

**ONTARIO SCHOOL DISTRICT NO. 8C
MALHEUR COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018



**12700 SW 72nd Ave.
Tigard, OR 97223**

ONTARIO SCHOOL DISTRICT NO.8C

**INDEPENDENT AUDITOR'S REPORT,
BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND
SINGLE AUDIT**

For the Year Ended June 30, 2018

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ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

June 30, 2018

CONTENTS

PAGE

INTRODUCTORY SECTION

Board of Directors and Officials.....	i
---------------------------------------	---

FINANCIAL SECTION

<i>Independent Auditor's Report</i>	1-3
---	-----

<i>Management's Discussion and Analysis</i>	4-13
---	------

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position	14
---------------------------------	----

Statement of Activities.....	15
------------------------------	----

Governmental Fund Financial Statements

Balance Sheet-Governmental Funds.....	16
---------------------------------------	----

Reconciliation of Governmental Funds Balance Sheet to the

Statement of Net Position	17
---------------------------------	----

Statement of Revenues, Expenditures and Changes in

Fund Balances – Governmental Funds	18
--	----

Reconciliation of Statement of Revenues, Expenditures and Changes

in Fund Balances of Governmental Funds to the Statement of Activities.....	19
--	----

Proprietary Fund Financial Statements

Statement of Fund Net Position	20
--------------------------------------	----

Statement of Revenues, Expenses and Changes

in Fund Net Position	21
----------------------------	----

Statement of Cash Flows – Proprietary Funds.....	22
--	----

Notes to the Basic Financial Statements.....	23-47
--	-------

Required Supplementary Information

Schedules of Revenues, Expenditures and Changes in

Fund Balance – Budget to Actual (Budgetary Basis)

General Fund.....	48
-------------------	----

Federal Programs Fund.....	49
----------------------------	----

Schedules of Oregon PERS	50
--------------------------------	----

Schedule of Early Retirement Incentive Plan	51
---	----

Notes to the Required Supplementary Information	52
---	----

Other Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds.....	53
--	----

Combining Schedule of Revenues, Expenditures and Changes in Fund

Balances – Nonmajor Governmental Fund.....	54
--	----

Schedules of Revenues, Expenditures and Changes in

Fund Balance – Budget and Actual (Budgetary Basis)

Pension Bond Debt Service	55
---------------------------------	----

Response to Invention.....	56
----------------------------	----

Activities Fund.....	57
----------------------	----

FINANCIAL SECTION (CONTINUED)

Other Supplementary Information

HB 3499 English Language Learners Grant.....	58
Malheur Promise Grant	59
Smile Grant.....	60
ASPIRE Grant	61
Measure 98 Grant	62
Goldman Sachs Philanthropic	63
NW Health Foundation Grant.....	64
Maybelle Clark McDonald Grant	65
OSBA Promise Scholarship.....	66
CTE Pathways Grant	67
Family Services Grant	68
Aiken PBIS Grant.....	69
Medicaid Reimbursement	70
Student Body	71
Food Services	72
Equipment Replacement.....	73
Technology	74
Building Improvement.....	75
<i>Major Debt Service Fund</i>	
Bond Debt Service.....	76
<i>Proprietary Funds</i>	
OHS Tiger Shoppe & O+	77
OHS Teen Parent Program	78

Other Financial Schedules

Schedules of Cash, Cash Items, Investments and Collateral Security.....	79-80
Combining Schedule of Federal Programs Sub-Funds.....	81
Continuing Disclosures Required for Bonded Debt	82-83
Schedule of District Revenues.....	84
Schedules of Expenditures by Object	
General Fund	85
Special Revenue Funds.....	86
Debt Service Funds.....	87
Capital Projects Funds	88
Proprietary Funds	89
Internal Services Funds	90
Oregon Department of Education Required Information	91

REPORT REQUIRED BY THE OREGON STATE REGULATORS

Report Required by the State of Oregon Regulations	92-93
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SINGLE AUDIT

Single Audit Letters.....	94-100
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INTRODUCTORY SECTION

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ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
BOARD OF DIRECTORS AND OFFICIALS
June 30, 2018

BOARD OF DIRECTORS

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Renae Corn Ontario, OR	Chairperson	June 30, 2021
Eric Evans Ontario, OR	Vice-Chairperson	June 30, 2019
Mike Blackaby Ontario, OR	Director	June 30, 2019
Derrick Draper Ontario, OR	Director	June 30, 2021
Blanca Rodriguez Ontario, OR	Director	June 30, 2021

OFFICIALS

Nicole Albisu	Superintendent
Mary Jo Evers	Director of Finance

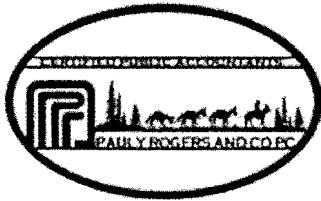
DISTRICT ADDRESS

195 SW Third Avenue
Ontario, OR 97914

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FINANCIAL SECTION

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12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcpcpas.com

December 4, 2018

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ontario School District No. 8C
Malheur County, Oregon

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ontario School District No. 8C (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents. The financial statements as of the year ended June 30, 2017 were audited by other auditors whose report dated December 29, 2017, issued an unqualified opinion on those statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic 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 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 basic financial statements.

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ontario School District No. 8C, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District adopted the provisions of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended June 30, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is 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 (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements. The supplementary information 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 listed 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 as a whole.

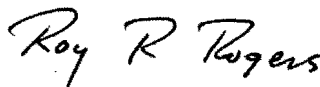
Other Information

The introductory section and other financial schedules as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our reports dated December 4, 2018 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the reports are 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. The reports are an integral part of an audit performed in accordance with Government Auditing Standards in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 4, 2018, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive, flowing style.

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

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ONTARIO SCHOOL DISTRICT 8C

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2018

This section of Ontario School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2018. Please read it in conjunction with the District's financial reports, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's government-wide financial statements reflect assets of \$46.9MM, deferred outflows of \$7.9MM, liabilities of \$50.2MM and deferred inflows of \$906K. Of the \$3.7MM in net position, \$7.9MM is invested in capital assets, \$7.8MM is restricted for debt service, \$2.4MM is restricted for special programs and (\$14.4MM) is unrestricted and available to meet the District's ongoing obligations.
- The District's Net Position increased by \$1.5M during the fiscal year mostly due to the change in the net pension liability.
- The District had \$35.5MM in expenses; \$8.2MM of these expenses were offset by program specific charges for services, grants or contributions. The remaining resources of \$28.9MM is made up of beginning balances, and General revenues which consist primarily of taxes, state school support and earnings on investments.
- The District's governmental funds report combined ending fund balance of \$16.7MM. This is a \$2.4MM increase compared to the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements to provide more detailed data. These statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net position and the statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements also look at the District's most significant funds with all other non-major funds presented in total in a single column. The table below summarizes the main features of the District's financial statements.

Features of Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements-Governmental Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary
Required Financial Statements	Statement of Net Position (page 14) Statement of Activities (page 15)	Balance Sheet (page 16) Statement of Revenues, Expenditures, and Changes in Fund Balances (page 18)
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due at year end, or soon thereafter, no capital assets included
Type of Inflow/Outflow Information	All revenues and expense during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon after

Information is included to support and explain the data in the basic financial statements. Schedules include: Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General Fund

ONTARIO SCHOOL DISTRICT 8C

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2018

and Major Fund – Federal Programs (pages 48-49), Combining Balance Sheet – Nonmajor Governmental Funds, and Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance-Non Major Funds.

Modified Accrual Accounting vs. Full Accrual Accounting

The following table shows the difference in modified accrual accounting, as done on past financial statements and full accrual accounting, as required by GASB 34.

	Modified Accrual	Full Accrual
Revenue	<ul style="list-style-type: none"> • Available and measurable • Available within 60 days of year end • Record revenue if payment is received during year or soon after (within 60 days) and is used to pay current year liabilities 	<ul style="list-style-type: none"> • Earned and measurable • Earned is 'reasonably certain to be collected'
Expense	<ul style="list-style-type: none"> • Recognize in the accounting period in which the fund liability is incurred and measurable. • Record expenditures: <ul style="list-style-type: none"> ○ Outflow of cash, or promise to pay for goods and services that have been received. 	<ul style="list-style-type: none"> • Recognize in the accounting period in which the liability is incurred and measurable. • Records expenses: <ul style="list-style-type: none"> ○ Decreases in net position resulting from the using up of outflow of assets in the course of operating a district and providing goods and services

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The statement of net position and the statement of activities are designed to give the readers a broad overview of the District's finances. These statements include all assets and liabilities using the full accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These statements report the District's net position and changes in assets. This change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, such as the District's property tax base, reduction in state school funds, facility conditions, and maintenance of effort requirements, school district enrollment, and other factors.

In the statement of net position and the statement of activities, all District activities are classified as "Governmental Activities" or "Business-type Activities."

ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2018

MAJOR FUND REPORTING

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds for fiscal year 2017-18 were the General Fund, Federal Programs Fund, and the Bond Debt Service Fund. All other funds are combined into a single, aggregated presentation.

Governmental Funds

All of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal yearend for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the governmental funds balance sheet and statement of activities is reconciled in the financial statements.

ONTARIO SCHOOL DISTRICT 8C

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The district's net position increased \$1.5MM for the period ending June 30, 2018 to \$3.8MM. This increase was attributed to the change in the net pension liability due to GASB 68.

The District's assets and deferred outflows totaled \$54.8MM. Deferred outflows of \$7.9MM related to pensions and other post-employment benefits represent 14.5% of total assets and deferred outflows. Capital assets net of accumulated depreciation, which consist of the District's land, buildings, building improvements, vehicles, and equipment, total \$26.4MM and comprise 48.2% of total assets. The remaining assets consist mainly of investments, cash, and receivables.

The District's total liabilities and deferred inflows totaled \$51.1MM. The largest liability besides the net pension liability of \$19.1MM, is for the repayment of the Qualified School Construction bond. Current liabilities of \$3.1MM represent 6.1% of the district total liabilities. Current liabilities consist of payables on account, salaries and benefits, and the current portion of long-term debt and early retirement obligations.

A large portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, vehicles and equipment). The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

ONTARIO SCHOOL DISTRICT NO. 8C NET POSITION AS OF JUNE 30, 2018 and 2017						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current Assets	\$ 20,456,834	\$ 17,733,738	\$ 33,705	\$ 20,395	\$ 20,490,539	\$ 17,754,133
Capital Assets, net of accumulated depreciation	26,430,573	26,685,803	-	-	26,430,573	26,685,803
Total Assets	46,887,407	44,419,541	33,705	20,395	46,921,112	44,439,936
Deferred Outflows						
Deferred outflows related to pensions	7,690,678	10,960,343	-	-	7,690,678	10,960,343
Deferred outflows related to OPEB	235,353	-	-	-	235,353	-
Total Deferred Outflows	7,926,031	10,960,343	-	-	7,926,031	10,960,343
Current Liabilities	3,103,237	2,840,662	9,902	4,005	3,113,139	2,844,667
Long-Term Debt	47,071,302	49,529,106	-	-	47,071,302	49,529,106
Total Liabilities	50,174,539	52,369,768	9,902	4,005	50,184,441	52,367,948
Deferred Inflows						
Deferred inflows related to pensions	777,182	668,300	-	-	777,182	668,300
Deferred inflows related to OPEB	128,397	-	-	-	128,397	-
Total Deferred Inflows	905,579	674,125	-	-	905,579	674,125
Net Position:						
Net investment in capital assets	7,930,573	14,705,800	-	-	7,930,573	14,705,800
Restricted for debt service	7,779,973	6,520,000	-	-	7,779,973	6,520,000
Restricted for special programs	2,434,945	1,984,625	-	-	2,434,945	1,984,625
Unrestricted	(14,412,171)	(20,868,610)	23,803	16,390	(14,388,368)	(20,852,220)
Total Net Position	\$ 3,733,320	\$ 2,341,815	\$ 23,803	\$ 16,390	\$ 3,757,123	\$ 2,358,205

ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2018

REVENUES AND EXPENSES

Key components of governmental revenues and expenses for the year ending June 30, 2018 are as follows:

- Revenue from the State School Fund comprises the largest portion of the District's revenue. Unrestricted revenue from the State School Fund was \$22.3MM in 2017-18 compared to \$21.3MM in fiscal year 2016-17.
- Operating grants increased by \$537K as a result of some increased grant allocations and new grant opportunities.
- Expenses for government activities increased by \$91K or .002% over the prior year, due in mostly to the change in net pension liability.

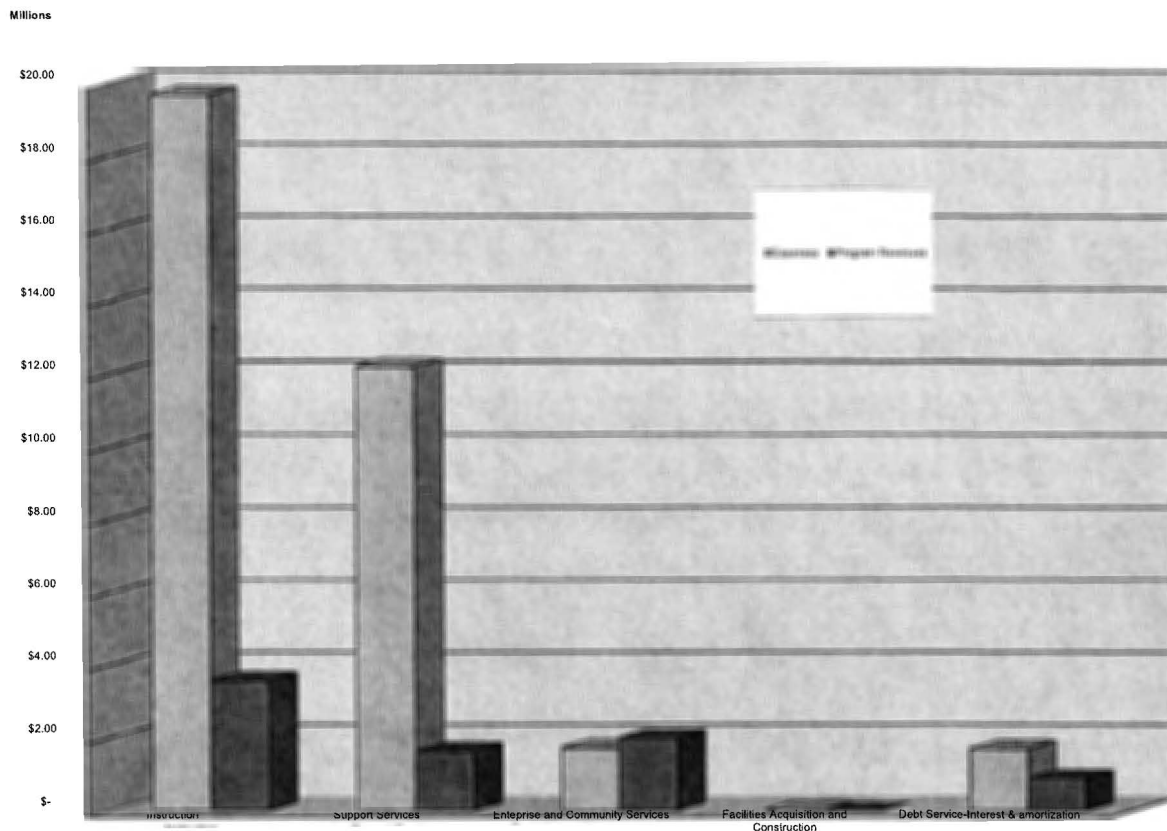
Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 1,334,670	\$ 1,346,414	\$ 7,502	\$ 6,019	\$ 1,342,172	\$ 1,352,433
Operating grants and contributions	6,865,781	6,328,824	17,488	17,612	6,883,269	6,346,436
Capital grants and contributions	-	-	-	-	-	-
General Revenues						
Property Taxes	5,366,608	5,048,243	-	-	5,366,608	5,048,243
State School Fund - General Support	22,261,345	21,259,343	-	-	22,261,345	21,259,343
State School Fund - Restricted	16,309	15,429	-	-	16,309	15,429
Other state and local sources	235,584	340,720	-	-	235,584	340,720
Earnings on Investments	331,839	175,254	-	-	331,839	175,254
Other	564,126	401,335	-	-	564,126	401,335
Total Revenues	36,976,262	34,915,562	24,990	23,631	37,001,252	34,939,193
Expenses:						
Instruction (Regular, Special, Adult, Summer)	19,712,291	18,860,761	-	-	19,712,291	18,860,761
Support services	12,236,073	13,105,892	-	-	12,236,073	13,105,892
Enterprise and community services	1,749,706	1,709,868	-	-	1,749,706	1,709,868
Facilities acquisition and construction	28,335	-	-	-	28,335	-
Interest on long-term debt	1,713,964	1,673,121	-	-	1,713,964	1,673,121
Teen parent	-	-	42,577	30,820	42,577	30,820
Bistro	-	-	-	-	-	-
Total Expenses	35,440,369	35,349,642	42,577	30,820	35,482,946	35,380,462
Gain (loss on sale of capital assets)	1,705	14,001	-	-	1,705	14,001
Transfers	(25,000)	(15,000)	25,000	15,000	-	-
Change in net position	1,512,598	(435,079)	7,413	7,811	1,520,011	(427,268)
Net Position - July 1, before restatement	2,450,798	1,622,516	16,390	8,579	2,467,188	1,631,095
Restatements for see Notes for details	(230,076)	1,263,361	-	-	(230,076)	1,263,361
Net Position - July 1, after restatement	2,220,722	2,885,877	16,390	8,579	2,237,112	2,894,456
Net Position - June 30	\$ 3,733,320	\$ 2,450,798	\$ 23,803	\$ 16,390	\$ 3,757,123	\$ 2,467,188

ONTARIO SCHOOL DISTRICT 8C

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2018

Expenses and Program Revenues - Governmental Activities



Revenue by Source - Governmental Activities

Charges for services	\$	1,334,670	3.6%
Earnings on Investments		331,839	0.9%
Operating grants and contributions		6,865,781	18.6%
Other		564,126	1.5%
Other state and local sources		235,584	0.6%
Property Taxes		5,366,608	14.5%
State School Fund		22,277,654	60.2%
	\$	<u>36,976,262</u>	

ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2018

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.

