	-
Interest	1,181,361	1,181,361	1,181,361	-
Total Debt Service	3,166,361	3,166,361	3,166,361	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,360)	(46,360)	(16,290)	30,070
Fund Balance				
Beginning of Year	500,000	500,000	515,154	15,154
End of Year	\$ 453,640	\$ 453,640	\$ 498,864	\$ 45,224

* 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, 2021

	Budget			Variance with Final Budget
	Adopted	Final	Actual	
Revenues				
Local Sources				
Earnings on Investments	\$ 4,000	\$ 4,000	\$ 1,227	\$ (2,773)
Contributions	10,000	10,000	15,295	5,295
Total Revenues	14,000	14,000	16,522	2,522
Expenditures				
Community Services *	50,000	50,000	15,900	34,100
Operating Contingencies *	20,000	20,000	-	20,000
Total Expenditures	70,000	70,000	15,900	54,100
Excess (Deficiency) of Revenues Over (Under) Expenditures	(56,000)	(56,000)	622	56,622
Fund Balances				
Beginning of Year	158,000	158,000	156,436	(1,564)
End of Year	<u>\$ 102,000</u>	<u>\$ 102,000</u>	<u>\$ 157,058</u>	<u>\$ 55,058</u>

* Legally adopted appropriation level

OTHER FINANCIAL SCHEDULES

McMINNVILLE SCHOOL DISTRICT NO. 40
SCHEDULE OF PROPERTY TAX TRANSACTIONS
Year Ended June 30, 2021

Tax Roll Year	Uncollected July 1, 2020 and Tax Levy	Less Discounts	Net Adjustments	Collections	Uncollected June 30, 2021
2020-2021	\$ 25,752,011	\$ 677,734	\$ (97,307)	\$ 24,458,287	\$ 518,683
2019-2020	559,798	-	(10,616)	333,592	215,590
2018-2019	216,507	(44)	(6,011)	89,890	120,650
2017-2018	134,334	(43)	(5,316)	71,671	57,390
2016-2017	54,139	(6)	(2,726)	31,047	20,372
2015-2016	22,652	(2)	(272)	3,143	19,239
Prior	80,505	(3)	(1,610)	5,899	72,999
	<u>\$ 26,819,946</u>	<u>\$ 677,636</u>	<u>\$ (123,858)</u>	24,993,529	<u>\$ 1,024,923</u>

Interest	88,658
Offsets and other adjustments	3,313
Sale of surplus property	27,018
Undistributed tax collections, June 30, 2021	113,672
Undistributed tax collections, June 30, 2020	(141,603)
Revenue Turned Over to District	<u>\$ 25,084,587</u>

	General Fund	Debt Service Fund	Total Revenue
Current Year's Taxes	\$ 15,075,792	\$ 9,421,702	\$ 24,497,494
Prior Year's Taxes	282,230	177,986	460,216
County Property Sales	16,481	10,537	27,018
Interest on Uncollected Taxes	61,173	38,686	99,859
Revenue Turned Over to District	<u>\$ 15,435,676</u>	<u>\$ 9,648,911</u>	<u>\$ 25,084,587</u>

McMINNVILLE SCHOOL DISTRICT NO. 40
 SUPPLEMENTAL INFORMATION AS REQUIRED
 BY THE OREGON DEPARTMENT OF EDUCATION
 Year Ended June 30, 2021

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

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

	Objects 325 & 326
Function 2540	\$ 995,087
Function 2550	\$ -

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

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

Exclude these functions:

\$	14,386
----	--------

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, 2021

	General Fund 100	Special Revenue Fund 200	Debt Service Fund 300	Capital Projects Fund 400	Trust Fund 700	Total
Local Sources						
1110 Ad Valorem Taxes	\$ 15,374,502	-	9,610,225	-	-	\$ 24,984,727
1130 Construction Excise Tax	-	340,920	-	-	-	340,920
1190 Penalties/Interest Taxes	61,174	-	38,686	-	-	99,860
1500 Earnings on Investments	191,130	31,640	47,271	24,239	1,227	295,507
1600 Food Service	-	17,948	-	-	-	17,948
1700 Extra-Curricular Activities	300	241,769	-	-	-	242,069
1800 Community Service Activities	84,949	-	-	-	-	84,949
1910 Rentals	-	82,536	-	-	-	82,536
1920 Contributions and Donations	-	79,292	-	-	15,295	94,587
1940 Services Provided Other Districts	-	40,899	-	-	-	40,899
1960 Recovery Prior Year Expenditures	49,737	-	3,133,249	-	-	3,183,249
1970 Services Provided Other Funds	-	-	-	-	-	-
1980 Fees Charged to Grants	140,823	-	-	-	-	140,823
1990 Miscellaneous	20,905	147,365	-	-	-	168,270
Total Local Sources	15,923,520	982,369	12,829,431	24,239	16,522	29,776,081
Intermediate Sources						
2101 County School Fund	19,375	-	-	-	-	19,375
2102 ESD Apportionment	2,212,386	-	-	-	-	2,212,386
2199 Other Intermediate Sources	3,189	16,905	2,039	-	-	22,133
2200 Restricted Revenue	-	230,863	-	-	-	230,863
Total Intermediate Sources	2,234,950	247,768	2,039	-	-	2,484,757
State Sources						
3101 State School Fund	54,829,724	-	-	-	-	54,829,724
3102 State School Fund Match	-	24,446	-	-	-	24,446
3103 Common School Fund	762,046	-	-	-	-	762,046
3299 Other Restricted Grants-In-Aid	-	4,063,686	-	-	-	4,063,686
Total State Sources	55,591,770	4,088,132	-	-	-	59,679,902
Federal Sources						
4200 Unrestricted Through State	2,508	-	-	-	-	2,508
4500 Restricted Through State	-	7,060,973	-	-	-	7,060,973
4700 Restricted Through Intermediate	-	52,708	-	-	-	52,708
4900 Commodities	-	175,592	-	-	-	175,592
Total Federal Sources	2,508	7,289,273	-	-	-	7,291,781
Other Sources						
5100 Long-term Debt Financing	-	-	25,850,000	1,092,837	-	26,942,837
5200 Interfund Transfers In	-	750,000	-	-	-	750,000
5300 Sale of Fixed Assets	-	-	-	-	-	-
Total Other Sources	-	750,000	25,850,000	1,092,837	-	27,692,837
TOTAL REVENUES	\$ 73,752,748	\$ 13,357,542	\$ 38,681,470	\$ 1,117,076	\$ 16,522	\$ 126,925,358

