

ONTARIO SCHOOL DISTRICT 8C

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

For the Year Ended June 30, 2015

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
June 30, 2015

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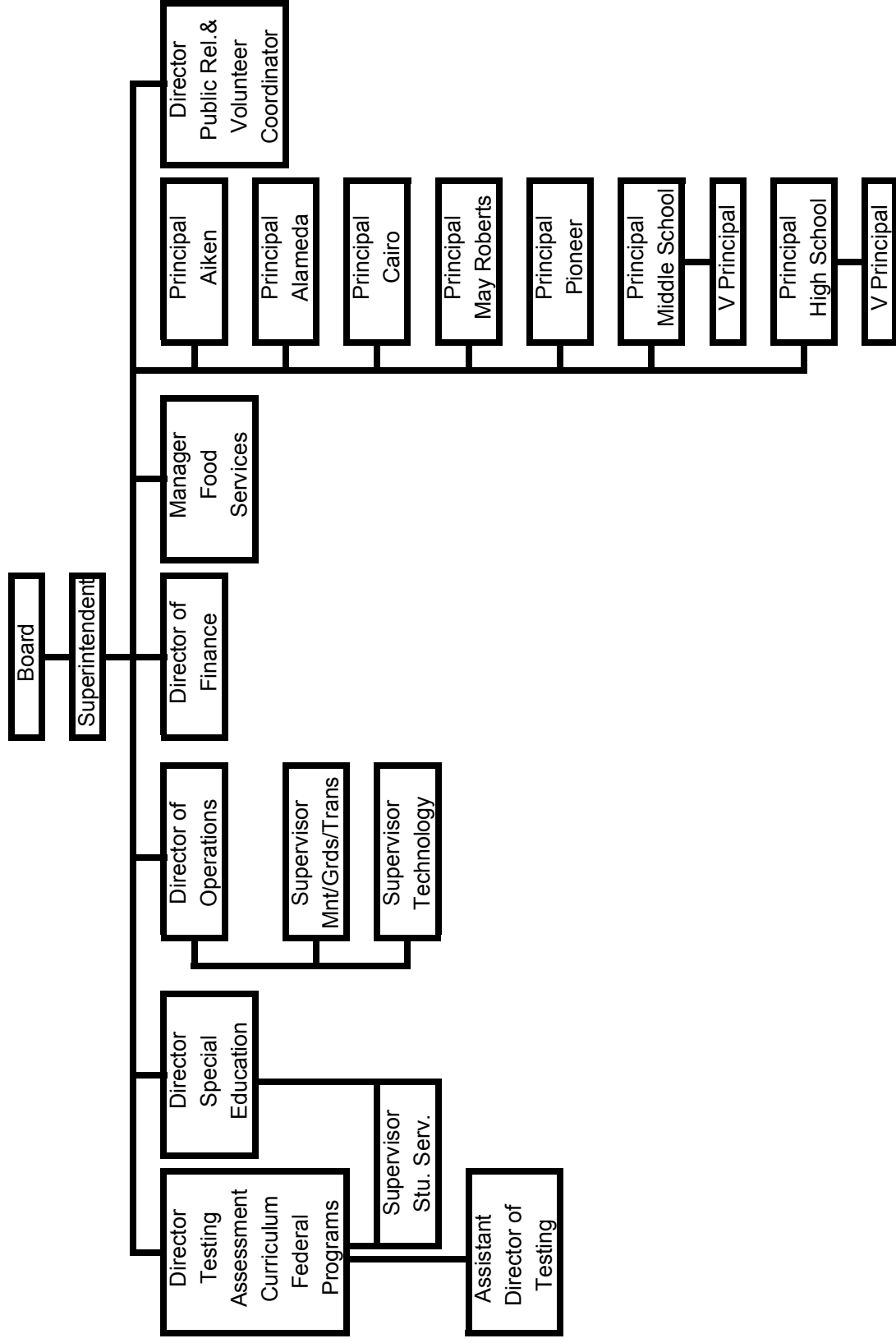
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INTRODUCTORY SECTION

Ontario School District Organizational Chart



ONTARIO SCHOOL DISTRICT 8C
Ontario, Malheur County, Oregon
BOARD OF DIRECTORS AND OFFICIALS
June 30, 2015

BOARD OF DIRECTORS

<u>Name</u>	<u>Position</u>
Dr. Ann Easley-DeBisschop Ontario, OR	Chairperson
Mike Blackaby Ontario, OR	Vice-Chairperson
Rena Corn Ontario, OR	Director
Dr. Paul Kraft Ontario, OR	Director
Doug Iwasa Ontario, OR	Director