The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2018, the District's governmental funds reported combined ending fund balance of \$16.7MM, an increase of \$2.4MM in comparison with the prior year. The increase is due to the required reserve in the Bond Debt Service fund and increase state school fund support.

General Fund. The General Fund is the chief operating fund of the district. As of June 30, 2018, unassigned fund balance was \$5.1MM. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 18.4% of total General Fund expenditures, including transfers out and debt service. This fund balance percentage changed from 18% in 2016-17 and 16% in 2015-16.

The fund balance increased by \$302K during the current fiscal year. This was due to an increase in the State School funds received during the fiscal year and budgetary variances in payroll.

Federal Programs. The Federal Programs Fund is operated on a reimbursing basis. Revenues are considered earned when allowable expenditures are made. Any ending cash balance in this fund is considered deferred revenue. Any negative cash balances are considered an account receivable. For this reason, the Federal Programs Fund should never have ending fund balance. At June 30, 2018, the fund had accounts receivable of \$2.19MM and deferred revenues of \$4,613.

Other Governmental Funds. Food Services, State and Local Grants, Equipment Replacement, Technology, and Debt Service are all funds that are contained in the Other Governmental Funds category. The ending fund balance in Other Governmental Funds increased by \$898K.

ONTARIO SCHOOL DISTRICT 8C

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2018

GENERAL FUND BUDGETARY HIGHLIGHTS

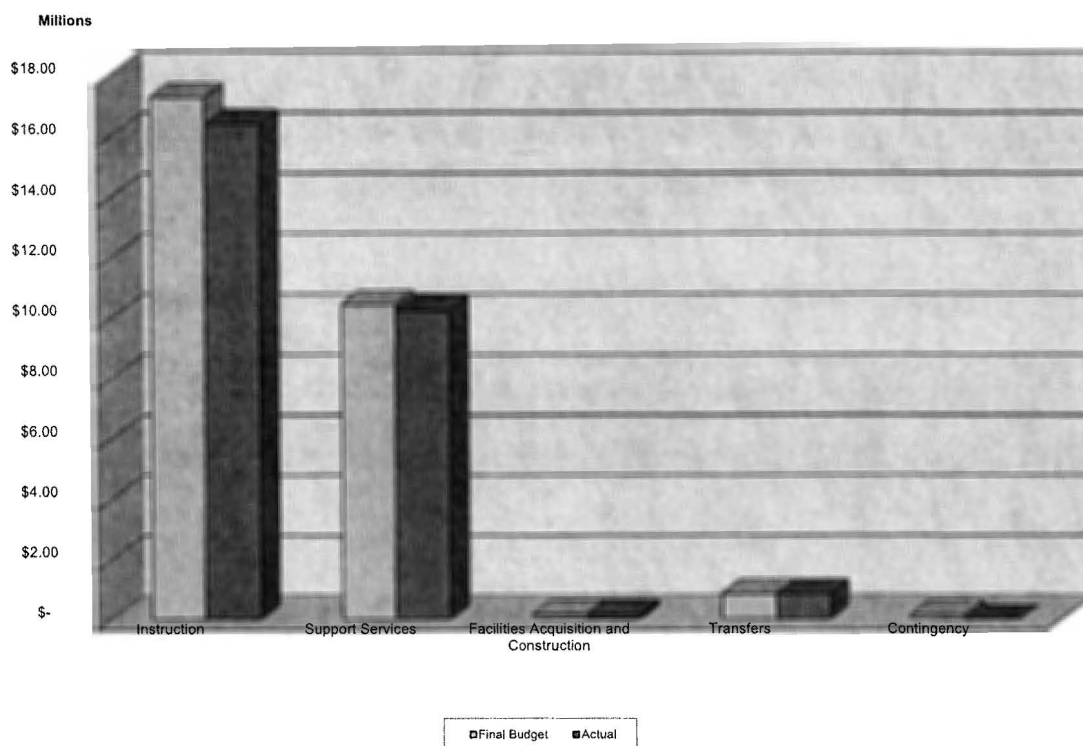
The District's budget is prepared according to Oregon law and is based on accounting for transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the 2017-18 fiscal year, the Board adopted resolutions that affected the general fund budget.

For the General Fund, the final budgeted revenue was \$26,964,004. The actual amount of revenue received was \$28,013,919.

During the year, as shown in the chart below, General Fund expenditures were within budget.

Actual Expenditures vs. Final Budget - General Fund



ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The District's investment in capital assets includes land, buildings and improvement, and vehicles and equipment. As of June 30, 2018 the District had invested approximately \$26.4MM in capital assets, net of depreciation, as shown in the following table.

ONTARIO SCHOOL DISTRICT NO. 8C			
Capital Assets			
(net of depreciation)			
	Governmental Activities		Increase
	2018	2017	(Decrease) from
			Fiscal 2017
Land	\$ 563,110	\$ 563,110	\$ -
Construction in progress	361,947	-	361,947
Buildings & building improvements	34,887,142	34,778,732	108,410
Vehicles and equipment	5,807,003	5,608,877	198,126
Accumulated depreciation	(15,188,628)	(14,264,919)	(923,709)
TOTAL	\$ 26,430,574	\$ 26,685,800	\$ (255,226)

Debt administration. At the end of the current fiscal year, the District had total bonded debt outstanding of \$26.0MM, consisting of pension obligation bonds issued in October of 2002 to pay the unfunded actuarial liability to the Oregon Public Employees Retirement System, a partial redemption of the 2002 PERS Series B obligation bond referred to as the 2011 PERS Series B and Qualified School Construction Bonds issued in July 2010 to pay for school construction and renovations.

During the current fiscal year, the bonded debt decreased by \$198K. The decrease was due to the payment made on the 2002 PERS Series B Obligation.

CURRENT FINANCIAL ISSUES AND CONCERNS

The most significant economic factor for the District remains the State of Oregon's State School fund. For the year ended June 30, 2018, the State School Fund – General Support, provided 60.2% of the District's program resources. In addition, PERS contribution rates continue to be a concern for the district. It is anticipated that beginning July 1, 2019 the rate of contribution that the district pays will increase substantially and the increases will continue through the next two biennia. Further, the rate will remain at this higher rate or even higher until the new OPSRP members replace retiring Tier 1/Tier 2 members. The state of Oregon has allowed districts to make deposits into PERS side accounts in an attempt to get the unfunded actuarial liability reduced. The district will explore this option and the benefits that may be gained by participation.

A reduction in federal funding levels due to restructuring at the federal level is a concern for the District. The IRS interest subsidy on the QSCB bond has been reduced because of federal budgets, which is passed on to the taxpayers of the district because the interest is still due whether or not the IRS pays it. The district may find reductions in federal grants as the federal budget excluded many programs. Facility needs of the district will need to be addressed within the next few years as the district has reached capacity at our elementary schools. The district will attempt to gain the approval of voters in May 2019 construction of a 6th grade building to be located on the Middle School Campus. The district is eligible for state matching fund of \$4M through the OSCIM program.

ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2018

In conclusion, the Ontario School District has committed itself to financial excellence, not only in past, but future years. The District's system of financial planning, budgeting and internal financial controls are firmly in place and the District plans to continue its sound fiscal management to meet the challenges of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances and demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Director of Finance at 195 SW 3rd Ave, Ontario, OR.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE
FINANCIAL STATEMENTS

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ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and investments	\$ 9,399,383	\$ 33,705	\$9,433,088
Receivables			
Taxes	350,899	-	350,899
Accounts	2,821,355	-	2,821,355
Restricted cash	7,779,973	-	7,779,973
Long-term assets			
Inventory	105,224	-	105,224
Capital assets			
Non-depreciable assets			
Land	563,110	-	563,110
Construction in progress	361,947	-	361,947
Depreciable assets			
Buildings and building improvements	34,887,142	-	34,887,142
Equipment and vehicles	5,807,003	-	5,807,003
Accumulated depreciation	(15,188,628)	-	(15,188,628)
Total assets	<u>46,887,407</u>	<u>33,705</u>	<u>46,921,112</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferrals - PERS	7,690,678	-	7,690,678
OPEB related deferrals - Health insurance	143,512	-	143,512
Pension related deferrals - Stipends	91,841	-	91,841
Total deferred outflows	<u>7,926,031</u>	<u>-</u>	<u>7,926,031</u>
LIABILITIES			
Current liabilities			
Accounts payable	169,240	5,695	174,935
Accrued liabilities			
Payroll, payroll taxes, insurance	2,728,439	4,207	2,732,646
Deferred unearned grant income	4,613	-	4,613
Bonds payable - due within one year	200,945	-	200,945
Long-term liabilities			
Pension liability - Stipends	553,173	-	553,173
OPEB Liability - Health insurance	1,580,141	-	1,580,141
Due in more than one year	25,812,358	-	25,812,358
Net pension liability-PERS	19,125,630	-	19,125,630
Total liabilities	<u>50,174,539</u>	<u>9,902</u>	<u>50,184,441</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferrals - PERS	777,182	-	777,182
OPEB related deferrals - Health insurance	71,089	-	71,089
Pension related deferrals - Stipends	57,308	-	57,308
Total deferred inflows	<u>905,579</u>	<u>-</u>	<u>905,579</u>
NET POSITION			
Invested in capital assets, net of related debt	7,930,573	-	7,930,573
Restricted for debt service (expendable)	7,779,973	-	7,779,973
Restricted for special programs (expendable)	2,434,945	-	2,434,945
Unrestricted	(14,412,171)	23,803	(14,388,368)
Total net position	<u>\$ 3,733,320</u>	<u>\$ 23,803</u>	<u>\$ 3,757,123</u>

See notes to the basic financial statements.

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expenses)	Business-Type Activities	Total
		Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Revenues and Changes in Net Position		
GOVERNMENTAL ACTIVITIES							
Regular programs	\$ 10,780,077	\$ 44,676	\$ -	\$ 157,413	\$ (10,577,988)	\$ -	\$ (10,577,988)
Special programs	8,774,086	268,557	-	2,978,978	(5,526,551)	-	(5,526,551)
Summer school programs	158,128	-	-	155,561	(2,567)	-	(2,567)
Students	1,508,014	-	-	382,027	(1,125,986)	-	(1,125,986)
Instructional staff	988,218	-	-	233,227	(754,991)	-	(754,991)
General administration	472,841	-	-	-	(472,841)	-	(472,841)
School administration	2,628,004	-	-	-	(2,628,004)	-	(2,628,004)
Business services	4,085,355	31,379	-	18,821	(4,035,155)	-	(4,035,155)
Central activities	2,482,029	971,091	-	26,013	(1,484,926)	-	(1,484,926)
Supplemental retirement program	71,612	-	-	-	(71,612)	-	(71,612)
Enterprise & community services	1,749,706	18,967	-	2,003,138	272,399	-	272,399
Facilities acquisition & construction	28,335	-	-	-	(28,335)	-	(28,335)
Debt service-interest & amortization	1,713,964	-	-	910,603	(803,360)	-	(803,360)
Total governmental activities	35,440,369	1,334,670	-	6,865,781	(27,239,918)	-	(27,239,918)
BUSINESS-TYPE ACTIVITIES							
Teen parent program	31,311	-	-	17,488	-	(13,823)	(13,823)
Tiger Shoppe & O+ Store	11,266	7,502	-	-	-	(3,764)	(3,764)
Total business-type activities	42,577	7,502	-	17,488	(17,587)	(17,587)	(17,587)
	<u>\$ 35,482,946</u>	<u>\$ 1,342,172</u>	<u>\$ -</u>	<u>\$ 6,883,269</u>	<u>(27,239,918)</u>	<u>(17,587)</u>	<u>(27,257,505)</u>
GENERAL REVENUES							
Property taxes for general purposes					4,217,499	-	4,217,499
Property taxes for debt service					1,149,109	-	1,149,109
State school fund-general support					22,261,345	-	22,261,345
State school fund-restricted					16,309	-	16,309
County school fund					685	-	685
Common school fund					234,899	-	234,899
Earnings on investments					331,839	-	331,839
Miscellaneous					564,126	-	564,126
Total general revenues					28,775,811	-	28,775,811
Gain (loss) on sale of capital assets					1,705	-	1,705
Transfers in (out)					(25,000)	25,000	-
Change in net position					1,512,598	7,413	1,520,011
Net position - June 30, 2017, before restatement					2,450,798	16,390	2,467,188
Restatement - see Note 13					(230,076)	-	(230,076)
Net position - June 30, 2017, after restatement					2,220,722	16,390	2,237,112
Total net position - June 30, 2018					\$ 3,733,320	\$ 23,803	\$ 3,757,123

GOVERNMENTAL FUND
FINANCIAL STATEMENTS

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ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	Federal Programs	Bond Debt Service	Nonmajor Governmental Funds	Total
ASSETS AND DEFERRED OUTFLOWS					
Cash and investments	\$ 5,064,261	\$ -	\$ -	\$ 3,912,875	\$ 8,977,136
Receivables					
Property tax	272,852	-	78,047	-	350,899
Grants	-	2,187,411	-	-	2,187,411
Other	147,623	-	-	486,321	633,944
Interfund loan receivable	2,335,547	-	-	-	2,335,547
Restricted assets					
Cash	-	-	7,779,973	-	7,779,973
Total assets	<u>7,820,283</u>	<u>2,187,411</u>	<u>7,858,020</u>	<u>4,399,196</u>	<u>22,264,910</u>
Deferred outflows	-	-	-	-	-
Total assets and deferred outflows	<u>\$ 7,820,283</u>	<u>\$ 2,187,411</u>	<u>\$ 7,858,020</u>	<u>\$ 4,399,196</u>	<u>\$ 22,264,910</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 132,813	\$ 15,547	\$ -	\$ 20,495	\$ 168,855
Accrued liabilities	2,366,257	243,674	-	118,508	2,728,439
Unearned revenue - grants	-	4,613	-	-	4,613
Total liabilities	<u>2,499,070</u>	<u>263,834</u>	<u>-</u>	<u>139,003</u>	<u>2,901,907</u>
Deferred inflows					
Interfund loan payable	-	1,923,577	-	411,970	2,335,547
Unavailable property taxes	222,087	-	63,146	-	285,233
Total deferred inflows	<u>222,087</u>	<u>1,923,577</u>	<u>63,146</u>	<u>411,970</u>	<u>2,620,780</u>
Fund balances					
Nonspendable		-	-	-	-
Spendable					
Restricted	-	-	7,794,874	2,434,945	10,229,819
Committed	-	-	-	1,397,078	1,397,078
Assigned	-	-	-	16,200	16,200
Unassigned	5,099,126	-	-	-	5,099,126
Total fund balances	<u>5,099,126</u>	<u>-</u>	<u>7,794,874</u>	<u>3,848,223</u>	<u>16,742,223</u>
Total liabilities and fund balances	<u>\$ 7,820,283</u>	<u>\$ 2,187,411</u>	<u>\$ 7,858,020</u>	<u>\$ 4,399,196</u>	<u>\$ 22,264,910</u>

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2018

Total fund balances		\$ 16,742,223
Capital assets are not financial resources and therefore, are not reported in the governmental funds.		
Cost	\$ 41,619,201	
Accumulated depreciation	<u>(15,188,628)</u>	26,430,573
Certain delinquent property taxes not collected for several months after year end is not considered available revenue and is deferred in the governmental funds.		285,234
Internal service fund		421,861
Inventory not consumed within sixty days is not included in the fund financial statements.		105,224
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		
Bonds payable	(26,013,303)	
Pension liability - Stipends	(553,173)	
Net pension liability - PERS	(19,125,630)	
OPEB Liability - Health insurance	<u>(1,580,141)</u>	(47,272,247)
The district's changes in pension, other pension, and other post-employment benefits related deferred outflows will be amortized over the next five years.		7,926,031
The district's changes in pension, other pension, and other post-employment benefits related deferred inflows will be amortized over the next five years.		<u>(905,579)</u>
Total net position		<u>\$ 3,733,320</u>