McMINNVILLE SCHOOL DISTRICT NO. 40
GENERAL FUND (100) EXPENDITURE SUMMARY (BUDGETARY BASIS)
Year Ended June 30, 2021

Instruction	Wages Object 100	Payroll Costs Object 200	Services Object 300	Supplies Object 400	Capital Outlay Object 500	Other Object 600	Transfers Object 700	Total
1111 Elementary Programs	\$ 9,888,291	\$ 6,326,340	\$ 299,642	\$ 507,641	\$ -	\$ -	\$ -	\$ 17,021,914
1121 Middle/Junior High Programs	5,204,871	3,240,951	93,053	216,140	-	-	-	8,755,015
1122 Middle/Junior High School Extracurricular	9,372	2,215	3,459	7,413	-	-	-	22,459
1131 High School Programs	5,697,899	3,485,514	120,820	367,608	-	-	-	9,671,841
1132 High School Extracurricular	302,252	95,624	40,048	63,217	-	4,314	-	505,455
1140 Pre-kindergarten Programs	91,975	80,439	235	-	-	-	-	172,649
1210 Programs for the Talented and Gifted	146,367	96,831	-	939	-	-	-	244,137
1220 Restrictive programs for students with disabilities	1,697,936	1,400,523	24,611	3,492	-	-	-	3,126,562
1250 Less restrictive programs for students with disabilities	1,571,523	1,224,741	98,173	3,592	-	-	-	2,898,029
1280 Alternative Education	1,207,890	806,347	11,791	12,630	-	-	-	2,038,658
1291 English Second Language Programs	1,607,527	1,135,061	31,584	24,400	-	-	-	2,798,572
1292 Teen Parent Programs	37,921	32,921	1,303	1,816	-	-	-	73,961
1299 Other Programs	3,984	1,573	-	-	-	-	-	5,557
1400 Summer School Programs	9,420	3,438	-	-	-	-	-	12,858
Total Instruction	27,477,228	17,932,518	724,719	1,208,888	-	4,314	-	47,347,667
Support Services								
2110 Attendance and Social Work Services	1,037,042	667,514	18,063	316,233	-	-	-	2,038,852
2120 Guidance Services	1,068,586	679,032	-	3,717	-	-	-	1,751,335
2130 Health Services	197,806	113,401	744	4,186	-	279	-	316,416
2140 Psychological Services	177,985	111,050	-	-	-	-	-	289,035
2150 Speech Pathology and Audiology Services	367,867	244,484	100,227	2,313	-	1,362	-	716,253
2190 Service Direction: Student Support Services	400,696	215,394	7,666	10,021	-	1,069	-	634,846
2210 Improvement of Instruction Services	532,930	310,765	167	174,189	-	1,266	-	1,019,317
2220 Educational Media Services	674,415	439,947	-	36,081	-	90	-	1,150,533
2230 Assessment and Testing	-	-	250	11,076	-	-	-	11,326
2240 Instructional Staff Development	4,978	1,805	160,555	2,646	-	-	-	169,984
2310 Board of Education Services	-	-	184,144	10,973	-	172,203	-	367,320
2320 Executive Administration Services	327,978	186,143	13,164	4,007	-	1,650	-	532,942
2410 Office of the Principal Services	2,558,099	1,644,540	25,987	91,738	-	267	-	4,320,631
2510 Direction of Business Support Services	157,639	87,921	3,144	5,135	-	-	-	253,839
2520 Fiscal Services	404,974	224,064	914	36,482	-	14,259	-	680,693
2540 Operation and Maintenance of Plant Services	1,745,792	1,373,653	1,642,722	317,947	14,386	368,482	-	5,462,982
2550 Student Transportation Services	45,608	32,132	2,043,204	-	-	-	-	2,120,944
2570 Internal Services	-	-	52,659	26,548	-	688	-	79,895
2630 Information and Planning	68,090	34,610	21,656	2,218	-	-	-	126,574
2640 Staff Services	308,788	176,304	30,207	35,753	-	19,882	-	570,934
2660 Technology Services	367,916	213,552	94,587	150,390	-	-	-	826,445
2680 Interpretation and Translation Services	72,750	43,102	5,020	-	-	-	-	120,872
2700 Supplemental Retirement Program	90,200	69,471	-	-	-	-	-	159,671
Total Support Services	10,610,139	6,868,884	4,405,080	1,241,653	14,386	581,497	-	23,721,639
Enterprise and Community Services								
3500 Custody and Care of Children Services	135,582	84,610	5,255	7,539	-	-	-	232,986
Total Enterprise and Community Services	135,582	84,610	5,255	7,539	-	-	-	232,986
Other Functions								
5200 Transfers of Funds	-	-	-	-	-	-	750,000	750,000
Total Other Functions	-	-	-	-	-	-	750,000	750,000
TOTAL EXPENDITURES	\$ 38,222,949	\$ 24,886,012	\$ 5,135,054	\$ 2,458,080	\$ 14,386	\$ 585,811	\$ 750,000	\$ 72,052,292