OFFICIALS

Nicole Albisu	Superintendent
Mary Jo Evers	Director of Finance

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the internal service fund, each major fund, and the aggregate remaining fund information of Ontario School District No. 8C, as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise Ontario School District No. 8C's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Ontario School District No. 8C's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the internal service fund, each major fund and the aggregate remaining fund information for Ontario School District No. 8C, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Effect of Adopting New Accounting Standards

As described in Note 1 to the financial statements, the county adopted the provisions of GASB Statement No. 68, *Accounting and Reporting for Pensions* (as amended by GASB Statement No. 71). The opinion is not modified with the implementation of this GASB Statement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 and the Schedules of Proportionate Share of Net Pension Liability on page 51 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 this required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information for the General Fund and the major special revenue fund on pages 48 through 49 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. This budgetary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ontario School District No. 8C's financial statements as a whole. The combining and individual nonmajor fund financial statements, other supplementary information, other financial schedules and the Schedule of Expenditures of Federal Awards, required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, other supplementary information, other financial schedules 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section, as listed in the table of contents, has 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 it.

Reporting on Other Legal and Regulatory Requirements

Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated December 31, 2015 on our consideration of Ontario School District No. 8C's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ontario School District No. 8C's internal control over financial reporting and compliance.

Reporting Required by Oregon Minimum Standards

In accordance with 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, we have issued our report dated December 31, 2015 on our consideration of Ontario School District No. 8C's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations in considering Ontario School District No. 8C's internal control over financial reporting and compliance.

Oster Professional Group. CPA's. LLP

By 

Burns, Oregon
December 31, 2015

ONTARIO SCHOOL DISTRICT 8C

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

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, 2015. 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 \$43.9MM, deferred outflows of \$1.9MM, liabilities of \$31.1MM and deferred inflows of \$6.8M. Of the \$8MM in net assets, \$8.4MM is invested in capital assets, \$4.7MM is restricted for debt service, \$1.1MM is restricted for special programs and (\$6.2MM) is unrestricted and available to meet the District's ongoing obligations.
- The District's Net Position increased by \$6.0MM during the fiscal year, but due to a restatement of Net Position at June 30, 2015 for the implementation of GASB 68, Net Position at June 30, 2015 decreased by \$11.9MM.
- The District had \$25.7MM in expenses; \$7.2MM of these expenses were offset by program specific charges for services, grants or contributions. The remaining \$18.4MM is made up of General Fund revenues which consist primarily of taxes, state school support and earnings on investments.
- The District's governmental funds report combined ending fund balance of \$10.2MM. This is a \$1.4MM 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

ONTARIO SCHOOL DISTRICT 8C

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

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 and Major Special Revenue Funds (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 assets 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 assets and changes in those 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."

ONTARIO SCHOOL DISTRICT 8C

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

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 2014-15 were the General Fund, the 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.

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 decreased \$11.9MM for the period ending June 30, 2015 to \$8MM. This decrease was attributed to an increase in assets restricted for debt service, as well as an increase in the deferred inflows related to pensions and offset by a decrease in the beginning Net Position due to GASB 68 implementation.

The District's assets and deferred outflows totaled \$45.8MM. Pension assets and pension related deferred outflows of \$5.4MM and deferred outflow related to pensions represent 12% 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 \$26.9MM and comprise 61% of total assets. The remaining assets consist mainly of investments, cash, and receivables.

The District's total liabilities and deferred inflows totaled \$37.8MM. The largest liability, \$18.5MM, is for the repayment of the Qualified School Construction bond. Current liabilities of \$2.8MM represent 9.1% 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 8C

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

ONTARIO SCHOOL DISTRICT NO. 8C NET POSITION AS OF JUNE 30, 2015 and 2014						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current Assets	\$ 13,412,467	\$ 12,129,197	\$ 4,056	\$ -	\$ 13,416,523	\$ 12,129,197
Long-Term Assets	3,582,110	89,412	-	-	3,582,110	89,412
Capital Assets, net of accumulated depreciation	26,876,824	27,423,163	-	-	26,876,824	27,423,163
Total Assets	<u>43,871,401</u>	<u>39,641,772</u>	<u>4,056</u>	<u>-</u>	<u>43,875,457</u>	<u>39,641,772</u>
Deferred Outflows						
Prepaid pension contribution	-	11,666,782	-	-	-	11,666,782
Deferred outflows related to pensions	1,935,433	-	-	-	1,935,433	-
Total Deferred Outflows	<u>1,935,433</u>	<u>11,666,782</u>	<u>-</u>	<u>-</u>	<u>1,935,433</u>	<u>11,666,782</u>
Current Liabilities	2,818,943	2,989,283	-	-	2,818,943	2,989,283
Long-Term Debt	28,233,626	28,395,830	-	-	28,233,626	28,395,830
Total Liabilities	<u>31,052,569</u>	<u>31,385,113</u>	<u>-</u>	<u>-</u>	<u>31,052,569</u>	<u>31,385,113</u>
Deferred Inflows						
Unearned Grant Income	1,425	178	-	-	1,425	178
Deferred inflows related to pensions	6,758,098	-	-	-	6,758,098	-
Total Deferred Inflows	<u>6,759,523</u>	<u>178</u>	<u>-</u>	<u>-</u>	<u>6,759,523</u>	<u>178</u>
Net Position:						
Net investment in capital assets	8,376,824	8,923,163	-	-	8,376,824	8,923,163
Restricted for debt service	4,686,463	3,512,385	-	-	4,686,463	3,512,385
Restricted for special programs	1,131,219	999,080	-	-	1,131,219	999,080
Unrestricted	(6,199,764)	6,488,635	4,056	-	(6,195,708)	6,488,635
Total Net Position	<u>\$ 7,994,742</u>	<u>\$ 19,923,263</u>	<u>\$ 4,056</u>	<u>\$ -</u>	<u>\$ 7,998,798</u>	<u>\$ 19,923,263</u>