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended
June 30, 2018

	General	Federal Programs	Bond Debt Service	Nonmajor Governmental Funds	Total
Revenues					
Taxes	\$ 4,217,546	\$ -	\$ 1,152,623	\$ -	\$ 5,370,170
Local sources	339,894	-	124,691	1,523,147	1,987,733
Intermediate sources	703,575	-	-	-	703,575
State sources	22,509,894	-	-	415,635	22,925,529
Federal sources	105	2,903,541	910,603	1,935,667	5,749,916
Total revenues	27,771,014	2,903,541	2,187,917	3,874,449	36,736,923
Expenditures					
Instruction					
Regular programs	10,305,569	4,044	-	152,513	10,462,126
Special programs	6,109,246	2,071,866	-	436,339	8,617,451
Summer school programs	-	155,413	-	-	155,413
Support services					
Students	1,025,530	349,265	-	89,210	1,464,004
Improvement of instruction	661,467	233,226	-	66,329	961,023
General administration	459,529	-	-	-	459,529
School administration	2,532,792	-	-	4,784	2,537,576
Business services	4,228,514	-	1	59,021	4,287,537
Central activities	1,283,176	26,013	-	71,166	1,380,356
Supplemental retirement program	71,612	-	-	-	71,612
Food services	-	-	-	1,703,604	1,703,604
Community services	-	63,715	-	-	63,715
Facilities acquisition and construction	167,500	-	-	358,412	525,912
Debt service					
Principal	-	-	-	198,149	198,149
Interest	-	-	1,033,040	680,924	1,713,964
Total expenditures	26,844,935	2,903,541	1,033,041	3,820,451	34,601,970
Excess of revenues over (under) expenditures	926,079	-	1,154,876	53,998	2,134,953
Other financing sources (uses)					
Debt proceeds	-	-	-	-	-
Grant indirect charges	242,904	-	-	-	242,904
Sale of assets	-	-	-	1,705	1,705
Transfers in (out)	(867,000)	-	-	842,000	(25,000)
Total other financing sources (uses)	(624,096)	-	-	843,705	219,609
Net change in fund balances	301,983	-	1,154,876	897,703	2,354,562
Available fund balances, July 1, before restatement	4,778,787	-	6,639,998	2,950,520	14,369,305
Restatement - See Note 13	18,355	-	-	-	18,355
Available fund balances, July 1, after restatement	4,797,143	-	6,639,998	2,950,520	14,387,661
Available fund balances, June 30	\$ 5,099,126	\$ -	\$ 7,794,874	\$ 3,848,223	\$ 16,742,223

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended
June 30, 2018

Net change in fund balance	\$ 2,354,564
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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 capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	\$ 826,146	
Less current year depreciation	<u>(1,081,373)</u>	(255,227)

Long-term debt proceeds are reported as other financing sources in governmental funds. In the statement of Net Assets, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets. This is the amount by which proceeds exceeded repayments.

Debt principal repaid	198,149
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Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.	(3,560)
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Inventory not consumed within sixty days is not included in the fund financial statements.	18,445
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Internal service funds are used by the district to charge the costs of unemployment insurance to individual funds. The net activity of the internal service funds is not reported with governmental activities.

Internal service fund expense	<u>(3,397)</u>	(3,397)
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Changes in total pension liability and other post-employment benefits, the related changes in deferred outflows and deferred inflows of resources are not recognized as expenses in governmental funds.	<u>(796,376)</u>
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CHANGE IN NET POSITION	<u><u>\$ 1,512,598</u></u>
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PROPRIETARY FUND
FINANCIAL STATEMENTS

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ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
STATEMENT OF FUND NET POSITION
Proprietary Funds
June 30, 2018

	OHS Tiger Shophe & O+ Fund	OHS Teen Parent Program	Totals June 30, 2018	Internal Service Funds
ASSETS				
Current assets				
Cash and investments	\$ 6,391	\$ 27,314	\$ 33,705	\$ 422,246
Receivables				
Accounts	-	-	-	-
Total assets	<u>6,391</u>	<u>27,314</u>	<u>33,705</u>	<u>422,246</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current liabilities				
Accounts payable	5,695	-	5,695	385
Accrued liabilities				
Payroll, payroll taxes, insurance	-	4,207	4,207	-
Total liabilities	<u>5,695</u>	<u>4,207</u>	<u>9,902</u>	<u>385</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Unrestricted	696	23,107	23,803	421,861
Total net position	<u>\$ 696</u>	<u>\$ 23,107</u>	<u>\$ 23,803</u>	<u>\$ 421,861</u>

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION
Proprietary Funds
For the Year Ended
June 30, 2018

	OHS Tiger Shoppe & O+ Fund	OHS Teen Parent Program	Totals June 30, 2018	Internal Service Funds
Operating revenue				
Charges for services	\$ 7,502	\$ -	\$ 7,502	\$ -
Operating grants	-	17,488	17,488	-
Total operating revenue	<u>7,502</u>	<u>17,488</u>	<u>24,990</u>	<u>-</u>
Operating expenses				
Salaries and benefits	-	30,273	30,273	3,397
Supplies	11,266	1,038	12,305	-
Total operating expenses	<u>11,266</u>	<u>31,311</u>	<u>42,577</u>	<u>3,397</u>
Operating income	(3,764)	(13,823)	(17,587)	(3,397)
Nonoperating income				
Transfers in	-	25,000	25,000	-
Total nonoperating income	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Change in net position	(3,764)	11,177	7,413	(3,397)
Total net position - beginning	4,460	11,930	16,390	425,258
Total net position - ending	<u>\$ 696</u>	<u>\$ 23,107</u>	<u>\$ 23,803</u>	<u>\$ 421,861</u>

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
STATEMENT OF CASH FLOWS
Proprietary Funds
June 30, 2018

	OHS Tiger Shophe & O+ Fund	OHS Teen Parent Program	June 30, 2018	Internal Service Funds
Cash flows from operating activities				
Receipts from interfund services provided	\$ -	\$ -	\$ -	\$ -
Receipts for services	7,502	22,317	29,819	-
Payments for employee salaries and benefits	-	(30,273)	(30,273)	(3,366)
Payments for supplies	(5,571)	(1,038)	(6,609)	-
Net cash provided/(used) by operating activities	<u>1,931</u>	<u>(8,994)</u>	<u>(7,063)</u>	<u>(3,366)</u>
Cash flows from noncapital financing activities				
Transfer in to pay employee benefits	-	25,000	25,000	-
Net increase in cash and cash equivalents	<u>1,931</u>	<u>16,006</u>	<u>17,937</u>	<u>(3,366)</u>
Cash and cash equivalents - beginning	<u>4,460</u>	<u>11,308</u>	<u>15,768</u>	<u>425,612</u>
Cash and cash equivalents - ending	<u>\$ 6,391</u>	<u>\$ 27,314</u>	<u>\$ 33,705</u>	<u>\$ 422,246</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ (3,764)	\$ (13,823)	\$ (17,587)	\$ (3,397)
(Increase) decrease in accounts receivable	-	4,627	4,627	-
Increase (decrease) in accounts payable	5,695	202	5,897	31
Net cash provided/(used) by operating activities	<u>\$ 1,931</u>	<u>\$ (8,994)</u>	<u>\$ (7,063)</u>	<u>\$ (3,366)</u>

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NOTES TO THE BASIC
FINANCIAL STATEMENTS

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ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 1. Summary of Significant Accounting Policies

The administration of Ontario School District No. 8C is vested in a five member board of directors, a district superintendent and a director of finance.

The following is a summary of significant accounting policies utilized by the district in the preparation of the accompanying financial statements.

A. Reporting Entity

A five member board of directors exercises governance responsibilities over all entities related to public elementary and secondary school education within the jurisdiction of Ontario School District No. 8C as set by the state of Oregon. The board receives funding from local, state and federal sources. However, Ontario School District No. 8C is not included in any other governmental reporting entity as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

Accounting principles generally accepted in the United States of America require that these basic financial statements present Ontario School District No. 8C (the primary government) and all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate organizations that are included in the district's reporting because of the significance of their operational or financial relationships with the district. No other entities met requirements for inclusion in Ontario School District No. 8C.

B. 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. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues and charges for services.

The Statement of Net Position present the district's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that do not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities presents a comparison between direct expenses and program revenues for

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to students or others for tuition, fees, rentals, materials, supplies or services provided, (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

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

Net position is reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors (such as through 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 proprietary) are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

The district reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the district. It is used to account for all financial resources except those required to be accounted for in another fund.

Federal Programs Fund - Federal Programs Fund are special revenue funds used to account for the proceeds of specific federal revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Bond Debt Service Fund - The Bond Debt Service Fund accounts for the property taxes levied for school improvement projects. These funds are legally restricted to the repayment of the school improvement bonds.

Additionally, the district reports the following fund types:

Debt Service Fund - The debt service fund account for the payment of principal and interest on the district's bonds used for financing of unfunded actuarial liability pension debt. The principal source of revenue is general fund transfers.

Special Revenue Funds - Special revenue funds account for revenue sources that are legally restricted to expenditures for specified purposes (other than major capital projects).

Capital Projects Funds - Capital projects funds account for revenue and expenditures related to major repairs, renovations, and construction of the district buildings.

The district reports the following proprietary funds:

OHS Tiger Shoppe & O+ Fund—This proprietary fund accounts for the activities of the student run bistro, swagger shop and district licensed gear.

OHS Teen Parent Program—This accounts for activities relating to providing daycare for teen parents.

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Internal Service Fund – The internal service fund accounts for the district's self-insured unemployment fund. Principal revenues are payments from the general fund and special revenue funds. Principal expenses are reimbursement of unemployment claims to the Oregon Employment Department.

C. Measurement Focus and Basis of Accounting

Government-wide, proprietary 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. With the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in 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 assets 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. A six month availability period is used for revenue recognition for all reimbursable grants. The district considers property taxes and other revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the district's proprietary funds are charges for services, operating grants and other miscellaneous revenues. Operating expenses for the proprietary funds include personnel and materials and supplies. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

D. Budgets and Budgetary Accounting

A budget is prepared for each district fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total instruction, support services, community services, interagency/fund transactions, contingencies and debt service by fund are the levels of control. The detail budget document, however, is required to contain more specific, detailed information for the above mentioned expenditure categories. Appropriations lapse at June 30.

Unexpected additional resources may be added to the budget using a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the board of directors.

The budget for the General Fund and special revenue funds includes capital outlay expenditures in each program for capital outlay applicable to that program. Expenditures of the various funds were within authorized appropriations, except for OHS Tiger Shoppe & O+ Fund – Support services which was over-expended by \$6,266 after the capital outlay applicable to that program.

E. Property Taxes Receivable

Property taxes assessed in prior years, but not yet collected or accrued, are reported on the balance sheet, but are offset by deferred revenue accounts. The district levies taxes on a fiscal year from July 1 to June 30. The current levy becomes a lien on July 1. Taxes are due November 15, and become delinquent May 15. Foreclosure is started three years after taxes become delinquent. The district turns all tax collection duties over to Malheur County, Oregon.

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

The government reports deferred revenues on its governmental fund balance sheet. Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the district before it has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the district has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

F. Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market 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 reporting period. The cost of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Buildings and improvements	10 to 50 years
Equipment and vehicles	5 to 30 years

G. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. The district's policy is that all accrued vacation lapses if not taken by June 30 of each year. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Unpaid sick pay lapses upon termination of employment.

H. Deposits and Investments

Ontario School District No. 8C's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. All short-term cash surpluses are maintained in savings accounts and the Oregon State Treasury Local Government Investment Pool and allocated to each fund based on the amount of excess cash each fund has deposited.

Oregon statutes and local ordinances authorize the district to invest (short-term and long-term) in certificates of deposit (considered investments for risk categorization purposes), certain bond obligations of civil subdivisions, general obligations of the United States, U.S. agency issues, general obligations of the states of Oregon, Washington, Idaho and California, certain interest bearing bonds of a county, port or school district, certain interest bearing bonds on any city in the state of Oregon, life insurance and annuity contracts, pooled deferred compensation trusts, banker's acceptances, and certain corporate bonds.

I. Encumbrances

The district does not use encumbrance accounting.

J. Inventory

The costs of inventories that are not consumed within sixty days in governmental fund types are recorded as expenditures when purchased and as inventory in the government-wide statements. Inventories are valued at cost using the first in first out method. The value of inventories at June 30, 2018 is \$105,224.

K. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

L. Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

M. Deferred Outflows of Resources

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The district has items that qualify for reporting in this category. It is the deferred amounts relating to pensions, other pensions and other post-employment benefits. This amount of \$7,926,031 is deferred and recognized as an outflow of resources in the period when the district recognizes pension expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position.

In addition to liabilities, the statement of financial position will a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The district has items that qualify for reporting in this category. Unavailable revenue from property taxes is reported in the governmental funds balance sheet in the amount of \$285,233. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available. The district also reports deferred amounts related to pensions and other post-employment benefits. These amounts are deferred and recognized as an inflow of resources in the period when the district recognizes pension income or grant income. Deferred inflows are included in the government-wide Statement of Net Position. The district had \$905,579 of PERS, other post-employment benefits and other pension related deferred inflows at June 30, 2018.

N. Statements of Cash Flows

For purposes of the Statement of Cash Flows, the district considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments of the proprietary fund types are pooled with the district's pooled cash and investments.

O. Use of Estimates

The basic financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Actual results could differ from those estimates.

P. 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 (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.

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Q. Fund Balances

GASB Statement No. 54 requires analysis and presentation of fund balances in five categories; the fund balance categories are:

- *Nonspendable*—Includes items not immediately converted to cash, such as prepaid items, interfund receivables and inventory.
- *Restricted*—Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.
- *Committed*—Includes items committed by the district's board of directors, by formal board resolution.
- *Assigned*—Includes items assigned for specific uses, authorized by the district's superintendent and/or Director of Finance.
- *Unassigned*—This is the residual classification used for those balances not assigned to another category.

The board authorized the Superintendent and the Director of Finance to make assignments of ending fund balance. Assignments of fund balances can be done at any time, including after fiscal year end date.

Finally, GASB 54 requires a spending policy, as it relates to ending fund balance. The spending policy states in what order fund balance categories are spent. The board approved the following fund balance order of spending policy:

1. Restricted Fund Balance
2. Committed Fund Balance
3. Assigned Fund Balance
4. Unassigned Fund Balance

Note 2. Deposits and Investments

Cash and Investments

The district maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net assets as cash and investments.

Cash and investments are comprised of the following at June 30, 2018:

Deposits with banks	\$ 2,494,175
Investments	14,717,716
Cash on hand	1,170
	<u>\$ 17,213,061</u>

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

Statement of Net Position	
Cash and investments	\$ 9,433,088
Restricted cash	7,779,973
	<u>\$ 17,213,061</u>

As of June 30, 2018, the district held the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)	
		Less than 3	More than 3
Local Government Investment Pool	\$ 14,717,716	\$ 14,717,716	-
Total	<u>\$ 14,717,716</u>	<u>\$ 14,717,716</u>	<u>-</u>

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Deposits

The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial risk assumed by the district at June 30, 2018. If bank deposits at year end are not entirely insured or collateralized with securities held by the district or by its agent in the district's name, the district must disclose the custodial credit risk (below) that exists. Deposits with financial institutions are comprised of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statutes require depository institutions to be in compliance with ORS 295.

At June 30, 2018 the carrying amount of the district's deposits (cash and certificates of deposit) in various financial institutions was \$2,494,175 and the bank balances were \$2,722,527. Of these deposits, not all were covered by federal depository insurance. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal depository insurance (FDIC) of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295.018 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the Oregon state treasurer's website. Qualifying depository banks must pledge securities with a particular value based on the banks level of capitalization. At June 30, 2018 and for the year then ended, the district's deposits were in compliance with the requirements of ORS 295.018.

Custodial credit risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The district mitigates custodial credit risk for deposits by investing only in fully collateralized items.

Effective July 1, 2008, House Bill 2901 created a shared liability structure for participating bank depositories in Oregon. Barring any exceptions, a qualifying bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of governmental entities.

Investments

At June 30, 2018, the district held \$14,717,716 of investments, which is all classified as cash and investments on the Statement of Net Position. The district has no policy for managing interest rate risk or credit risk.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specific the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)
If the link has expired please contact the Oregon Short Term Fund directly.

Interest Rate Risk – Oregon Revised Statutes require investments not to exceed a maturity of 18 months, except when the local government has adopted a written policy that was submitted to and reviewed by the OSTFB. The district has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Credit Risk – Oregon Revised Statutes authorize investing in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation of P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The district minimizes custodial credit risk by limiting investments to the types of securities allowed by law.