McMINNVILLE SCHOOL DISTRICT NO. 40
SPECIAL REVENUE FUNDS (200) EXPENDITURE SUMMARY (BUDGETARY BASIS)
Year Ended June 30, 2021

Instruction	Wages Object 100	Payroll Costs Object 200	Services Object 300	Supplies Object 400	Capital Outlay Object 500	Other Object 600	Transfers Object 700	Total
1111 Elementary Programs	\$ 258,535	\$ 181,527	\$ 52,594	\$ 698,930	\$ -	\$ -	-	\$ 1,191,586
1121 Middle/Junior High Programs	124,091	80,250	-	130,153	-	-	-	334,494
1122 Middle/Junior High School Extracurricular	-	-	-	37,486	-	-	-	37,486
1131 High School Programs	566,931	339,079	35,439	454,162	-	52,684	-	1,448,295
1132 High School Extra-curricular	-	-	-	232,306	-	-	-	232,306
1140 Pre-kindergarten Programs	-	-	-	28,511	-	-	-	28,511
1220 Restrictive programs for students with disabilities	240,301	175,908	40,962	-	-	-	-	457,171
1250 Less restrictive programs for students with disabilities	135,283	139,196	561	37,277	-	29,127	-	341,444
1271 Remediation	273,474	102,729	2,015	27,572	-	12,135	-	417,925
1272 Title I	691,240	547,699	-	8,499	-	-	-	1,247,438
1280 Alternative Education	-	-	-	183	-	-	-	183
1291 English Second Language Programs	25,496	21,332	-	8,558	-	-	-	55,386
1400 Summer School Programs	167,303	56,109	25,828	98,568	-	-	-	347,808
Total Instruction	2,482,654	1,643,829	157,399	1,762,205	-	93,946	-	6,140,033
Support Services								
2110 Attendance and Social Work Services	353,959	224,113	257	189,991	-	1,056	-	769,376
2120 Guidance Services	33,350	20,482	-	-	-	-	-	53,832
2130 Health Services	26,740	14,039	5,437	-	-	-	-	46,216
2140 Psychological Services	346,152	213,216	132,448	-	-	-	-	691,816
2150 Speech Pathology and Audiology Services	144,986	98,890	-	-	-	-	-	243,876
2210 Improvement of Instruction Services	231,486	129,366	-	79,153	-	45,821	-	485,826
2220 Educational Media Services	-	-	-	1,571	-	-	-	1,571
2240 Instructional Staff Development	78,677	29,823	163,581	36,360	-	-	-	308,441
2410 Office of Principal Services	198,312	123,404	710	76	-	-	-	322,502
2490 Other Support Services-School Administration	63,465	29,536	-	-	-	-	-	93,001
2540 Operation and Maintenance of Plant Services	78,610	63,484	156,129	382,170	24,225	-	-	704,618
2610 Direction of Central Support Services	-	-	8,525	-	-	-	-	8,525
2640 Staff Services	1,021	339	-	14,416	-	-	-	15,776
2660 Technology Services	-	-	-	10,000	-	-	-	10,000
Total Support Services	1,556,758	946,692	467,087	713,737	24,225	46,877	-	3,755,376
Enterprise and Community Services								
3100 Food Services	867,743	718,885	48,771	849,928	-	6,865	-	2,492,192
3200 Other Enterprise Services	13,908	5,226	-	216	-	-	-	19,350
3300 Community Services	16,099	7,102	38,511	15,838	-	-	-	77,550
3500 Care of Children	32,459	36,017	-	-	-	-	-	68,476
Total Enterprise and Community Services	930,209	767,230	87,282	865,982	-	6,865	-	2,657,568
Facilities Acquisition and Construction								
4120 Site Acquisition and Development Services	-	-	20,343	-	-	17,518	-	37,861
4150 Building Acquisition, Construction, and Improvement	-	-	154,599	3,782	356,941	-	-	515,322
Total Facilities Acquisition and Construction	-	-	174,942	3,782	356,941	17,518	-	553,183
TOTAL EXPENDITURES	\$ 4,969,621	\$ 3,357,751	\$ 886,710	\$ 3,345,706	\$ 381,166	\$ 165,206	\$ -	\$ 13,106,160

McMINNVILLE SCHOOL DISTRICT NO. 40
DEBT SERVICE FUND (300) EXPENDITURE SUMMARY (BUDGETARY BASIS)
Year Ended June 30, 2021

Other Functions		Wages Object 100	Payroll Costs Object 200	Services Object 300	Supplies Object 400	Capital Outlay Object 500	Other Object 600	Total
5100 Debt Service		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,847,836	\$ 38,847,836
Total Other Functions		-	-	-	-	-	38,847,836	38,847,836
TOTAL EXPENDITURES		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,847,836	\$ 38,847,836

McMINNVILLE SCHOOL DISTRICT NO. 40
CAPITAL PROJECTS FUND (400) EXPENDITURE SUMMARY (BUDGETARY BASIS)
Year Ended June 30, 2021

Facilities Acquisition and Construction	Wages Object 100	Payroll Costs Object 200	Services Object 300	Supplies Object 400	Capital Outlay Object 500	Other Object 600	Total
4150 Building Acquisition, Construction, and Improvement	\$ -	\$ -	\$ -	\$ 40,129	\$ 493,882	\$ 12,082	\$ 546,093
Total Facilities Acquisition and Construction	-	-	-	40,129	493,882	12,082	546,093
TOTAL EXPENDITURES	\$ -	\$ -	\$ -	\$ 40,129	\$ 493,882	\$ 12,082	\$ 546,093

McMINNVILLE SCHOOL DISTRICT NO. 40
FIDUCIARY FUND (700) EXPENDITURE SUMMARY (BUDGETARY BASIS)
Year Ended June 30, 2021

Other Functions	Wages Object 100	Payroll Costs Object 200	Services Object 300	Supplies Object 400	Capital Outlay Object 500	Other Object 600	Total
3390 Other Community Services	\$ -	\$ -	\$ 15,900	\$ -	\$ -	\$ -	\$ 15,900
Total Other Functions	-	-	15,900	-	-	-	15,900
TOTAL EXPENDITURES	\$ -	\$ -	\$ 15,900	\$ -	\$ -	\$ -	\$ 15,900

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STATISTICAL SECTION

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

Contents	Page
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.	103
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.	107
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	109

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)

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
Governmental Activities										
Net investment in capital assets	\$ 54,686,599	\$ 56,345,606	\$ 60,569,246	\$ 59,894,436	\$ 52,959,303	\$ 44,269,882	\$ 40,288,915	\$ 36,979,216	\$ 34,552,035	\$ 31,098,952
Restricted	6,618,447	5,989,800	2,164,220	2,669,614	3,521,235	4,934,389	3,461,939	2,778,236	2,578,592	2,410,179
Unrestricted	(73,474,770)	(68,034,734)	(59,071,573)	(55,492,361)	(51,398,512)	(43,979,929)	(16,701,864)	(36,954,932)	(3,544,713)	(1,998,526)
Total primary government net position	<u>\$ (12,169,724)</u>	<u>\$ (5,699,328)</u>	<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>

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

Expenses	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
Instructional programs	\$ 63,400,809	\$ 61,371,161	\$ 56,506,959	\$ 54,532,271	\$ 52,558,011	\$ 63,619,441	\$ 30,991,109	\$ 41,484,570	\$ 39,110,966	\$ 39,655,528
Support services										
Student transportation	2,120,943	2,482,347	2,673,211	2,249,261	2,208,921	2,089,382	2,045,590	1,993,979	2,198,634	2,190,121
Other support services	27,423,178	25,745,899	23,232,631	22,202,258	21,429,643	25,646,971	14,149,942	18,637,893	18,620,524	16,952,859
Community services	3,142,629	3,447,468	3,271,939	3,537,084	3,522,195	3,838,040	2,548,372	2,639,518	2,499,644	2,521,615
Facilities services	236,370	556,068	1,211,007	1,028,581	581,682	117,817	92,820	20,128	15,993	472,056
Interest on long-term debt	6,036,708	6,306,571	6,434,550	6,466,628	6,669,502	3,800,386	4,030,059	4,243,817	3,092,214	4,828,778
Total expenses	102,360,637	99,909,514	93,330,297	90,016,083	86,969,954	99,112,037	53,857,892	69,019,905	65,537,975	66,620,957
Program Revenues										
Charges for services										
Instructional programs	275,230	1,065,054	1,287,128	1,449,981	1,499,275	1,530,476	1,440,986	1,404,134	1,250,940	1,419,803
Other support services	259,440	212,425	176,218	178,343	129,363	122,901	120,027	77,982	143,440	185,630
Community services	145,051	356,834	263,483	117,921	107,322	101,108	96,296	393,159	388,648	447,170
Operating grants and contributions	13,071,973	9,642,820	9,823,510	9,450,956	9,166,772	10,090,709	10,840,699	9,745,187	10,300,449	8,849,537
Capital grants and contributions	-	162,372	53,382	4,938,157	4,823,252	-	-	-	-	-
Total program revenues	13,751,694	11,439,505	11,603,721	16,135,358	15,725,984	11,845,194	12,498,008	11,620,462	12,083,477	10,902,140
Net (Expense) Revenue	<u>(88,608,943)</u>	<u>(88,470,009)</u>	<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>
General Revenues										
Property taxes	25,039,587	24,087,025	23,019,870	21,850,303	21,529,589	20,756,714	19,971,205	18,912,202	18,757,889	18,292,024
State school fund - general support	54,226,770	52,128,039	50,835,277	49,507,845	45,323,080	45,102,671	42,186,575	39,074,365	33,941,098	34,490,713
Intermediate sources	2,236,989	2,011,047	2,113,086	2,100,157	2,172,679	2,126,367	2,189,842	1,934,088	1,875,412	1,264,323
Other state and local sources	340,920	652,327	649,062	1,077,628	1,259,595	1,201,250	1,119,603	946,812	823,229	739,183
Earnings on investments	294,281	859,506	1,699,485	1,300,355	816,711	199,469	139,129	128,987	132,079	131,244
Other	-	(629,156)	-	34,100	-	-	-	-	-	53,251
Total general revenues	82,138,547	79,108,788	78,316,780	75,870,388	71,101,654	69,386,471	65,606,354	60,996,454	55,529,807	54,970,738
Change in Net Position	<u>\$ (6,470,396)</u>	<u>\$ (9,361,221)</u>	<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>

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

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
General Fund										
Committed to										
Asset Reserve	\$ 1,897,373	\$ 1,912,353	\$ 2,046,481	\$ 2,081,865	\$ 2,820,055	\$ 2,886,198	\$ 2,310,406	\$ 2,046,414	\$ 1,969,466	\$ 1,879,503
Textbook and Technology Replacement	170,601	26,793	124,765	176,541	179,300	421,400	250,000	-	-	-
Insurance Reserve	310,538	395,724	483,355	506,522	590,157	690,886	771,402	746,204	774,738	778,827
Unassigned	9,537,813	7,837,357	8,476,261	7,355,987	6,129,550	6,647,752	6,105,164	4,755,843	3,437,015	4,455,113
Total general fund	\$ 11,916,325	\$ 10,172,227	\$ 11,130,862	\$ 10,120,915	\$ 9,719,062	\$ 10,646,236	\$ 9,436,972	\$ 7,548,461	\$ 6,181,219	\$ 7,113,443
All Other Governmental Funds										
Restricted for										
Grant Activities	\$ 307,055	\$ 291,214	\$ 284,593	\$ 275,783	\$ 319,491	\$ 262,857	\$ 255,235	\$ 259,795	\$ 219,474	\$ 224,579
Debt Service	503,216	653,292	689,305	646,835	955,302	802,803	749,900	568,295	704,145	694,337
Capital Improvements	4,685,639	3,894,265	12,800,801	56,052,676	86,269,284	1,795,091	1,410,855	969,003	660,824	490,316
Associated Student Body	442,441	476,804	424,281	435,908	417,309	519,024	510,837	490,899	507,463	498,324
Nutrition Services	680,096	674,225	766,041	948,592	1,125,638	798,727	535,112	490,244	486,686	502,623
Committed to										
PERS Bond Debt Service	498,864	515,154	507,362	582,153	563,215	575,824	570,040	566,867	563,578	719,687
Total all other governmental funds	\$ 7,117,311	\$ 6,504,954	\$ 15,472,383	\$ 58,941,947	\$ 89,650,239	\$ 4,754,326	\$ 4,031,979	\$ 3,345,103	\$ 3,142,170	\$ 3,129,866