Concentration of Credit Risk – Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from U.S. Government Agencies. At June 30, 2018, 100% of total investments were in the State Treasurer's Investment Pool.

Note 3. Accounts Receivable

Accounts receivable are comprised of the following at June 30, 2018:

Fund	Revenue Source	Amount
General Fund	Common school fund	\$ 117,450
General Fund	Miscellaneous	30,173
Federal Programs	Federal grants	2,187,411
Non major funds	Grants	486,321
Total Accounts Receivable		<u>\$ 2,821,355</u>

Note 4. Interfund Transfers

The following table represents the district's transfers to and from various funds during the fiscal year.

From	To	Amount	Reason
General fund	Nonmajor fund	\$ 2,000	To pay for the district's share of SMILE expenses
General fund	Nonmajor fund	63,000	To fund future technological needs
General fund	Nonmajor fund	777,000	To fund future building improvements
General fund	OHS Teen Parent Program	25,000	To fund teen parent program
Total		<u>\$ 867,000</u>	

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Interfund loan receivables and payables consist of the following at June 30, 2018:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Federal Programs Fund	\$ 1,923,577
General Fund	Nonmajor Funds	411,970
Total		<u>\$ 2,335,547</u>

Note 5. Capital Assets

Capital assets activity for the year was as follows:

Governmental Activities

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets not being depreciated				
Land	\$ 563,110	\$ -	\$ -	\$ 563,110
Construction in progress	-	361,947	-	361,947
Total capital assets not being depreciated	<u>563,110</u>	<u>361,947</u>	<u>-</u>	<u>925,057</u>
Capital assets being depreciated				
Buildings and improvements	34,778,732	108,410	-	34,887,142
Equipment	2,711,236	58,758	-	2,769,994
Vehicles	2,897,641	297,032	(157,664)	3,037,009
Total capital assets being depreciated	<u>40,387,609</u>	<u>464,200</u>	<u>(157,664)</u>	<u>40,694,145</u>
Less accumulated depreciation	(14,264,919)	(1,081,373)	157,664	(15,188,628)
Total capital assets being depreciated, net	<u>26,122,690</u>	<u>(617,173)</u>	<u>-</u>	<u>25,505,517</u>
Total capital assets, net	<u>\$ 26,685,800</u>	<u>\$ (255,226)</u>	<u>\$ -</u>	<u>\$ 26,430,574</u>

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

Central activities \$1,081,373

Note 6. PERS UAL Bonds Payable

On October 9, 2002, the district issued \$9,513,783 in limited tax pension bonds to finance the unfunded pension liability to the Oregon Public Employees Retirement System. These bonds have interest rates that range from 2.06 to 6.10 percent. Interest payments are to be made semiannually on June 30 and December 30. Principal payments are to be made on June 30 of each year. Debt service is financed by a self-imposed pension expense based on a percentage of payroll costs.

	<u>PERS UAL Bonds Payable</u>
Balance 7/1/17	\$ 7,046,451
Additions	-
Payments & deletions	(198,149)
Balance 6/30/18	<u>\$ 6,848,302</u>
Current portion	\$ 200,945

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

The debt service requirements to maturity on June 30, 2028 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Interest Rate
2019	\$ 200,945	\$ 730,688	6.02%
2020	202,357	774,275	6.10%
2021	-	391,633	5.50%
2022	720,000	356,708	5.82%
2023	810,000	317,252	5.49%
2024-2028	4,915,000	796,148	5.55%
Total	<u>\$ 6,848,302</u>	<u>\$ 3,366,702</u>	

Interest expense for the year ended June 30, 2018 was \$688,484.

On August 11, 2011 the district participated in a partial redemption of the 2002 PERS Series B obligation bond. The district's portion of the bond refinance was \$655,000 and was refinanced over a ten year period beginning in the 2011-2012 fiscal year. The refinanced bond is referred to as the 2011 PERS Series B. The agreement will reduce the PERS debt by \$48,719 over the duration of the bonds. The debt service requirements to maturity on June 30, 2021 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Interest Rate
2019	\$ -	\$ 27,365	4.12%
2020	-	27,365	4.12%
2021	665,000	27,365	4.12%
Total	<u>\$ 665,000</u>	<u>\$ 82,095</u>	

Note 7. Qualified School Construction Bond

On May 18, 2010 the voters in the district approved a \$18,500,000 bond for new construction and capital improvements. The general obligation bonds were sold on July 21, 2010 using the Qualified School Construction Bond (QSCB) program. The bonds have a fixed interest rate of 5.584%, but the federal government will pay 5.27% of the interest cost on the bonds. Interest is due and payable on December 15th and June 15th of each year. Principal is due at maturity on June 15, 2027, funds are to be set aside in a dedicated account for this future principal payment. Future set aside amounts as of June 30, 2018 are as follows:

Fiscal Year Ending June 30,	Deposit Requirement	Interest	Federal Subsidy for Interest	Principal Due	Total
2019	\$ 1,090,000	\$ 1,033,040	\$ (974,950)	\$ -	\$ 1,268,090
2020	1,120,000	1,033,040	(974,950)	-	1,148,090
2021	1,150,000	1,033,040	(974,950)	-	1,178,090
2022	1,180,000	1,033,040	(974,950)	-	1,208,090
2023	1,210,000	1,033,040	(974,950)	-	1,268,090
2023-2027	5,165,000	4,132,160	(3,899,800)	18,500,000	5,397,360
Total	<u>\$ 10,915,000</u>	<u>\$ 9,297,360</u>	<u>\$ (8,774,550)</u>	<u>\$ 18,500,000</u>	<u>\$ 11,467,810</u>

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Interest expense for the year ended June 30, 2018 was \$1,033,040.

At June 30, 2018, the Local Government Investment Pool account dedicated for the deposit of the set aside requirements had a balance of \$7,779,946. The required balance to be reserved was \$7,585,000.

Note 8. Retirement Plan - Public Employees Retirement System (PERS)

PERS

General Information about the Pension Plan

Plan Description

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

Benefits Provided

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 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.

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

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for 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 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes

After retirement, members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits

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

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

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

Death Benefits

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

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

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

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

Death Benefits

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

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. Employer contributions for the year ended June 30, 2018 were \$2,988,956, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2018 were 17.98 percent for Tier One/Tier Two General Service Member, 12.65 percent for OPSRP Pension Program General Service Members, and 6 percent for OPSRP Individual Account Program.

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

At June 30, 2018, the District reported a liability of \$19,125,630 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the District's proportion was 0.1419 percent, which was decreased from its proportion of 0.1436 percent measured as of June 30, 2017.

For the year ended June 30, 2018, the District's recognized pension expense (income) of \$944,573. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 924,924	\$ -
Changes of assumptions	3,486,261	
Net difference between projected and actual earnings on investments	197,039	
Changes in proportion	11,247	617,185
Differences between employer contribution and proportionate share of contributions	82,251	159,997
Total (prior to post-MD contributions)	4,701,722	777,182
Contributions subsequent to the MD	2,988,956	
Total	<u>\$ 7,690,678</u>	<u>\$ 777,182</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2019.

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	
2019	\$ 741,125
2020	2,279,559
2021	1,453,132
2022	(559,096)
2023	9,820
Total	<u>\$ 3,924,540</u>

Actuarial Assumptions

The employer contribution rates effective July 1, 2017 through June 30, 2019 and effective July 1, 2017, through June 30, 2018, 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.

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.50 percent
Discount Rate	7.75 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA
Mortality	Health retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 statistic combined disabled mortality sex-distinct table.

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 2015 Experience Study which reviewed experience for the four-year period ending on December 31, 2015.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100%

Source: June 30, 2017 PERS CAFR; p. 92)

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Market Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farm land	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Assumed Inflation - Mean		2.50%

Source: June 30, 2017 PERS CAFR; p. 69

Discount Rate

The discount rate used to measure the total pension liability, as of the measurement dates June 30, 2017 and 2016 was 7.50 and 7.50 percent respectively, for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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 7.5 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 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability (asset)	\$ 32,593,566	\$ 19,125,630	\$ 7,863,942

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of collective Net Pension Liability, along with an estimate of the resulting change, if available.

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 and has been in effect for member transactions since January 1, 2016.

Note 9. Other Post-Employment Benefit Plan - (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. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy:

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

Participating districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the district currently contributes 0.50% of annual covered OPERF payroll and 0.43% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

At June 30, 2018, the district's net OPEB liability/(asset) and deferred inflows and outflows were not considered to be material to the financial statements by management and were not accrued on the government wide statements. The district's contributions to RHIA for the year ended June 30, 2018 were considered by management to be immaterial to the basic financial statements.

Note 10. Retirement Plan – Early Retirement Incentive Plan

General Information about the Pension Plan

The district has established an early retirement incentive plan. The plan is a single employer defined benefit pension plan available to teachers and administrators.

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Eligibility:

Retirees must meet the following criteria:

- Retiring as an administrator employee with at least seven consecutive years of continuous, full-time service with the district or
- Retiring as a certified employee having completed at least twenty years of teaching, of which twelve years of service must be with the district and
- Retired from active service while eligible to receive a pension benefit from Oregon PERS.

Employees Covered

There are 30 inactive employees currently receiving early retiree stipend benefits. Currently, 141 teachers and 15 administrators are eligible to be covered by this early retirement stipend plan.

Contributions

The district has chosen not to fund the net pension obligation, but rather will continue to pay retirees their benefits as the benefits become due. Contributions for the fiscal year ended June 30, 2018 were \$61,977.

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

At June 30, 2018, the district reported a liability of \$553,173 for the Early Retirement Incentive Plan. The net pension liability was measured as of July 1, 2017, which was determined by an actuarial valuation as of November 7, 2018.

	Fiscal Year ended June 30, 2018
Increase / (Decrease) in Total Pension Liability	
Balance at Beginning of Year	\$ 645,824
Service Cost	29,269
Interest on Total Pension Liability	18,183
Effect of economic/demographic gains or losses	(40,428)
Effect of assumption changes or inputs	(24,951)
Benefit payments	(74,724)
Total	<u>\$ 553,173</u>

Total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward/backward to the measurement date. There are no assets accumulated in a trust that meets the criteria in GASB 73 paragraph 4.

For the year ended June 30, 2018, the district's recognized pension expense of \$43,773. At June 30, 2018, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (35,437)	\$ -
Changes of assumptions or inputs	(21,871)	29,864
Benefit payments	-	61,977
Total	<u>\$ (57,308)</u>	<u>\$ 91,841</u>

Deferred outflows of resources and deferred inflows of resource related pensions will be recognized in pension expense as follows:

Year ending June 30,	
2019	\$ (3,679)
2020	(3,679)
2021	(3,679)
2022	(3,679)
2023	(3,679)
Thereafter	(9,049)
Total	<u>\$ (27,444)</u>

Total pension liability in the November 7, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	November 8, 2018
Measurement Date	July 1, 2017
Actuarial Cost Method	Entry Age Method
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Discount Rate	3.58 percent
Projected Salary Increases	3.50 percent
Demographic Assumptions	Based on Oregon PERS valuation assumptions as of December 31, 2016

Discount Rate

The discount rate used to measure the total pension liability was 3.58 percent for the Defined Benefit Pension Plan. Under GASB 73 unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The assumptions reflect the Bond Buyer 20-Year General Obligation Index.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the district's net pension liability calculated using the discount rate of 3.58 percent, as well as what the district's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
District's proportionate share of the net pension liability (asset)	\$ 587,615	\$ 553,173	\$ 520,753

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2018 measurement date.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes during the June 30, 2018 measurement date.

Note 11. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The District, as a result of collective bargaining agreements, offers post-employment health care benefits under a single-employer, defined benefit plan for all employees who have completed a specified number of years of continuous service, are eligible for full OPERS benefits and elect early retirement.

For eligible licensed employees the District will provide medical coverage for the lesser of seven years or until eligible for Medicare (age 65). For administrators, managers, supervisor and confidential employees, coverage is until Medicare eligibility date regardless of retirement age, assuming full OPERS coverage. For eligible classified employees coverage is provided up to the lesser of five years or until eligible for Medicare (age 65).

The District's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. The plan is currently unfunded in accordance with GASB statement 75. In accordance with the terms of the plan, benefit payments are recognized when due and payable in the governmental statements. The activities of the plan are reported in the General Fund.

The District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for the fiscal year ended June 30, 2018. This implementation allows the district to report its liability for other post-employment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements. The District maintains single employer post-employment benefit programs (commonly referred to as early retirement). These programs cover licensed and administrative personnel of the District, individual employees, and certain retired employees.

In implementing GASB Statement No. 75, the following changes since the prior valuation were implemented; (a) the actuarial cost method was changed from Projected Unit Credit to Entry Age Normal, (b) the interest rate for discounting future liabilities was lowered to match municipal bond rates, (c) premium increase rates were modified to reflect anticipated experience, (d) the percentage of future retirees covering a spouse on the plan was decreased to reflect the anticipated experience, (e) demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS, and (d) an implicit rate subsidy is now being valued for participants in the health plans. In prior valuations, the District's participation in the health plans was determined to be a community rated arrangement.

Annual OPEB Cost and Total OPEB Liability – The annual other postemployment benefit (OPEB) cost is calculated based on the Total OPEB Liability, an amount actuarially determined in accordance with the parameters of GASB Statement 75. For detailed information and a table showing the components of the District's annual OPEB costs and liabilities, see page 51.

Actuarial Methods and Assumptions – The Total OPEB Liability for the current year was determined as

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

part of the July 1, 2017 actuarial valuation using the entry age normal method. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost trend. The actuarial assumptions included; (a) a rate of return on investment of present and future assets of 3% compounded annually; (b) no future increase in benefit payable from this program; (c) a general inflation rate of 2.5% per year, and (d) no post-retirement benefit increases and a payroll increase of 3%. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Under this method, the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and medical premiums) is allocated in equal proportion over the participant's years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year. The present value of benefits accrued as of the valuation date is called the accrued liability.

Funding Status and Funding Progress – As of July 1, 2017, the plan was 0% funded. The actuarial accrued liability for benefits was \$1,580,141, and the actuarial value of assets was \$0. Estimated covered payroll was not applicable as contributions are not made according to payroll.

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive Employees or beneficiaries currently receiving benefits	314
Active employees	34
	<u>348</u>

Total OPEB Liability

The District's total OPEB liability of \$1,580,141 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions and Other Inputs

The District's total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial Assumptions

Valuation Date	November 8, 2018
Measurement Date	July 1, 2017
Actuarial Cost Method	Entry Age Method
Actuarial Assumptions:	
Plan Participation	55% assumed will elect coverage at retirement if eligible for district paid insurance
Medical Premium Annual Trend Rate	5.50% increase in October 2017, 6.75% increase in October 2018, 5.00% increase annually from October 2020 through 2030 with annual increases annually each year thereafter from 5.25% to 6.25%
Dental Premium Annual Trend Rate	4.00 percent
Inflation Rate	2.50 percent
Discount Rate	3.58 percent
Projected Salary Increases	3.50 percent
Demographic Assumptions	Based on Oregon PERS valuation assumptions as of December 31, 2016

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Changes in Total OPEB Liability

	Fiscal Year ended June 30, 2018
Increase / (Decrease) in Total Pension Liability	
Balance at Beginning of Year	\$ 1,637,701
Service Cost	123,395
Interest on Total Pension Liability	48,115
Effect of economic/demographic gains or losses	-
Effect of assumption changes or inputs	(82,373)
Benefit payments	(146,697)
Total	<u>\$ 1,580,141</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 the district's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (2.58%)</u>	<u>Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Total OPEB Liability	\$ 1,694,041	\$ 1,580,141	\$ 1,474,275

Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 1,434,598	\$ 1,580,141	\$ 1,751,653

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

For the year ended June 30, 2018, the district recognized OPEB expense of \$160,226 in the government wide Statement of Activities. At June 30, 2018, the district reported deferred inflows and outflows of resources related to the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or inputs	(71,089)	-
Benefit payments	-	143,512
Total	<u>\$ (71,089)</u>	<u>\$ 143,512</u>

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

Year ending June 30,	
2019	\$ (11,284)
2020	(11,284)
2021	(11,284)
2022	(11,284)
2023	(11,284)
Thereafter	(14,669)
Total	<u>\$ (71,089)</u>

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 12. Risk Management

Ontario School District No. 8C is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The district assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 13. Restatement

The fund balance in the General Fund was increased by \$18,355 due to an overstatement of accounts payable in prior year.

The Governmental Net Assets on the Statement of Net Position was also restated for the net other post-employment benefit obligation under GASB Statement No. 75 as follows:

Net Position - Beginning as previously reported	\$ 2,450,798
Change in OPEB liability at prior measurement date	(248,431)
Reduction of Accounts Payable in General Fund	<u>18,355</u>
Net Position - Beginning as restated	<u>\$ 2,220,722</u>

Note 14. Operating Lease

The district leases certain property and equipment from others. Operating lease payments are recorded as expenditures when paid.