McMINNVILLE SCHOOL DISTRICT NO. 40
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
Revenues										
Property Taxes	\$ 25,084,587	\$ 24,246,635	\$ 23,642,323	\$ 21,880,892	\$ 21,655,614	\$ 20,725,897	\$ 19,853,832	\$ 18,885,540	\$ 18,585,198	\$ 18,294,839
Earnings on Investments	294,281	859,505	1,699,485	1,300,355	816,711	199,469	139,129	128,986	132,079	131,243
Other Revenue From Local Sources	3,994,826	4,062,024	3,952,251	3,544,297	4,020,911	3,341,203	3,261,526	3,017,593	2,721,176	2,214,090
Charges for Services	385,865	1,469,961	1,592,551	1,610,039	1,612,440	1,688,631	1,623,549	1,803,474	1,815,582	2,029,211
Intermediate Sources	2,484,757	2,058,213	2,165,361	2,177,104	2,339,067	2,333,034	2,373,720	2,107,064	1,895,508	1,290,982
State sources	59,679,902	55,913,043	54,454,408	57,818,198	52,421,334	48,062,326	45,259,744	41,689,946	37,158,203	37,087,147
Federal Sources	7,291,781	5,716,332	6,005,148	6,562,043	6,858,096	7,573,919	8,132,034	7,439,483	7,581,145	6,672,979
Total Revenues	99,215,999	94,325,713	93,511,527	94,892,928	89,724,173	83,924,479	80,643,534	75,072,086	69,888,891	67,720,491
Expenditures										
Instruction	53,487,700	51,974,808	50,792,511	49,051,233	47,093,306	45,749,145	42,796,254	39,915,996	37,401,381	37,511,136
Support Services	27,438,404	26,130,880	24,595,282	23,333,801	22,362,522	21,801,470	21,591,515	20,829,700	21,054,314	18,945,273
Enterprise and Community Services	2,890,554	3,209,409	3,147,948	3,373,212	3,305,735	3,220,708	2,967,976	2,563,536	2,421,521	2,416,555
Facilities Acquisition and Construction	236,370	550,178	1,204,785	1,022,557	581,682	117,816	92,820	20,128	15,993	602,012
Debt Service:										
Principal	6,895,000	5,495,721	4,891,768	4,412,249	4,422,629	6,811,360	6,183,956	5,582,120	5,396,877	5,452,976
Interest	6,107,711	6,969,675	7,097,309	7,125,224	6,675,573	3,860,160	4,088,757	4,301,834	4,265,880	4,929,097
Bond Issuance Costs	241,727	-	-	-	504,795	-	-	-	233,036	17,872
Capital Outlay	889,435	9,921,106	44,241,541	36,915,191	22,597,900	432,209	346,869	288,597	255,347	-
Total Expenditures	98,186,901	104,251,777	135,971,144	125,233,467	107,544,142	81,992,868	78,068,147	73,501,911	71,044,349	69,874,921
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,029,098	(9,926,064)	(42,459,617)	(30,340,539)	(17,819,969)	1,931,611	2,575,387	1,570,175	(1,155,458)	(2,154,430)
Other Financing Sources (Uses)										
Sale of Fixed Assets	-	-	-	34,100	6,730	-	-	-	-	-
Bonds Issued and Premiums	1,092,837	-	-	-	101,781,978	-	-	-	-	-
Refunding Bonds Issued and Premiums	25,850,000	-	-	-	-	-	-	-	49,348,383	1,104,320
Payments of Escrow for Refunding	(25,615,480)	-	-	-	-	-	-	-	(49,112,845)	-
Total Other Sources (Uses)	1,327,357	-	-	34,100	101,788,708	-	-	-	235,538	1,104,320
Net Change in Fund Balance	2,356,455	(9,926,064)	(42,459,617)	(30,306,439)	83,968,739	1,931,611	2,575,387	1,570,175	(919,920)	(1,050,110)
Fund Balance										
Beginning of Year	16,677,181	26,603,245	69,062,862	99,369,301	15,400,562	13,468,951	10,893,564	9,323,389	10,243,309	11,293,419
End of year	<u>\$ 19,033,636</u>	<u>\$ 16,677,181</u>	<u>\$ 26,603,245</u>	<u>\$ 69,062,862</u>	<u>\$ 99,369,301</u>	<u>\$ 15,400,562</u>	<u>\$ 13,468,951</u>	<u>\$ 10,893,564</u>	<u>\$ 9,323,389</u>	<u>\$ 10,243,309</u>
Debt service as a percentage of noncapital expenditure	13.36%	13.21%	13.07%	13.06%	13.06%	13.08%	13.22%	13.50%	13.65%	14.86%