Operating leases include:

<u>Equipment leased</u>	<u>Length of lease</u>	<u>Payment</u>	<u>Date ending</u>
Pitney Bowes postage machine	60 months	849.17	May, 2023
26 Copiers	36 months	5144.49	October, 2022

Future minimum leases payments are as follows:

<u>Fiscal Year</u>	<u>Total Future</u>
<u>Ending June 30,</u>	<u>Minimum Lease</u>
	<u>Payments</u>
2019	\$ 71,924
2020	71,924
2021	30,768
2022	10,190
2023	<u>9,341</u>
Total	<u>\$ 194,147</u>

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2018

Note 15. Tax Abatements

As of June 30, 2018, the district had tax abatements through two programs: Enterprise Zone and Food Processor, that impacted their levied taxes and require disclosure under GASB 77.

Enterprise Zone (ORS 285C.175):

The Oregon Enterprise Zone program is a State of Oregon economic development program established, that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor.

The Enterprise Zone program allows industrial firms that will be making a substantial new capital investment a waiver of 100% of the amount of real property taxes attributable to the new investment for a 5-year period after completion. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

<u>Tax Abatement Program</u>	Amount of Taxes Abated during the Fiscal Year
Food Processor	\$ 216,000
Enterprise Zone	134,000
	<u>\$ 350,000</u>

Note 16. Fund Balance Classifications

Below is a schedule of ending fund balances, based on GASB Statement No. 54 Requirements:

Fund Balances	General Fund	Bond Debt Service	Nonmajor Funds	Total
<u>Nonspendable</u>				
Interfund receivables	\$ -	\$ -	\$ -	\$ -
	-	-	-	-
<u>Restricted</u>				
Education - Grants	-	-	152,661	152,661
Debt Service	-	7,794,874	468,937	8,263,811
Food Service	-	-	1,813,347	1,813,347
	-	7,794,874	2,434,945	10,229,819
<u>Committed to:</u>				
Building repairs and maint.	-	-	1,107,910	1,107,910
Equipment reserve	-	-	53,754	53,754
Technological equipment	-	-	12,173	12,173
Student body use	-	-	223,241	223,241
	-	-	1,397,078	1,397,078
<u>Assigned to:</u>				
Program training and expenses	-	-	16,200	16,200
	-	-	16,200	16,200
<u>Unassigned</u>	5,099,126	-	-	5,099,126
TOTAL FUND BALANCES	<u>\$ 5,099,126</u>	<u>\$ 7,794,874</u>	<u>\$ 3,848,223</u>	<u>\$ 16,742,223</u>

GASB 54 implementation required Board approved action to authorize commitments of fund balances. These commitments, outlined in the table above, were approved by the board of directors on June 25, 2018. Commitments of fund balances must be made prior to the end of the fiscal year.

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ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
For the Year Ended
June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Taxes	\$ 3,910,000	\$ 3,910,000	\$ 4,217,546	\$ 307,546
Local sources	162,600	162,600	339,894	177,294
Intermediate sources	695,000	695,000	703,575	8,575
State sources	22,045,404	22,045,404	22,509,894	464,490
Federal sources	-	-	105	105
Total revenues	26,813,004	26,813,004	27,771,014	958,010
Expenditures				
Instruction				
Regular programs	10,648,436	10,703,861	10,305,569	398,292
Special programs	6,575,518	6,578,093	6,109,246	468,847
Support services				
Students	1,056,445	1,056,445	1,025,530	30,915
Improvement of instruction	575,111	639,321	661,467	(22,146)
General administration	536,236	536,236	459,529	76,706
School administration	2,540,888	2,495,888	2,532,792	(36,905)
Business services	4,378,382	4,368,022	4,228,514	139,508
Central activities	1,281,076	1,272,226	1,283,176	(10,950)
Supplemental retirement program	96,548	96,548	71,612	24,936
Facilities acquisition and construction	60,000	167,500	167,500	-
Total expenditures	27,748,640	27,914,140	26,844,935	1,069,203
Excess of revenues over (under) expenditures	(935,636)	(1,101,136)	926,079	2,027,213
Other financing sources (uses)				
Grant indirect charges	150,000	150,000	242,904	92,904
Sale of assets	1,000	1,000	-	(1,000)
Transfers in (out)	(205,000)	(867,000)	(867,000)	-
Total other financing sources (uses)	(54,000)	(716,000)	(624,096)	91,904
Net change in fund balance	(989,636)	(1,817,136)	301,983	2,119,117
Available fund balance, July 1 before restatement	3,950,000	4,777,500	4,778,787	537,179
Restatement - see note 13	-	-	18,355	18,355
Available fund balance, July 1	3,950,000	4,777,500	4,797,143	19,643
Available fund balance, June 30	\$ 2,960,364	\$ 2,960,364	\$ 5,099,126	\$ 2,138,760

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FEDERAL PROGRAMS (BUDGET BASIS)
For the Year Ended
June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Federal sources	\$ 3,587,867	\$ 3,606,701	\$ 2,903,541	\$ (703,160)
Total revenues	<u>3,587,867</u>	<u>3,606,701</u>	<u>2,903,541</u>	<u>(703,160)</u>
Expenditures				
Instruction				
Regular programs	3,500	3,500	4,044	(544)
Special programs	2,479,448	2,479,448	2,071,866	407,583
Summer school programs	321,000	321,000	155,413	165,587
Support services				
Students	378,113	378,113	349,265	28,848
Improvement of instruction	244,606	263,440	233,226	30,214
Business services	5,000	5,000		5,000
Central activities	64,750	64,750	26,013	38,737
Community services	91,450	91,450	63,715	27,735
Total expenditures	<u>3,587,867</u>	<u>3,606,701</u>	<u>2,903,541</u>	<u>703,160</u>
Net change in fund balance	-	-	-	-
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Multnomah County, Oregon
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
OREGON PUBLIC RETIREMENT SYSTEM
 For the Last Five Years*

Year Ended June 30,	(a) District's proportion of the net pension liability (asset)	(b) District's proportionate share of the net pension liability (asset)	(c) District's covered payroll	(b/c) District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.14188113%	\$ 19,125,630	\$ 14,597,750	131.02%	83.10%
2017	0.14361273%	21,559,605	13,498,920	159.71%	80.50%
2016	0.15571267%	8,940,183	12,565,430	71.15%	91.90%
2015	0.15451174%	(3,502,340)	12,337,039	(28.39%)	103.60%
2014	0.15571267%	2,367,774	12,036,139	19.67%	91.97%

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) District's covered payroll	(b/c) Contributions as a percent of covered payroll
2018	\$ 2,988,956	\$ 2,988,956	\$ -	\$ 15,187,443	19.68%
2017	1,246,367	1,246,367	-	14,597,750	15.16%
2016	1,364,191	1,364,191	-	13,498,920	10.11%
2015	1,786,148	1,786,148	-	12,565,430	14.21%
2014	1,737,762	1,737,762	-	12,337,039	14.09%

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

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

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Multnomah County, Oregon
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
EARLY RETIREMENT INCENTIVE PLAN AND HEALTH INSURANCE (GASB 75)
For the Last Fiscal Years*

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS - EARLY RETIREMENT INCENTIVE

	Fiscal Year Ending June 30, 2017	2018
Total Pension Liability		
Service Cost	\$ 24,817	\$ 29,269
Interest on Total Pension Liability	23,982	18,183
Effect of changes to benefit term	-	-
Effect of economic/demographic gains or (losses)	-	(40,428)
Effect of assumption changes or inputs	38,648	(24,951)
Benefit payments	(78,712)	(74,724)
Net change in Total Pension Liability	8,735	(92,651)
Total Pension Liability, beginning	637,089	645,824
Total Pension Liability, ending	<u>\$ 645,824</u>	<u>\$ 553,173</u>

Covered payroll **

Total Pension Liability as a % of covered payroll

The amounts presented for each fiscal year were actuarial determined at October 1, 2015 and rolled forward to the measurement date.

There are no assets accumulated in a trust that meets the criteria in GASB 73 paragraph 4.

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

** Contributions are not made according to payroll, therefore, there is no covered payroll

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS - HEALTH INSURANCE (GASB 75)

	Fiscal Year Ending June 30, 2018
Total Pension Liability	
Service Cost	\$ 123,395
Interest on Total OPEB Liability	48,115
Effect of changes to benefit term	-
Effect of economic/demographic gains or (losses)	-
Effect of assumption changes or inputs	(82,373)
Benefit payments	(146,697)
Net change in Total Pension Liability	(57,560)
Total Pension Liability, beginning	1,637,701
Total Pension Liability, ending	<u>\$ 1,580,141</u>

Covered payroll **

Total Pension Liability as a % of covered payroll

The amounts presented for each fiscal year were actuarial determined at October 1, 2017 and rolled forward to the measurement date.

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

** Contributions are not made according to payroll, therefore, there is no covered payroll

ONTARIO SCHOOL DISTRICT No. 8C
Ontario, Malheur County, Oregon
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

In accordance with the State of Oregon, the Board of Education annually adopts a budget following required public notice and hearing for all funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The district's budget is prepared on the modified accrual basis. Encumbrances are not recognized on the modified accrual basis budget and appropriates lapse at year end. This method of accounting contains all information needed for GAAP presentation and no additional reconciliation is required.

Formal and legal budgetary control for the certified budget is based upon major classes of expenditures known as functions within fund. These functions include expenditures for instructions, support services, community services, capital acquisitions and other uses. Although the budget document presents function expenditures or expense by line item within fund, the legal level of control is at the aggregated fund and functional level.

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OTHER SUPPLEMENTARY INFORMATION

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Debt			
	Service		Special Revenue	
	Pension Bond Debt Service	Response to Intervention	Activities Fund	HB 3499 English Language Learners Grant
ASSETS				
Cash	\$ 468,937	\$ -	\$ 3,829	\$ -
Receivables				
Other	-	69,983	-	172,303
Total assets	<u>\$ 468,937</u>	<u>\$ 69,983</u>	<u>\$ 3,829</u>	<u>\$ 172,303</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	9,295	-	9,892
Interfund payable	-	44,488	-	162,411
Total liabilities	<u>-</u>	<u>53,783</u>	<u>-</u>	<u>172,303</u>
Fund balances				
Nonspendable	-	-	-	-
Spendable				
Restricted	468,937	-	3,829	-
Committed	-	-	-	-
Assigned	-	16,200	-	-
Unassigned	-	-	-	-
Total fund balances	<u>468,937</u>	<u>16,200</u>	<u>3,829</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 468,937</u>	<u>\$ 69,983</u>	<u>\$ 3,829</u>	<u>\$ 172,303</u>

Special Revenue		
Malheur Promise Grant	Smile Grant	ASPIRE Grant
\$ -	\$ -	\$ 8,417
-	3,217	-
<u>\$ -</u>	<u>\$ 3,217</u>	<u>\$ 8,417</u>
\$ -	\$ -	\$ -
-	263	-
-	979	-
<u>-</u>	<u>1,242</u>	<u>-</u>
-	-	-
-	1,975	8,417
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>1,975</u>	<u>8,417</u>
<u>\$ -</u>	<u>\$ 3,217</u>	<u>\$ 8,417</u>

Measure 98 Grant	Special Revenue	
	Goldman Sachs Philanthropic Fund	NW Health Foundation Grant Fund
\$ -	\$ 150	\$ 3,925
178,646	-	-
<u>\$ 178,646</u>	<u>\$ 150</u>	<u>\$ 3,925</u>
\$ -	\$ -	\$ -
-	-	-
178,646	-	-
<u>178,646</u>	<u>-</u>	<u>-</u>
-	-	-
-	150	3,925
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>150</u>	<u>3,925</u>
<u>\$ 178,646</u>	<u>\$ 150</u>	<u>\$ 3,925</u>

Special Revenue		
Maybelle Clark McDonald Grant Fund	OSBA Scholarship Fund	CTE Pathways Grant Fund
\$ 1,912	\$ 5,000	\$ -
-	-	26,308
<u>\$ 1,912</u>	<u>\$ 5,000</u>	<u>\$ 26,308</u>
\$ -	\$ -	\$ -
-	-	-
-	-	25,434
-	-	25,434
-	-	-
1,912	5,000	874
-	-	-
-	-	-
-	-	-
<u>1,912</u>	<u>5,000</u>	<u>874</u>
<u>\$ 1,912</u>	<u>\$ 5,000</u>	<u>\$ 26,308</u>

Special Revenue		
Family Services Grant Fund	Aiken PBIS Fund	Medicaid Reimbursement Fund
\$ 1,339	\$ -	\$ 132,399
-	12	-
<u>\$ 1,339</u>	<u>\$ 12</u>	<u>\$ 132,399</u>
\$ -	\$ -	\$ -
-	-	7,159
-	12	-
<u>-</u>	<u>12</u>	<u>7,159</u>
-	-	-
1,339	-	125,240
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>1,339</u>	<u>-</u>	<u>125,240</u>
<u>\$ 1,339</u>	<u>\$ 12</u>	<u>\$ 132,399</u>

Special Revenue		Capital Projects			Totals
Student Body	Food Services	Equipment Replacement	Technology	Building Improvement	June 30, 2018
\$ 223,241	\$ 1,889,889	\$ 53,754	\$ 12,173	\$ 1,107,910	\$ 3,912,875
-	35,852	-	-	-	486,321
<u>\$ 223,241</u>	<u>\$ 1,925,741</u>	<u>\$ 53,754</u>	<u>\$ 12,173</u>	<u>\$ 1,107,910</u>	<u>\$ 4,399,196</u>
\$ -	\$ 20,495	\$ -	\$ -	\$ -	\$ 20,495
-	91,899	-	-	-	118,508
-	-	-	-	-	411,970
-	112,394	-	-	-	550,973
-	-	-	-	-	-
-	1,813,347	-	-	-	2,434,945
223,241	-	53,754	12,173	1,107,910	1,397,078
-	-	-	-	-	16,200
-	-	-	-	-	-
<u>223,241</u>	<u>1,813,347</u>	<u>53,754</u>	<u>12,173</u>	<u>1,107,910</u>	<u>3,848,223</u>
<u>\$ 223,241</u>	<u>\$ 1,925,741</u>	<u>\$ 53,754</u>	<u>\$ 12,173</u>	<u>\$ 1,107,910</u>	<u>\$ 4,399,196</u>

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR FUNDS
For the Year Ended
June 30, 2018

	Debt Service		Special Revenue	
	Pension Bond Debt Service	Response to Intervention	Activities Fund	HB 3499 English Language Learners Grant
Revenues				
Local sources	\$ 979,382	\$ 69,983	\$ 3,829	\$ -
State sources	-	-	-	182,709
Federal sources	-	-	-	-
Total revenues	979,382	69,983	3,829	182,709
Expenditures				
Instruction				
Regular programs	-	-	-	-
Special programs	-	-	-	182,709
Support services				
Students	-	-	-	-
Improvement of instruction	-	66,329	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Central activities	11	-	-	-
Food services	-	-	-	-
Facilities acquisition and constru	-	-	-	-
Debt service				
Principal	198,149	-	-	-
Interest	680,924	-	-	-
Total expenditures	879,084	66,329	-	182,709
Excess of revenues over (under) ex	100,298	3,654	3,829	-
Other financing sources (uses)				
Sale of assets	-	-	-	-
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	100,298	3,654	3,829	-
Available fund balances, July 1	368,639	12,546	-	-
Available fund balance, June 30	\$ 468,937	\$ 16,200	\$ 3,829	\$ -

See accompanying independent auditors' report.

Special Revenue		
Malheur Promise Grant	Smile Grant	ASPIRE Grant
\$ -	\$ -	\$ -
-	7,908	-
-	-	-
-	7,908	-
-	-	-
-	-	-
-	12,205	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	12,205	-
-	(4,297)	-
-	-	-
-	2,000	-
-	2,000	-
-	(2,297)	-
-	4,272	8,417
\$ -	\$ 1,975	\$ 8,417

See accompanying independent auditors' report.

Measure 98 Grant	Special Revenue	
	Goldman Sachs Philanthropic Fund	NW Health Foundation Grant Fund
\$ -	\$ -	\$ 3,000
178,646	-	-
-	-	-
178,646	-	3,000
127,061	-	-
-	-	-
32,763	-	-
-	-	-
-	-	612
18,821	-	-
-	-	-
-	-	-
-	-	-
-	-	-
178,646	-	612
-	-	2,388
-	-	-
-	-	-
-	-	-
-	-	2,388
-	150	1,537
\$ -	\$ 150	\$ 3,925

Special Revenue		
Maybelle Clark McDonald Grant Fund	OSBA Scholarship Fund	CTE Pathways Grant Fund
\$ -	\$ 5,000	\$ -
-	-	26,308
-	-	-
-	5,000	26,308
-	-	25,434
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	25,434
-	5,000	874
-	-	-
-	-	-
-	-	-
-	5,000	874
1,912	-	-
\$ 1,912	\$ 5,000	\$ 874

Special Revenue		
Family Services Grant Fund	Aiken PBIS Fund	Medicaid Reimbursement Fund
\$ 1,983	\$ 2,012	\$ 116,808
-	-	-
-	-	-
1,983	2,012	116,808
-	18	-
-	-	4,288
-	-	56,447
-	-	-
-	4,172	-
-	-	-
907	-	-
-	-	-
-	-	-
-	-	-
-	-	-
907	4,190	60,734
1,076	(2,178)	56,074
-	-	-
-	-	-
-	-	-
1,076	(2,178)	56,074
263	2,178	69,166
\$ 1,339	\$ -	\$ 125,240

Special Revenue		Capital Projects			Totals
Student Body	Food Service	Equipment Replacement	Technology	Building Improvement	June 30, 2018
\$ 268,558	\$ 33,127	\$ -	\$ -	\$ 39,465	\$ 1,523,147
-	20,064	-	-	-	415,635
-	1,935,667	-	-	-	1,935,667
268,558	1,988,858	-	-	39,465	3,874,449
-	-	-	-	-	152,513
237,137	-	-	-	-	436,339
-	-	-	-	-	89,210
-	-	-	-	-	66,329
-	-	-	-	-	4,784
-	-	40,200	-	-	59,021
-	-	-	70,248	-	71,166
-	1,703,604	-	-	-	1,703,604
-	-	-	-	358,412	358,412
-	-	-	-	-	198,149
-	-	-	-	-	680,924
237,137	1,703,604	40,200	70,248	358,412	3,820,451
31,421	285,254	(40,200)	(70,248)	(318,947)	53,998
-	-	1,705	-	-	1,705
-	-	-	63,000	777,000	842,000
-	-	1,705	63,000	777,000	843,705
31,421	285,254	(38,495)	(7,248)	458,053	897,703
191,820	1,528,093	92,249	19,421	649,857	2,950,520
\$ 223,241	\$ 1,813,347	\$ 53,754	\$ 12,173	\$ 1,107,910	\$ 3,848,223

See accompanying independent auditors' report.

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - PENSION BOND DEBT SERVICE (BUDGET BASIS)
For the Year Ended
June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 914,124	\$ 914,124	\$ 979,382	\$ 65,258
Total revenues	914,124	914,124	979,382	65,258
Expenditures				
Support services				
Central activities	125	125	11	114
Debt service				
Principal	198,149	198,149	198,149	-
Interest	715,850	715,850	680,924	34,926
Total expenditures	914,124	914,124	879,084	35,040
Excess of revenues over (under) expenditures	-	-	100,298	100,298
Other financing sources (uses)				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	100,298	100,298
Available fund balance, July 1	-	-	368,639	368,639
Available fund balance, June 30	\$ -	\$ -	\$ 468,937	\$ 468,937

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - RESPONSE TO INTERVENTION (BUDGET BASIS)
For the Year Ended
June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 90,000	\$ 90,000	\$ 69,983	\$ (20,017)
Total revenues	90,000	90,000	69,983	(20,017)
Expenditures				
Support services				
Improvement of instruction	90,000	90,000	66,329	23,671
Total expenditures	90,000	90,000	66,329	23,671
Net change in fund balance	-	-	3,654	3,654
Available fund balance, July 1	-	-	12,546	12,546
Available fund balance, June 30	\$ -	\$ -	\$ 16,200	\$ 16,200

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ACTIVITIES FUND (BUDGET BASIS)
 For the Year Ended
 June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ -	\$ 25,000	\$ 3,829	\$ (21,171)
Total revenues	-	25,000	3,829	(21,171)
Expenditures				
Instruction				
Regular programs	-	25,000	-	25,000
Special programs	-	-	-	-
Total expenditures	-	25,000	-	25,000
Net change in fund balance	-	-	3,829	3,829
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ 3,829	\$ 3,829

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - HB 3499 ENGLISH LANGUAGE LEARNERS GRANT FUND (BUDGET BASIS)

For the Year Ended

June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
State sources	\$ 189,362	\$ 189,362	\$ 182,709	\$ (6,653)
Total revenues	189,362	189,362	182,709	(6,653)
Expenditures				
Instruction				
Special programs	189,362	189,362	182,709	6,653
Total expenditures	189,362	189,362	182,709	6,653
Net change in fund balance	-	-	-	-
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ -	\$ -

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - MALHEUR PROMISE GRANT FUND (BUDGET BASIS)
For the Year Ended
June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Intermediate sources	\$ 20,000	\$ 20,000	\$ -	\$ -
Total revenues	20,000	20,000	-	-
Expenditures				
Instruction				
Regular programs	20,000	20,000	-	-
Total expenditures	20,000	20,000	-	-
Net change in fund balance	-	-	-	-
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ -	\$ -

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SMILE GRANT FUND (BUDGET BASIS)
For the Year Ended
June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
State sources	\$ 6,766	\$ 6,766	\$ 7,908	\$ 1,142
Total revenues	6,766	6,766	7,908	1,142
Expenditures				
Instruction				
Special programs	11,766	11,766	12,205	(439)
Total expenditures	11,766	11,766	12,205	(439)
Excess of revenues over (under) expenditures	(5,000)	(5,000)	(4,297)	703
Other financing sources (uses)				
Transfers in (out)	2,000	2,000	2,000	-
Total other financing sources (uses)	2,000	2,000	2,000	-
Net change in fund balance	(3,000)	(3,000)	(2,297)	703
Available fund balance, July 1	3,000	3,000	4,272	1,272
Available fund balance, June 30	\$ -	\$ -	\$ 1,975	\$ 1,975

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ASPIRE GRANT (BUDGET BASIS)
 For the Year Ended
 June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Instruction				
Regular programs	8,417	8,417	-	8,417
Support services				
Students	-	-	-	-
Total expenditures	8,417	8,417	-	8,417
Net change in fund balance	(8,417)	(8,417)	-	8,417
Available fund balance, July 1	8,417	8,417	8,417	-
Available fund balance, June 30	\$ -	\$ -	\$ 8,417	\$ 8,417

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - MEASURE 98 GRANT FUND (BUDGET BASIS)**

For the Year Ended

June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
State sources	\$ 262,000	\$ 218,395	\$ 178,646	\$ (39,749)
Total revenues	262,000	218,395	178,646	(39,749)
Expenditures				
Instruction				
Regular programs	262,000	218,395	127,061	91,334
Support services				
Students	-	-	32,763	(32,763)
Business services	-	-	18,821	(18,821)
Total expenditures	262,000	218,395	178,646	39,749
Net change in fund balance	-	-	-	-
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ -	\$ -

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GOLDMAN SACHS PHILANTHROPIC FUND (BUDGET BASIS)**

For the Year Ended

June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Instruction				
Regular programs	150	150	-	150
Total expenditures	150	150	-	150
Net change in fund balance	-	-	-	150
Available fund balance, July 1	150	150	150	-
Available fund balance, June 30	\$ -	\$ -	\$ 150	\$ 150

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - NW HEALTH FOUNDATION GRANT FUND (BUDGET BASIS)**

For the Year Ended

June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 1,500	\$ 4,500	\$ 3,000	\$ (1,500)
Total revenues	1,500	4,500	3,000	(1,500)
Expenditures				
Support services				
School administration	3,000	3,000	612	2,388
Business services	-	3,000	-	3,000
Total expenditures	3,000	6,000	612	5,388
Net change in fund balance	-	-	2,388	3,888
Available fund balance, July 1	1,500	1,500	1,537	37
Available fund balance, June 30	\$ -	\$ -	\$ 3,925	\$ 3,925

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - MAYBELLE CLARK MCDONALD GRANT FUND (BUDGET BASIS)**

For the Year Ended

June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Instruction				
Special programs	-	-	-	-
Support services				
Business services	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Available fund balance, July 1	-	-	1,912	1,912
Available fund balance, June 30	\$ -	\$ -	\$ 1,912	\$ 1,912

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - OSBA PROMISE SCHOLARSHIP FUND (BUDGET BASIS)**

For the Year Ended

June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ -	\$ -	\$ 5,000	\$ 5,000
Total revenues	-	-	5,000	5,000
Expenditures				
Instruction				
Regular programs	-	-	-	-
Support services				
Improvement of instruction	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	5,000	5,000
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ 5,000	\$ 5,000

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CTE PATHWAYS GRANT FUND (BUDGET BASIS)

For the Year Ended
 June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
State sources	\$ 15,000	\$ 30,605	\$ 26,308	\$ (4,297)
Total revenues	15,000	30,605	26,308	(4,297)
Expenditures				
Instruction				
Regular programs	15,000	30,605	25,434	5,171
Total expenditures	15,000	30,605	25,434	5,171
Net change in fund balance	-	-	874	874
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ 874	\$ 874

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FAMILY SERVICES GRANT FUND (BUDGET BASIS)
For the Year Ended
June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 1,500	\$ 1,500	\$ 1,983	\$ (483)
Total revenues	1,500	1,500	1,983	(483)
Expenditures				
Support services				
Central activities	1,500	1,500	907	593
Total expenditures	-	1,500	907	593
Net change in fund balance	-	-	1,076	1,076
Available fund balance, July 1	-	-	263	263
Available fund balance, June 30	\$ -	\$ -	\$ 1,339	\$ 1,339

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - AIKEN PBIS INCENTIVE FUND (BUDGET BASIS)

For the Year Ended
 June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 3,000	\$ 3,000	\$ 2,012	\$ (988)
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>2,012</u>	<u>(988)</u>
Expenditures				
Instruction				
Regular programs	2,000	2,000	18	1,982
Support services				
School administration	<u>4,000</u>	<u>4,000</u>	<u>4,172</u>	<u>(172)</u>
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>4,190</u>	<u>1,810</u>
Net change in fund balance	-	-	(2,178)	822
Available fund balance, July 1	<u>3,000</u>	<u>3,000</u>	<u>2,178</u>	<u>(822)</u>
Available fund balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - MEDICAID REIMBURSEMENT FUND (BUDGET BASIS)
For the Year Ended
June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 100,000	\$ 100,000	\$ 116,808	\$ 16,808
Total revenues	100,000	100,000	116,808	16,808
Expenditures				
Instruction				
Special programs	75,000	75,000	4,288	70,712
Support services				
Students	40,000	40,000	56,447	(16,447)
Improvement of instruction	60,000	60,000	-	60,000
Total expenditures	175,000	175,000	60,734	114,266
Net change in fund balance	-	-	56,074	131,074
Available fund balance, July 1	75,000	75,000	69,166	(5,834)
Available fund balance, June 30	\$ -	\$ -	\$ 125,240	\$ 125,240

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - STUDENT BODY FUND (BUDGET BASIS)**

For the Year Ended
June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 435,765	\$ 435,765	\$ 268,558	\$ (167,207)
Total revenues	<u>435,765</u>	<u>435,765</u>	<u>268,558</u>	<u>(167,207)</u>
Expenditures				
Instruction				
Special programs	<u>435,765</u>	<u>435,765</u>	<u>237,137</u>	<u>198,628</u>
Total expenditures	<u>435,765</u>	<u>435,765</u>	<u>237,137</u>	<u>198,628</u>
Net change in fund balance	-	-	31,421	31,421
Available fund balance, July 1	<u>140,000</u>	<u>140,000</u>	<u>191,820</u>	<u>51,820</u>
Available fund balance, June 30	<u>\$ 140,000</u>	<u>\$ 140,000</u>	<u>\$ 223,241</u>	<u>\$ 83,241</u>

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FOOD SERVICE FUND (BUDGET BASIS)
For the Year Ended
June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 110,000	\$ 110,000	\$ 33,127	\$ (76,873)
State sources	16,000	16,000	20,064 (1)	4,064
Federal sources	1,675,000	1,675,000	1,935,667	260,667
Total revenues	1,801,000	1,801,000	1,988,858	187,859
Expenditures				
Supporting services				
Food services	2,501,000	2,501,000	1,703,604	797,396
Total expenditures	2,501,000	2,501,000	1,703,604	797,396
Excess of revenues over (under) expend	(700,000)	(700,000)	285,254	985,255
Net change in fund balance	(700,000)	(700,000)	285,254	985,255
Available fund balance, July 1	1,000,000	1,000,000	1,528,093	528,093
Available fund balance, June 30	\$ 300,000	\$ 300,000	\$ 1,813,347	\$ 1,513,348

(1) Included in this fund is the required match of \$16,309 the district must provide for National School Lunch support, in order to meet the general cash assistance match requirements.

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - EQUIPMENT REPLACEMENT FUND (BUDGET BASIS)
For the Year Ended
June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 500	\$ 500	\$ -	\$ (500)
Total revenues	500	500	-	(500)
Expenditures				
Support services				
Business services	100,500	100,500	40,200	60,300
Total expenditures	100,500	100,500	40,200	60,300
Excess of revenues over (under) expenditures	(100,000)	(100,000)	(40,200)	59,800
Other financing sources (uses)				
Sale of assets	-	-	1,705	1,705
Total other financing sources (uses)	-	-	1,705	1,705
Net change in fund balance	(100,000)	(100,000)	(38,495)	61,505
Available fund balance, July 1	100,000	100,000	92,249	(7,751)
Available fund balance, June 30	\$ -	\$ -	\$ 53,754	\$ 53,754

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TECHNOLOGY FUND (BUDGET BASIS)
For the Year Ended
June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Supporting services				
Central activities	76,000	76,000	70,248	5,752
Total expenditures	76,000	76,000	70,248	5,752
Excess of revenues over (under) expenditures	(76,000)	(76,000)	(70,248)	5,752
Other financing sources (uses)				
Transfers in (out)	63,000	63,000	63,000	-
Total other financing sources (uses)	63,000	63,000	63,000	-
Net change in fund balance	(13,000)	(13,000)	(7,248)	5,752
Available fund balance, July 1	13,000	13,000	19,421	6,421
Available fund balance, June 30	\$ -	\$ -	\$ 12,173	\$ 12,173

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUILDING IMPROVEMENT (BUDGET BASIS)
For the Year Ended
June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 4,000	\$ 4,000	\$ 39,465	\$ 35,465
Total revenues	4,000	4,000	39,465	35,465
Expenditures				
Facilities acquisition and construction	694,000	694,000	358,412	335,588
Total expenditures	694,000	694,000	358,412	335,588
Excess of revenues over (under) expenditures	(690,000)	(690,000)	(318,947)	371,053
Other financing sources (uses)				
Transfers in (out)	140,000	140,000	777,000	637,000
Total other financing sources (uses)	140,000	140,000	777,000	637,000
Net change in fund balance	(550,000)	(550,000)	458,053	1,008,053
Available fund balance, July 1	550,000	550,000	649,857	99,857
Available fund balance, June 30	\$ -	\$ -	\$ 1,107,910	\$ 1,107,910

MAJOR DEBT SERVICE FUND

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ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BOND DEBT SERVICE (BUDGET BASIS)
 For the Year Ended
 June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Taxes	\$ 1,130,190	\$ 1,130,190	\$ 1,152,623	\$ 22,433
Local sources	60,000	60,000	124,691	64,691
Federal sources	908,000	908,000	910,603	2,603
Total revenues	<u>2,098,190</u>	<u>2,098,190</u>	<u>2,187,917</u>	<u>89,728</u>
Expenditures				
Support services				
Business services	150	150	1	149
Debt service				
Interest	<u>1,033,040</u>	<u>1,033,040</u>	<u>1,033,040</u>	<u>-</u>
Total expenditures	<u>1,033,190</u>	<u>1,033,190</u>	<u>1,033,041</u>	<u>149</u>
Net change in fund balance	1,065,000	1,065,000	1,154,876	89,876
Available fund balance, July 1	<u>6,520,000</u>	<u>6,520,000</u>	<u>6,639,998</u>	<u>119,998</u>
Available fund balance, June 30	<u>\$ 7,585,000</u>	<u>\$ 7,585,000</u>	<u>\$ 7,794,874</u>	<u>\$ 209,874</u>

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PROPRIETARY FUNDS

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ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - OHS TIGER SHOPPE & O+ FUND (BUDGET BASIS)**

For the Year Ended

June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 5,000	\$ 5,000	\$ 7,502	\$ 2,502
Total revenues	5,000	5,000	7,502	2,502
Expenditures				
Support services				
School administration	-	-	2,493	(2,493)
Central activities	5,000	5,000	8,773	(3,773)
Total expenditures	5,000	5,000	11,266	(6,266)
Net change in fund balance	-	-	(3,764)	(3,764)
Available fund balance, July 1	5,000	5,000	4,460	(540)
Available fund balance, June 30	\$ 5,000	\$ 5,000	\$ 696	\$ (4,304)

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - OHS TEEN PARENT PROGRAM (BUDGET BASIS)**

For the Year Ended
June 30, 2018

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 15,000	\$ 15,000	\$ 7,942	\$ (7,058)
Federal sources	15,000	15,000	9,546	(5,454)
Total revenues	30,000	30,000	17,488	(12,512)
Expenditures				
Instruction				
Special programs	31,000	56,000	31,311	24,689
Support services				
Students	1,000	1,000	-	1,000
Total expenditures	32,000	57,000	31,311	25,689
Excess of revenues over (under) expenditures	(2,000)	(27,000)	(13,823)	614
Other financing sources (uses)				
Transfers in (out)	-	25,000	25,000	-
Total other financing sources (uses)	-	25,000	25,000	-
Net change in fund balance	(2,000)	(2,000)	11,177	13,177
Available fund balance, July 1	2,000	2,000	11,930	9,930
Available fund balance, June 30	\$ -	\$ -	\$ 23,107	\$ 23,107

OTHER FINANCIAL SCHEDULES

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ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF CASH, CASH ITEMS, INVESTMENTS, AND COLLATERAL SECURITY
June 30, 2018

	All Funds	Total
Cash and cash items		
Umpqua Bank		
Demand accounts	\$ 2,416,023	
Total Umpqua Bank		\$ 2,416,023
Bank of the West		
Demand accounts	2,000	
Total Bank of the West		2,000
Washington Federal		
Demand accounts	45,455	
Total Washington Federal		45,455
JP Morgan Chase Bank		
Demand accounts	23,134	
Total JP Morgan Chase Bank		23,134
U.S. Bank, N.A.		
Demand accounts	7,563	
Total U.S. Bank, N.A.		7,563
Total cash with banks		2,494,175
Cash-on-hand		1,170
Total cash and cash items		2,495,345
Investments		
Oregon State Treasury Local Government Investment Pool***		14,717,716
Total net investments		14,717,716
Total cash, cash items and investments		\$ 17,213,061

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ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
SCHEDULE OF CASH, CASH ITEMS, INVESTMENTS, AND COLLATERAL SECURITY
 June 30, 2018

Collateral security			
*	Umpqua Bank - FDIC	** \$	250,000
*	Bank of the West - FDIC		250,000
*	Washington Federal - FDIC		250,000
	JP Morgan Chase Bank - FDIC		250,000
*	U. S. Bank, N.A. - FDIC		250,000
	Total collateral security	\$	<u>1,500,000</u>

** All demand accounts within a single financial institution are federally secured up to \$250,000, and all non-demand accounts per institution are secured up to \$250,000.