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				
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	87,739,415	35,831,188	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%
2020	3,449,023,084	118,942,783	61,689,097	64,844,500	3,694,499,464	6.75	6,244,712,129	59.16%
2021	3,576,453,161	120,699,433	65,677,774	64,118,400	3,826,948,768	6.74	6,753,005,664	56.67%

(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)									
	Debt		Total District	Yamhill County	City of McMinnville	City of Lafayette	Willamette ESD	Chemeketa					Amity RFPD	Other Taxing Districts (b)
	Operating	Service						Community College	McMinnville RFPD	Carlton Fire	Sheridan Fire			
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	
2020	4.15	2.60	6.75	2.58	6.31	4.33	0.30	0.89	0.96	1.41	1.47	2.18	0.16	
2021	4.15	2.59	6.74	2.58	6.29	4.24	0.30	0.89	0.96	1.40	1.47	2.00	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
MAJOR TAXPAYERS FOR DISTRICT - CURRENT YEAR AND NINE YEARS AGO
June 30, 2021

Taxpayer	Business/Service	2021			2012		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Value
Cascade Steel Rolling Mills	Steel production	\$ 75,873,455	1	1.98%	\$ 60,145,861	1	2.24%
MPT of McMinnville - Capella LLC	(a) Health care	60,915,892	2	1.59%	57,563,274	2	2.14%
Riverbend Landfill Co	Landfill	23,609,788	3	0.62%			
Brookdale Senior Living Inc	(b) Retirement community	21,319,650	4	0.56%	17,589,807	4	0.65%
Jackson Family Wines Inc	Commerical wine producer	15,655,939	5	0.41%			
Lafayette Place Apartments LLC	Residential real estate mgt	15,055,871	6	0.39%			
Northwest Natural Gas Co	Natural Gas Utility	15,093,000	7	0.39%	14,873,800	6	0.55%
Portland General Electric	Electrical Utility	14,169,000	8	0.37%			
March Hare LLC & McMincenter, LLC	(c) Commerical real estate mgt	13,737,264	9	0.36%	10,480,448	9	0.39%
Winco Foods LLC	Retail	13,031,574	10	0.34%			
Frontier (Verizon) Northwest Inc.	Telecommunications				19,859,000	3	
Evergreen Vintage Aircraft	Museum				16,215,625	5	
Lowes HIW Inc.	Retail				14,788,866	7	0.55%
Comcast Corporation	Telecommunications				14,275,300	8	0.53%
Air Liquide Industrial LP	Liquid gas				8,692,508	10	0.32%
Subtotal - ten of the District's largest taxpayers		268,461,433		7.02%	234,484,489		8.73%
All other District taxpayers in Yamhill County		3,558,487,335		92.98%	2,452,513,128		91.27%
Total District taxpayers		\$ 3,826,948,768		100.00%	\$ 2,686,997,617		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
MAJOR TAXPAYERS FOR YAMHILL COUNTY
June 30, 2021

Taxpayer	Business/Service	Tax ¹	Taxable Assessed Value	Percentage of Total Taxable Value
Portland General Electric	Electrical Utility	\$ 473,662	\$ 183,768,000	1.84%
Cascade Steel Rolling Mills Inc.	Steel production	195,564	75,873,455	0.76%
MPT of McMinnville - Capella LLC	Health care	157,011	60,915,892	0.61%
Northwest Natural Gas Co	Natural Gas Utility	119,632	46,414,000	0.47%
Foxglove Properties	Nursery Stock	81,871	31,763,641	0.32%
Stoller Vineyards Inc	Winery	77,196	29,949,797	0.30%
The Allison Inn & Spa LLC	Hospitality	75,744	29,386,625	0.29%
Aspen Way West LLC	Commerical Property	63,606	24,677,254	0.25%
Providence Health System	Health care	62,758	24,348,571	0.24%
Comcast Corporation	Telecommunications	61,826	23,987,000	0.24%
Subtotal - ten of the District's largest taxpayers			531,084,235	5.32%
All other District taxpayers in Yamhill County			9,447,819,406	94.68%
Total District taxpayers			<u>\$ 9,978,903,641</u>	<u>100.00%</u>

(1) Tax amount is the total tax paid by taxpayer within the boundaries of the County. This amount is distributed to individual local governments by the County.

Source: Yamhill County Assessor's Office

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
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	(598,937)	18,811,376	18,048,287	92.98%	757,806	18,806,093	99.97%
2015	20,410,647	(624,506)	19,786,141	19,008,327	93.13%	766,847	19,775,174	99.94%
2016	21,389,909	(850,486)	20,539,423	19,911,013	93.09%	609,171	20,520,184	99.91%
2017	22,110,201	(769,678)	21,340,523	20,749,859	93.85%	570,292	21,320,151	99.90%
2018	22,517,639	(770,261)	21,747,378	21,209,134	94.19%	480,854	21,689,988	99.74%
2019	23,716,107	(737,147)	22,978,960	22,390,052	94.41%	468,258	22,858,310	99.47%
2020	24,841,036	(779,885)	24,061,151	23,511,969	94.65%	333,592	23,845,561	99.10%
2021	25,752,011	(775,041)	24,976,970	24,458,287	94.98%	-	24,458,287	97.92%

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)
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
2020	130,503,375	653,292	129,850,083	3,694,499,464	3.515%	6,244,712,129	2.079%	45,789	2,836
2021	125,554,966	503,216	125,051,750	3,826,948,768	3.268%	6,753,005,664	1.852%	45,416	2,753

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)
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
2020	130,503,375	21,670,001	152,173,376	7.00%	3,323
2021	125,554,966	19,685,001	145,239,967	6.27%	3,198