*Qualified depository per Oregon State Treasurer

***Oregon LGIP is fully collateralized.

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FEDERAL PROGRAMS
For the Year Ended
June 30, 2018

	Migrant Title IC	Migrant Summer School	Migrant Preschool Program	Title IA Grant
Revenues				
Federal sources	\$ 446,979	\$ 125,061	\$ 34,039	\$ 1,617,458
Other sources				
Total revenues	<u>446,979</u>	<u>125,061</u>	<u>34,039</u>	<u>1,617,458</u>
Expenditures				
Instruction				
Regular programs	-	-	-	-
Special programs	110,765	-	23,829	1,517,630
Adult / continuing ed programs	-	-	-	-
Summer school programs	223	125,061	556	20,088
Support services				
Students	281,057	-	-	45,228
Improvement of instruction	13,398	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Central activities	-	-	-	23,798
Supplemental retirement program	-	-	-	-
Food services	-	-	-	-
Community services	41,538	-	9,655	10,714
Facilities acquisition and construction	-	-	-	-
Total expenditures	<u>446,979</u>	<u>125,061</u>	<u>34,039</u>	<u>1,617,458</u>
Net change in fund balances	-	-	-	-
Available fund balances, July 1	-	-	-	-
Available fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Title III	IDEA	Effective Behavioral & Instructional Support Systems	Title VI (B) Innovative Rural Ed	Title II A	Student Support & Academic Enrichment Grant	Totals
\$ 27,214	\$ 414,686	\$ 6,021	\$ 47,046	\$ 167,123	\$ 17,913	\$ 2,903,541
27,214	414,686	6,021	47,046	167,123	17,913	2,903,541
-	4,044	-	-	-	-	4,044
11,142	408,500	-	-	-	-	2,071,866
-	-	-	-	-	-	-
9,485	-	-	-	-	-	155,413
-	-	-	22,980	-	-	349,265
6,586	2,143	6,021	24,065	163,100	17,913	233,226
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	2,215	-	26,013
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,808	-	63,715
-	-	-	-	-	-	-
27,214	414,686	6,021	47,046	167,123	17,913	2,903,541
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
CONTINUING DISCLOSURE REQUIREMENTS FOR BONDED DEBT
For the year Ended
June 30, 2018

2017-18	Assessed valuation of taxable property	\$ 1,151,915,714
	Tax rate (dollars per \$1,000 assessed value)	\$ 3.9293

Ratio of annual debt service requirements for bonded debt to total General Fund expenditures and transfers:

	Principal	Interest	Total Bonded Debt Services	General Fund Expenditures and Transfers	Ratio of Debt Service to General Fund Expenditures and transfers
2017-18	\$ 198,149	\$ 1,713,964	\$ 1,912,113	\$ 27,695,737	6.90%

Ratio of net bonded debt to assessed value:

	Assessed Valuation	Net Bonded Debt (1)	Ratio of Net Bonded Debt to Assessed Value
2017-18	\$ 1,151,915,714	\$ 18,233,330	1.58%

(1) Computed as gross bonded debt less amount available for retirement of debt in Debt Service Fund

Principal taxpayers in Ontario School District 8C

	Assessed Valuation	Percent of Total County Value
Private enterprises		
H J Heinz Company, LP	\$ 121,906,144	10.58%
Fry Foods Inc.	24,568,326	2.13%
CCP OR Fund LLC	18,395,000	1.60%
Walmart Real Est Busuness Trs	12,697,079	1.10%
Americold Realty Inc	11,627,430	1.01%
Murakami Farms Inc	9,959,441	0.86%
HD Development of Maryland LLC	7,999,852	0.69%
Level 3 Communications LLC	7,695,753	0.67%
Public utilities		
Idaho Power Co.	45,665,793	3.96%
Union Pacific Railroad Co.	7,543,009	0.65%
All other taxpayers	883,857,887	76.73%
Total assessed value	<u>\$ 1,151,915,714</u>	100.00%

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
CONTINUING DISCLOSURE REQUIREMENTS FOR BONDED DEBT
For the year Ended
June 30, 2018

Summary of General Fund Oregon State Revenue:

	State Sources	State Sources as % of Total Revenues	Total Revenues
2017-18	\$ 22,509,894	81.06%	\$ 27,771,015

Computation of legal debt margin:

Real market value	\$ 1,505,773,970
Allowable portion	0.0795
Debt limit: 7.95% of real market value (1)	<u>119,709,031</u>

Amount of debt applicable to debt limit:

Bonded debt	26,013,303
Less amount available in debt service funds	<u>(7,779,973)</u>
Amount of debt applicable to debt limit	<u>18,233,330</u>

Legal debt margin 101,475,701 .

(1) ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Aggregates are governed by real market values of all taxable properties within the district based on the following:

- A. For each grade from kindergarten to eighth for which the district operates schools, fifty-five one hundredths of one percent of the real market value.
- B. For each grade from ninth to twelfth for which the district operates schools, seventy-five one hundredths of one percent of the real market value.

Allowable percentage of real market value:

A. Kindergarten through eighth grade, 9 x .0055	4.95%
B. Ninth through twelfth, 4 x .0075	<u>3.00%</u>
Allowable percentage	<u><u>7.95%</u></u>

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
DISTRICT AUDIT REVENUE SUMMARY
For the Year Ended
June 30, 2018

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600
Revenue from Local Sources						
1110 Ad Valorem Taxes	\$ 4,216,734	\$ -	\$ 1,152,401	\$ -	\$ -	\$ -
1120 Local Option Taxes	-	-	-	-	-	-
1190 Penalties and Interest	812	-	221	-	-	-
1200 Revenue from Local Government Other Than District	-	-	-	-	-	-
1310 Regular Tuition	-	-	-	-	-	-
1320 Adult/Continuing Ed Tuition	-	-	-	-	-	-
1330 Summer School Tuition	-	-	-	-	-	-
1400 Transportation Fees	290	-	-	-	-	-
1500 Earnings on Investments	198,854	4	132,982	-	-	-
1600 Food Services	-	18,967	-	-	-	-
1700 Extracurricular Activities	44,676	268,557	-	-	-	-
1800 Community Services Activities	-	-	-	-	-	-
1910 Rentals	10,015	-	-	-	-	-
1920 Contributions and Donations	-	8,808	-	-	-	-
1930 Rental or Lease Payments from Private Contractors	-	-	-	-	-	-
1940 Services Provided Other LEAs	-	-	-	-	-	-
1950 Textbook Sales and Rentals	-	-	-	-	-	-
1960 Recovery of Prior Years' Expenditures	-	-	-	-	-	-
1970 Services Provided Other Funds	31,088	-	971,091	-	-	-
1980 Fees Charged to Grants	242,904	-	-	-	-	-
1990 Miscellaneous	54,970	207,950	-	39,465	15,444	-
Total Revenue from Local Sources	4,800,345	504,287	2,256,695	39,465	15,444	-
Revenue from Intermediate Sources						
2101 County School Funds	685	-	-	-	-	-
2102 ESD Apportionment	-	-	-	-	-	-
2105 Natural Gas, Oil and Mineral Receipts	-	-	-	-	-	-
2199 Other Intermediate Sources	-	-	-	-	-	-
2200 Restricted Revenue Intermediate Sources	702,890	-	-	-	-	-
2800 Revenue in Lieu of Taxes	-	-	-	-	-	-
2900 Revenue for/on Behalf of District	-	-	-	-	-	-
Total Revenue from Intermediate Sources	703,575	-	-	-	-	-
Revenue from State Sources						
3101 State School Fund - General Support	22,261,345	-	-	-	-	-
3102 State School Fund - Lunch Match	-	16,309	-	-	-	-
3103 Common School Fund	234,899	-	-	-	-	-
3104 State Managed Timber	-	-	-	-	-	-
3199 Other Unrestricted Grants - State	-	-	-	-	-	-
3204 Driver Education	-	-	-	-	-	-
3222 SSSF Transportation	-	-	-	-	-	-
3299 Other Restricted Grants - State	13,649	399,326	-	-	-	-
3800 State Revenue in Lieu of Taxes	-	-	-	-	-	-
3900 State Revenue for/on Behalf of District	-	-	-	-	-	-
Total Revenue from State Sources	22,509,894	415,634	-	-	-	-
Revenue from Federal Sources						
4300 Restricted Revenue Direct from Federal Government	-	-	-	-	-	-
4500 Restricted Revenue from Federal Government Through the State	105	4,714,662	910,603	-	9,546	-
4900 Revenue for/on Behalf of the District	-	124,546	-	-	-	-
Total Revenue from Federal Sources	105	4,839,208	910,603	-	9,546	-
Revenue from Other Sources						
5100 Long-term Debt Financing	-	-	-	-	-	-
5200 Interfund Transfers	-	2,000	-	840,000	25,000	-
5300 Sale of or Compensation for Loss of Fixed Assets	-	-	-	1,705	-	-
5400 Beginning Fund Balance	4,797,143	1,820,354	7,008,636	761,526	16,390	425,258
Total Revenue from Other Sources	4,797,143	1,822,354	7,008,636	1,603,231	41,390	425,258
Grand Totals	\$ 32,811,061	\$ 7,581,483	\$ 10,175,935	\$ 1,642,697	\$ 66,380	\$ 425,258

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF EXPENDITURES (BUDGET BASIS)
GENERAL FUND
For the Year Ended
June 30, 2018

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	700 Transfers	Total
1000 Instruction								
1111 Elementary	\$ 3,231,375	\$ 1,721,637	\$ 35,856	\$ 219,041	\$ -	\$ -	\$ -	\$ 5,207,909
1121 Middle and junior high programs	974,494	499,819	11,608	43,921	-	-	-	1,529,842
1122 Middle and junior high school extracurricular	90,313	30,623	11,199	22,973	-	-	-	155,108
1131 High school programs	1,812,873	918,121	33,212	114,416	-	1,691	-	2,880,313
1132 High school extracurricular	264,664	80,497	92,016	72,514	-	22,704	-	532,395
1210 Programs for talented and gifted	5,976	921	810	2,895	-	-	-	10,601
1226 Home instruction	2,347	806	-	-	-	-	-	3,153
1250 Resource rooms	1,322,041	728,177	451,467	53,069	-	-	-	2,554,753
1283 Alternative programs	119,128	57,078	-	9,344	-	125	-	185,675
1284 District alternative programs	-	-	-	562	-	-	-	562
1288 Charter School	-	-	2,696,811	-	-	-	-	2,696,811
1291 English second language programs	340,089	204,029	7,027	12,334	-	-	-	563,479
1292 Teen parent programs	66,155	28,056	-	-	-	-	-	94,211
1299 Other programs	-	-	-	-	-	-	-	-
Total 1000 instruction	8,229,453	4,269,764	3,340,007	551,070	-	24,520	-	16,414,814
2000 Support services								
2115 Student safety	1,208	133	121,702	-	-	-	-	123,042
2119 Other attendance services	34,473	23,992	-	-	-	-	-	58,465
2122 Counseling services	370,391	207,456	445	3,238	-	-	-	581,530
2134 Nurse services	-	-	40,435	-	-	-	-	40,435
2139 Other health services	-	-	-	1,563	-	-	-	1,563
2190 Student direction support	142,080	71,284	6,368	762	-	-	-	220,494
2213 Curriculum development	4,741	935	1,012	67	-	-	-	6,756
2222 Library media center	127,304	115,358	-	13,832	-	-	-	256,494
2230 Assessment and testing	139,542	80,100	18,895	13	-	-	-	238,550
2240 Instructional staff development	101,374	29,379	26,198	2,716	-	-	-	159,667
2310 Board of education	-	-	97,421	14,377	-	18,350	-	130,148
2321 Office of the superintendent services	210,308	116,643	877	1,433	-	120	-	329,381
2410 Office of the principal	1,343,315	741,718	45,127	35,444	-	11,458	-	2,177,061
2490 Other support services-school administration	229,769	125,962	-	-	-	-	-	355,731
2521 Fiscal services	117,585	48,902	49,546	8,477	-	2,673	-	227,182
2524 Payroll services	54,496	32,758	-	-	-	-	-	87,254
2525 Financial accounting services	34,476	20,642	-	-	-	-	-	55,118
2541 Operation and maintenance of plant services	83,464	49,014	-	-	-	-	-	132,478
2542 Care and upkeep of building services	714,416	485,791	641,873	159,339	16,988	171,467	-	2,189,872
2543 Care and upkeep of grounds	87,739	56,345	12,510	30,107	-	208	-	186,908
2551 Student transportation services	96,704	59,185	-	-	-	-	-	155,889
2552 Vehicle operation services	419,959	285,203	26,351	136,689	248,357	33,826	-	1,150,385
2559 Other student transportation services	-	-	4,310	-	-	-	-	4,310
2573 Warehouse and distribution	23,481	15,635	-	-	-	-	-	39,116
2630 Information services	82,496	65,555	17,498	1,103	-	-	-	166,652
2633 Public information services	-	-	-	-	-	-	-	-
2640 Staff services	-	-	1,395	-	-	-	-	1,395
2641 Staff services-service area direction	148,269	77,355	8,445	994	-	2,296	-	237,359
2660 Technology services	311,161	181,017	39,386	277,609	68,597	-	-	877,770
2700 Supplemental retirement program	69,700	1,912	-	-	-	-	-	71,612
Total 2000 support services	4,948,450	2,892,274	1,159,793	687,764	333,942	240,397	-	10,262,621
3000 Enterprise and community services								
3300 Community services	-	-	-	-	-	-	-	-
Total 3000 enterprise and community	-	-	-	-	-	-	-	-
4000 Facilities acquisition and construction								
4150 Building acquisition, construction and improvement services	-	-	51,872	8,218	107,410	-	-	167,500
Total 4000 facilities acquisition and construction	-	-	51,872	8,218	107,410	-	-	167,500
5000 Other uses								
5110 Long-term debt service	-	-	-	-	-	-	-	-
5120 Short-term debt retirement	-	-	-	-	-	-	-	-
5200 Transfer of funds	-	-	-	-	-	-	867,000	867,000
Total 5000 other uses	-	-	-	-	-	-	867,000	867,000
6000 Contingencies								
6110 Operating contingency	-	-	-	-	-	-	-	-
Total 6000 contingencies	-	-	-	-	-	-	-	-
Total expenditures	\$ 13,177,903	\$ 7,162,038	\$ 4,551,672	\$ 1,247,052	\$ 441,352	\$ 264,918	\$ 867,000	\$ 27,711,935

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF EXPENDITURES (BUDGET BASIS)
SPECIAL REVENUE FUNDS
For the Year Ended
June 30, 2018