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, 2021

Governmental Unit	Debt Outstanding	Percentage Applicable to District	Amount Applicable to District
Direct			
McMinnville School District No. 40	\$ 145,239,967	100.00%	\$ 145,239,967
Overlapping			
Chemeketa Community College	48,120,992	8.99%	4,326,173
City of McMinnville	27,433,080	99.97%	27,425,042
Yamhill County	7,039,273	36.65%	2,580,034
Willamette ESD	7,075,261	8.18%	579,068
City of Lafayette	5,223,785	100.00%	5,223,785
Amity RFPD	2,345,000	8.93%	209,427
New Carlton Fire District	670,000	2.38%	15,930
Subtotal, overlapping debt			<u>40,359,459</u>
Total direct and overlapping debt			<u>\$ 185,599,426</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 2021	
Real Market Value	\$ 6,753,005,664
Debt limit (7.95% of real market value)	536,863,950
Debt applicable to limit	(114,425,000)
Legal debt margin	\$ 422,438,950

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
2021	\$ 536,863,950	\$ 114,425,000	\$ 422,438,950	21.31%
2020	496,454,614	116,160,000	380,294,614	23.40%
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%

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

Calendar Year	Estimated Population (a)	Per Capita Personal Income (b)		Total Estimated Personal Income	Unemployment Rate (c)
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	7.50%
2014	43,113		36,765	1,585,049,445	6.40%
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	3.70%
2018	44,774		45,478	2,036,231,972	3.70%
2019	45,789		47,494	2,174,702,766	3.40%
2020	45,416		51,028	2,317,487,648	5.00%

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	2020			2011		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Private Employers:						
Manufacturing	6,388	1	18.27%	5,900	1	19.19%
Health care	5,274	2	15.08%	4,070	2	13.24%
Natural Resources: Agriculture, forestry	3,676	3	10.51%	2,646	4	8.60%
Retail	3,604	4	10.31%	3,060	3	9.95%
Leisure & Hospitality	3,048	5	8.72%	2,898	5	9.42%
Professional and business services	1,975	6	5.65%	1,654	6	5.38%
Construction	1,924	7	5.50%	1,185	8	3.85%
Education services	1,619	8	4.63%	1,456	7	4.73%
Other services	1,041	9	2.98%	1,128	9	3.67%
Financial activities	991	10	2.83%	992	10	3.23%
Wholesale	638	11	1.82%	472	12	1.53%
Transportation, warehousing & utilities	462	12	1.32%	662	11	2.15%
Information	232	13	0.66%	177	13	0.58%
Subtotal Private	30,872		88.29%	26,300		85.53%
Government						
Federal	462		1.32%	465		1.51%
State	228		0.65%	413		1.34%
Local Government						
Education & health services	1,945		5.56%	2,068		6.72%
Public administration	1,140		3.26%	1,287		4.19%
Other	321		0.92%	218		0.71%
Subtotal Government	4,096		11.71%	4,451		14.47%
Total Employment	34,968		100.00%	30,751		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>
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	7,887	6,598	378	17
2020	7,867	6,581	384	17
2021	7,539	6,307	377	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>
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
2020	420	328	26	12	786
2021	428	334	26	14	802

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	Nutrition Services					Student Transportation		
			General Fund Per Student Expenditure	Percent			Total Bus Routes	Total Miles		
				Breakfast	Lunch	Dinner (4)			Total Meals	Eligible Free or Reduced (5)
2021	6,307	\$ 72,052,292	\$ 11,424	189,823	189,861	174,080	553,764	n/a	47	148,995
2020	6,581	72,457,226	11,010	342,150	416,878	90,280	849,308	52.0%	47	410,019
2019	6,598	69,036,491	10,463	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	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

(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. For the 2020-21 school year, free meals were available to all students due to waiver granted by USDA.

Note: For fiscal year 2020 and 2021 there was a reduction in meals served and miles due to the closure of schools because of the pandemic.

Meals were distributed at schools and by a limited number of bus deliveries during distance learning.

Source: McMinnvill School District Records.

McMINNVILLE SCHOOL DISTRICT NO. 40
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2021

Building	Year of Original Building Construction	Square Footage (1)	Maximum Capacity (1)	Enrollment 10/1/2020	Percent of Capacity	Average Age of Buildings (in years)
Elementary Schools						
Buel	2008	80,837	600	398	66%	13
Columbus	1994	68,740	600	441	74%	27
Grandhaven	1999	69,958	600	422	70%	22
Memorial	1947	67,292	600	524	87%	74
Newby	1960	58,527	600	431	72%	61
Wascher	1979	61,259	600	362	60%	42
Total		<u>406,613</u>	<u>3,600</u>	<u>2,578</u>	<u>72%</u>	<u>40</u>
Middle Schools						
Duniway	1993	119,412	950	840	88%	28
Patton	1976	132,820	950	813	86%	45
Total		<u>252,232</u>	<u>1,900</u>	<u>1,653</u>	<u>87%</u>	<u>37</u>
High Schools						
McMinnville High Sch	1955 - 2019	268,935	2,700			63
Adams Campus	1914	34,052	300			107
Total		<u>302,987</u>	<u>3,000</u>	<u>2,114</u>	<u>70%</u>	<u>85</u>
Other Buildings						
Cook Administration Office	1924	43,464				97
Baker Street Annex	1965	9,081				56
Evans Street Ctr	1995	6,418				26
Facilities Warehouse	1977	23,000				44
19th Street Maintenance	1948	12,395				73
Stadium	1980	12,480				41
Total		<u>106,838</u>				<u>56</u>
GRAND TOTAL		<u><u>1,068,670</u></u>	<u><u>8,500</u></u>	<u><u>6,345</u></u>	<u><u>75%</u></u>	<u><u>51</u></u>

Notes:

Many buildings have undergone remodels since original construction

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

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, 2021 and have issued our report thereon dated December 10, 2021. 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 10, 2021

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, 2021, 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 10, 2021.

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 10, 2021



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, 2021. 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, 2021.



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 10, 2021

McMINNVILLE SCHOOL DISTRICT NO. 40
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor Program Title	Grant Period	Federal C.F.D.A. Number	Pass-Through Grantor's Number	Grant Amount	Federal Expenditures
<u>U.S. Department of Education</u>					
Passed through Oregon State Department of Education					
Title IA Grants	07/01/19-09/30/20	84.010	53310	1,342,816	\$ 48,496
	07/01/20-09/30/21	84.010	58306	1,283,859	\$ 1,217,140
Total				2,626,675	1,265,636
IDEA: Special Education Grants to State	07/01/19-09/30/21	84.027	53866	989,125	280,821
	07/01/19-09/30/21	84.027	56692	16,290	16,290
	07/01/20-09/30/22	84.027	60696	1,007,985	805,199
Extended Assessment	07/01/20-06/30/21	84.027	59377	1,099	-
Pathways for Recovery & Return	07/01/20-09/30/21	84.027A	61436	45,306	-
IDEA: Preschool Grants for Children with Disabilities	07/01/18-09/30/20	84.173	50137	9,318	159
	07/01/19-09/30/21	84.173	54027	7,730	915
	07/01/20-09/30/22	84.173	60530	13,452	-
Total Special Education Cluster				2,090,305	1,103,384
Title IV-A Student Support and Academic Enrichment	07/01/20-09/30/21	84.424	58612	98,821	98,821
21st Century Community Learning Centers	07/01/19-09/30/21	84.287	54270	528,371	255,508
	07/01/20-09/30/21	84.287	61154	528,371	186,950
Total				1,056,742	442,458
Title III English Language Acquisition	07/01/18-09/30/21	84.365	50261	101,214	4,286
	07/01/19-09/30/21	84.365	53434	86,895	35,712
	07/01/20-09/30/21	84.365	58484	99,017	-
Total				287,126	39,998
ED Homeless Children & Youth	10/01/19-09/30/21	84.196	54907	37,185	15,599
	10/01/20-09/30/21	84.196	61392	45,835	22,908
Total				83,020	38,507
Title II-A Supporting Effective Instruction	07/01/19-09/30/20	84.367	53572	174,884	36,185
	07/01/20-09/30/21	84.367	58798	193,415	99,294
Total				368,299	135,479
LEA ESSER Fund	03/13/20-09/30/22	84.425D	57853	1,104,784	1,104,784
LEA ESSER II Fund	03/13/20-09/30/23	84.425D	64623	4,193,370	407,838
LEA ESSER III Fund	03/13/20-09/30/24	84.425D	64928	9,424,319	-
CDL Grant Program GEER Funding	07/01/20-05/30/21	84.425C	60981	190,753	190,753
Total Education Stability Fund				14,913,226	1,703,375
Foster Care Transportation Grant	07/01/19-06/30/21	93.658	57199	2,508	2,508
Passed Through Willamette Education Service District					
Title I-C Migrant Education	07/01/20-09/30/21	84.011	N/A	52,708	52,708
Total U.S. Department of Education				21,579,430	4,882,874
<u>U.S. Department of Agriculture</u>					
Passed through Oregon State Department of Education					
National School Lunch Program Commodities	07/01/20-06/30/21	10.555	N/A	175,593	175,593
Summer Food Service Program - COVID 19	07/01/20-06/30/21	10.559	N/A	192,463	192,463
Summer Food Service Program	07/01/20-06/30/21	10.559	N/A	1,271,320	1,271,320
Total Child Nutrition Cluster				1,639,376	1,639,376
Child & Adult Care Food Program	07/01/20-06/30/21	10.558	N/A	611,021	611,021
CACFP CIL-Cash Commodities	07/01/20-06/30/21	10.558	N/A	42,649	42,649
Total				653,670	653,670
Fresh Fruit and Vegetable Program	10/01/19-09/30/20	10.582	54899	28,400	4,051
Fresh Fruit and Vegetable Program	10/01/19-09/30/20	10.582	54821	26,050	1,467
Fresh Fruit and Vegetable Program	10/01/20-09/30/21	10.582	61226	26,050	19,704
Fresh Fruit and Vegetable Program	10/01/20-09/30/21	10.582	61311	29,500	25,060
Total				110,000	50,282
Total U.S. Department of Agriculture				2,403,046	2,343,328
<u>Federal Emergency Management Agency</u>					
Passed through Oregon Office of Emergency Management					
Public Assistance Grant	07/01/19-06/30/21	97.036	N/A	65,579	65,579
Total Federal Emergency Management Agency				65,579	65,579
Total Federal Awards				\$ 24,048,055	\$ 7,291,781

McMINNVILLE SCHOOL DISTRICT NO. 40
NOTES RELATIVE TO SCHEDULE OF FEDERAL AWARDS
For the Year Ended June 30, 2021

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, 2021. 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 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.

4. Federal Financial Assistance

Pursuant to Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, non-monetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

5. Major Programs

Uniform Guidance establishes criteria to be used in defining major federal financial assistance programs. Major programs for the District are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

6. Transferability

As allowed by federal regulations, the District elected to transfer program funds. The District expended \$98,821 from its Title IV – Student Support and Academic and Enrichment grant (84.424) on allowed activities of Title 1, Part A grants to Local Education Agencies (84.010). This amount is reflected in the expenditures of Title IV – Student Support and Academic and Enrichment grant (84.424).

7. Subrecipients

The District had no subrecipients.

McMINNVILLE SCHOOL DISTRICT NO. 40
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

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

84.425C, 84.425D

Education Stabilization Fund (ESF) Section 1 – Governor's Emergency Education Relief Fund and Elementary and Secondary School Emergency Relief Fund

10.555, 10.559

Child Nutrition Cluster

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, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS - NONE

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS - NONE

SECTION IV - SUMMARY OF PRIOR AUDIT FINDING - NONE