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	700 Transfers	Total
1000 Instruction								
1111 Elementary	\$ -	\$ -	\$ 18	\$ 4,044	\$ -	\$ -	\$ -	\$ 4,062
1131 High school programs	-	-	124,600	26,551	-	1,345	-	152,496
1250 Resource rooms	226,741	164,133	-	160	-	21,753	-	412,788
1271 Title I	-	-	103	-	-	-	-	103
1272 Title I	831,472	465,709	28,408	28,230	-	83,858	-	1,437,676
1288 Charter school	-	-	79,882	-	-	-	-	79,882
1291 English second language programs	62,700	26,936	88,291	6,154	-	9,769	-	193,851
1293 Migrant	40,829	12,519	45,224	15,065	-	20,925	-	134,562
1299 Other programs	8,898	3,148	-	237,296	-	-	-	249,342
1400 Summer school	67,240	18,560	41,182	22,081	-	6,349	-	155,413
Total 1000 instruction	1,237,880	691,007	407,708	339,580	-	143,999	-	2,820,173
2000 Support services								
2110 Social services	22,934	18,675	1,986	1,949	-	-	-	45,544
2112 Attendance service	-	-	21,500	-	-	9,377	-	30,877
2117 Identification and recruitment	82,109	52,749	4,939	3,292	-	-	-	143,088
2120 Guidance services	2,655	2,031	216	-	-	-	-	4,902
2121 Service area direction	-	-	-	1,886	-	-	-	1,886
2122 Counseling services	42,249	32,692	-	-	-	658	-	75,599
2130 Health services	-	-	-	-	-	-	-	-
2190 Student direction support	67,385	40,324	19,605	9,263	-	-	-	136,578
2213 Curriculum development	-	-	-	-	-	-	-	-
2219 Improvement of instruction services	104,303	58,393	8,206	176	-	-	-	171,077
2230 Assessment and testing	401	118	-	-	-	-	-	519
2240 Instructional staff development	48,171	23,258	43,548	3,876	-	9,106	-	127,960
2410 Office of the principal	-	-	-	4,783	-	-	-	4,783
2490 Other support services - school administration	-	-	-	-	-	-	-	-
2542 Care and upkeep of building services	-	-	-	-	18,821	-	-	18,821
2550 Student transportation services	-	-	-	-	-	-	-	-
2630 Parent center coordinator	12,665	8,545	156	3,340	-	-	-	24,705
2640 Staff services	-	-	2,215	-	-	-	-	2,215
2660 Technology services	-	-	-	-	-	-	-	-
Total 2000 support services	382,872	236,785	102,371	28,564	18,821	19,142	-	788,554
3000 Enterprise and community services								
3110 Food services director	98,046	58,262	2,741	-	-	51	-	159,099
3120 Food preparation	326,567	218,149	26,004	791,456	59,922	79,764	-	1,501,862
3130 Food delivery	24,090	15,709	2,843	-	-	-	-	42,642
3300 Community services	28,745	13,774	11,605	9,592	-	-	-	63,715
Total 3000 enterprise and community	477,447	305,894	43,192	801,048	59,922	79,815	-	1,767,318
Total expenditures	\$ 2,098,199	\$ 1,233,685	\$ 553,271	\$ 1,169,192	\$ 78,743	\$ 242,955	\$ -	\$ 5,376,045

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF EXPENDITURES (BUDGET BASIS)
DEBT SERVICE FUNDS
For the Year Ended
June 30, 2018

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	700 Transfers	Total
2000 Support services								
2521 Fiscal services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 1
2649 Other staff services	-	-	11	-	-	-	-	11
Total 2000 support services	-	-	11	-	-	1	-	12
5000 Other uses								
5110 Long-term debt service	-	-	-	-	-	1,912,112	-	1,912,112
Total 5000 other uses	-	-	-	-	-	1,912,112	-	1,912,112
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,912,112</u>	<u>\$ -</u>	<u>\$ 1,912,124</u>

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF EXPENDITURES (BUDGET BASIS)
CAPITAL PROJECTS FUNDS
For the Year Ended
June 30, 2018

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	Total
2000 Support services							
2542 Care and upkeep of building services	\$ -	\$ -	\$ -	\$ -	\$ 40,200	\$ -	\$ 40,200
2660 Technology services	-	-	-	-	70,248	-	70,248
Total 2000 support services	-	-	-	-	110,448	-	110,448
4000 Facilities acquisition and construction							
4150 Building acquisition, construction and improvement services	-	-	32,181	-	326,231	-	358,412
Total 4000 facilities acquisition and construction	-	-	32,181	-	326,231	-	358,412
Total expenditures	\$ -	\$ -	\$ 32,181	\$ -	\$ 436,678	\$ -	\$ 468,860

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF EXPENDITURES (BUDGET BASIS)
PROPRIETARY FUND
For the Year Ended
June 30, 2018

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	Total
1000 Instruction							
1292 Teen parent programs	\$ 22,959	\$ 7,314	\$ -	\$ 896		\$ 143	\$ 31,311
Total 1000 instruction	<u>22,959</u>	<u>7,314</u>	<u>-</u>	<u>896</u>	<u>-</u>	<u>143</u>	<u>31,311</u>
2000 Support services							
2410 Office of the principal	-	-	-	2,493	-	-	2,493
2633 Public information services	-	-	-	8,773	-	-	8,773
Total 2000 support services	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,266</u>	<u>-</u>	<u>-</u>	<u>11,266</u>
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,577</u>

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
SCHEDULE OF EXPENDITURES (BUDGET BASIS)
INTERNAL SERVICE FUND
 For the Year Ended
 June 30, 2018

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	Total
2000 Support services							
2649 Other Staff Services	\$ -	\$ 3,397	\$ -	\$ -	\$ -	\$ -	\$ 3,397
Total 2000 support services	-	3,397	-	-	-	-	3,397
Total expenditures	\$ -	\$ 3,397	\$ -	\$ -	\$ -	\$ -	\$ 3,397

Ontario School District No. 8C
 Ontario, Malheur County, Oregon
OREGON DEPARTMENT OF EDUCATION REQUIRED INFORMATION
FORM 581-3211 – SUPPLEMENTAL INFORMATION
 For the Year Ended
 June 30, 2018

SUPPLEMENTAL INFORMATION, 2017-2018

- A. Energy Bill for Heating - **All Funds:**
 Please enter your expenditures for electricity,
 heating fuel, and water & sewage for these
 Functions & Objects.

	Objects 325 & 326 & *327
Function 2540	\$430,856
Function 2550	\$5,056

- B. Replacement of Equipment – **General Fund:**
 Include all General Fund expenditures in object 542, except for the following exclusions:
 Exclude these functions:

\$196,033

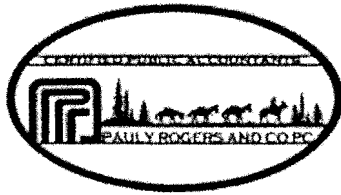
1113, 1122 & 1132	Co-curricular Activities	4150	Construction
1140	Pre-Kindergarten	2550	Pupil Transportation
1300	Continuing Education	3100	Food Service
1400	Summer School	3300	Community Services

**Object code 327 (water and sewage) has been added to Part A to be included in the Function 2540 and 2550 totals.*

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REPORTS REQUIRED BY OREGON
STATE REGULATIONS

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PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
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December 4, 2018

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Ontario School District No. 8C as of and for the year ended June 30, 2018, and have issued our report thereon dated December 4, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of 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 the basic 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 Ontario School District No. 8C 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, except as follows:

1. Expenditures were within authorized appropriations except as noted on p.26 of the report.

OAR 162-10-0230 Internal Control

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

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

A handwritten signature in black ink, reading "Roy R. Rogers". The signature is written in a cursive style with a large, stylized "R" at the beginning.

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

ONTARIO SCHOOL DISTRICT NO. 8C

SINGLE AUDIT

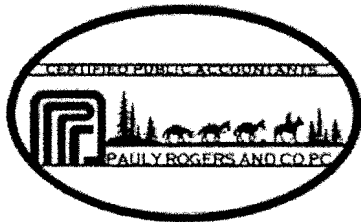
For the Year Ended June 30, 2018

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ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2018

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Subgrant Number	Receipts				Expenditures
			Reverse PY Deferral	Accrual / CY Collections	CY Accrual / Deferral	Net	
U.S. Department of Agriculture							
Passed through Oregon Department of Education							
National School Lunch Program, School Breakfast	10.553	N/A	\$ -	\$ 489,460	\$ -	\$ 489,460	\$ 489,460
National School Lunch Program, Sec 4 and 11	10.555	N/A	-	1,163,416	-	1,163,416	1,163,416
Child Nutrition Programs-Commodity Distribution	10.555	N/A	-	124,010	-	124,010	124,010
Summer Food Service Program	10.559	N/A	(33,831)	66,427	34,823	67,419	67,419
Child Nutrition Programs-Commodity Distribution	10.559	N/A	-	537	-	537	537
Total Child Nutrition Cluster			(33,831)	1,843,850	34,823	1,844,842	1,844,842
Fresh Fruit and Vegetable Program	10.582	N/A	(20,266)	109,214	-	88,948	88,948
State Administrative Expenses for Child Nutrition	10.560	N/A	-	1,877	-	1,877	1,877
Total Department of Agriculture			(54,097)	1,954,941	34,823	1,935,667	1,935,667
U.S. Department of Education							
Passed through Oregon Department of Education							
Elementary and Secondary Education Act - Title IA	84.010	45660	-	-	1,192,651	1,192,651	1,192,651
Elementary and Secondary Education Act - Title IA	84.010	41125	(796,195)	1,171,395	21,702	396,903	396,903
Elementary and Secondary Education Act - Title IA	84.010	36041	(30,753)	58,657	-	27,904	27,904
Elementary and Secondary Education Act - Title IA	84.010		(826,948)	1,230,053	1,214,354	1,617,458	1,617,458
Elementary and Secondary Education Act - Migrant Education	84.011	43687	(7,349)	125,020	-	117,671	117,671
Elementary and Secondary Education Act - Migrant Education	84.011	48634	-	-	7,390	7,390	7,390
Elementary and Secondary Education Act - Migrant Education	84.011	37724	(26,859)	41,216	-	14,357	14,357
Elementary and Secondary Education Act - Migrant Education	84.011	44990	-	-	335,358	335,358	335,358
Elementary and Secondary Education Act - Migrant Education	84.011	48598	-	-	18,649	18,649	18,649
Elementary and Secondary Education Act - Migrant Education	84.011	41225	(154,892)	231,908	-	77,016	77,016
Elementary and Secondary Education Act - Migrant Education	84.011	41244	(757)	22,742	-	21,985	21,985
Elementary and Secondary Education Act - Migrant Education	84.011	44907	-	-	12,053	12,053	12,053
Elementary and Secondary Education Act - Migrant Education	84.011		(189,857)	420,886	373,450	604,479	604,479
Individuals with Disabilities Education Act, Part B	84.027	48469	-	105	-	105	105
Individuals with Disabilities Education Act, Part B	84.027	36939	(17,984)	17,984	-	-	-
Individuals with Disabilities Education Act, Part B	84.027	41593	(270,791)	305,080	198,249	232,538	232,538
Individuals with Disabilities Education Act, Part B	84.027	45232	-	-	175,234	175,234	175,234
Individuals with Disabilities Education Act, Part B	84.027	46506	(1,835)	1,835	2,055	2,055	2,055
Individuals with Disabilities Education Act, Part B	84.027	41996	(900)	900	-	-	-
Individuals with Disabilities Education Act, Part B	84.027	45067	-	-	549	549	549
Individuals with Disabilities Education Act, Part B	84.027		(291,510)	325,904	376,088	410,482	410,482
Elementary and Secondary Education Act - Migrant Education	84.144		-	1,600	-	1,600	1,600
Individuals with Disabilities Education Act, Part B, Section 619	84.173	37231	-	1,897	-	1,897	1,897
Individuals with Disabilities Education Act, Part B, Section 619	84.173	40658	-	3,160	(748)	2,412	2,412
Individuals with Disabilities Education Act, Part B, Section 619	84.173		-	5,057	-	4,309	4,309
State Personnel Development Grant	84.323	47589	-	-	3,701	3,701	3,701
State Personnel Development Grant	84.323	43407	(1,880)	4,200	-	2,320	2,320
State Personnel Development Grant	84.323		(1,880)	4,200	-	6,021	6,021
Elementary and Secondary Education Act-Title VI, Part B, Rural Education Act	84.358	42560	(27,557)	35,179	-	7,622	7,622
Elementary and Secondary Education Act-Title VI, Part B, Rural Education Act	84.358	47630	-	-	39,424	39,424	39,424
Elementary and Secondary Education Act-Title VI, Part B, Rural Education Act	84.358		(27,557)	35,179	39,424	47,045	47,045
Elementary and Secondary Education Act-Title III-English Acquisition Grant	84.365	41787	(17,099)	29,280	7,496	19,677	19,677
Elementary and Secondary Education Act-Title III-English Acquisition Grant	84.365	44242	-	-	7,537	7,537	7,537
Elementary and Secondary Education Act-Title III-English Acquisition Grant	84.365	36351	(3,334)	3,334	-	-	-
Elementary and Secondary Education Act-Title III-English Acquisition Grant	84.365		(20,433)	32,614	15,033	27,214	27,214
Elementary and Secondary Education Act-Title IIA, Improving Teacher Quality	84.367	41380	(110,296)	125,437	-	15,141	15,141
Elementary and Secondary Education Act-Title IIA, Improving Teacher Quality	84.367	36238	(6,741)	15,141	-	8,400	8,400
Elementary and Secondary Education Act-Title IIA, Improving Teacher Quality	84.367	45876	-	-	143,582	143,582	143,582
Elementary and Secondary Education Act-Title IIA, Improving Teacher Quality	84.367		(117,037)	140,578	143,582	167,123	167,124
Student Support and Academic Enrichment Program	84.424		-	-	17,913	17,913	17,913
Student Support and Academic Enrichment Program	84.424		-	-	17,913	17,913	17,913
Child Care and Development Block Grant	93.575		(4,627)	12,316	-	7,689	7,689
Child Care and Development Block Grant	93.575		(4,627)	12,316	-	7,689	7,689
Child Care and Development Block Grant	93.596		-	1,857	-	1,857	1,857
Child Care and Development Block Grant	93.575		-	1,857	-	1,857	1,857
Total Department of Education			(1,479,849)	2,208,387	2,179,844	2,913,191	2,913,190
Total federal assistance			\$ (1,533,946)	\$ 4,163,328	\$ 2,214,667	\$ 4,848,858	\$ 4,848,858
Reconciliation to Federal Revenue:							
Total Federal Awards Expended, Above							\$ 4,848,858
Accruals/Deferrals							901,058
Total Federal Revenue Recognized							\$ 5,749,916

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December 4, 2018

To the Board of Directors
Ontario School District No. 8C
Malheur County, Oregon

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

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 basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ontario School District No. 8C as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 4, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the 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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of 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 basic 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.

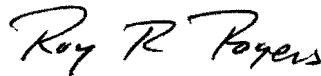
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

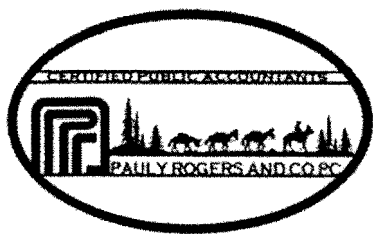
As part of obtaining reasonable assurance about whether the basic financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the basic 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 internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive, flowing style.

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.



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December 4, 2018

To the Board of Directors
Ontario School District No. 8C
Malheur County, Oregon

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

Report on Compliance for Each Major Federal Program

We have audited Ontario School District No. 8C'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 major federal programs for the year ended June 30, 2018. The major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the 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 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 compliance.

Opinion on Each Major Federal Program

In our opinion, Ontario School District No. 8C, 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, 2018.

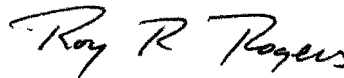
Report on Internal Control Over Compliance

Management 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 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 a 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. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

ONTARIO SCHOOL DISTRICT NO. 8C
ONTARIO, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(s) identified that are not considered
to be material weaknesses?

☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Any GAGAS audit findings disclosed that are required to be reported in
accordance with section 515(d)(2) of the Uniform Guidance?

☐ yes ☒ no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(s) identified that are not considered
to be material weaknesses?

☐ yes ☒ none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance
with section 200.516(a) of the Uniform Guidance?

☐ yes ☒ no

IDENTIFICATION OF MAJOR PROGRAMS

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM CLUSTER</u>
10.553,10.555,10.559	CHILD NUTRITION CLUSTER

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

Auditee qualified as low-risk auditee?

☐ yes ☒ no

ONTARIO SCHOOL DISTRICT NO. 8C
ONTARIO, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL EXPENDITURES

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with 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). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the District.

2. 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 allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has not elected to use the ten percent de minimis indirect cost rate as allowed under Uniform Guidance, due to the fact that they already have a negotiated indirect cost rate with Oregon Department of Education, and thus are not allowed to use the de minimis rate.