REVENUES AND EXPENSES

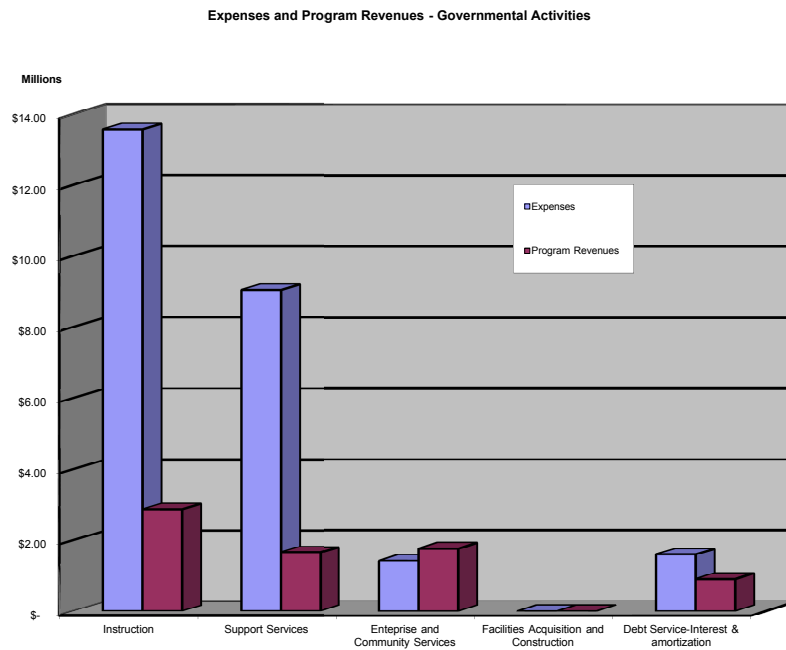
Key components of governmental revenues and expenses for the year ending June 30, 2015 are as follows:

- Revenue from the State School Fund comprises the largest portion of the District's revenue. Unrestricted revenue from the State School Fund was \$18.8MM in 2014-15 compared to \$17.4MM in fiscal year 2013-14.
- Operating grants increased by \$761K as a result of some increased grant allocations and new grant opportunities.
- Expenditures for government activities decreased by \$4.2MM or 14% over the prior year, due in part to the completion of construction bond related expenditures.

ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015

Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 1,332,685	\$ 1,225,231	\$ 4,122	\$ -	\$ 1,336,807	\$ 1,225,231
Operating grants and contributions	5,874,678	5,113,446	-	-	5,874,678	5,113,446
Capital grants and contributions	-	671,713	-	-	-	671,713
General Revenues						
Property Taxes	4,831,635	4,648,687	-	-	4,831,635	4,648,687
State School Fund - General Support	18,826,626	17,383,917	-	-	18,826,626	17,383,917
State School Fund - Restricted	15,354	14,501	-	-	15,354	14,501
Other state and local sources	268,569	220,668	-	-	268,569	220,668
Earnings on Investments	60,895	905,093	-	-	60,895	905,093
Other	463,232	606,027	-	-	463,232	606,027
Total Revenues	<u>31,673,674</u>	<u>30,789,283</u>	<u>4,122</u>	<u>-</u>	<u>31,677,796</u>	<u>30,789,283</u>
Expenses:						
Instruction (Regular, Special, Adult, Summer)	13,770,018	16,300,460	-	-	13,770,018	16,300,460
Support services	8,869,904	10,428,564	-	-	8,869,904	10,428,564
Enterprise and community services	1,422,390	1,534,599	-	-	1,422,390	1,534,599
Facilities acquisition and construction	390	54,798	-	-	390	54,798
Interest on long-term debt	1,601,250	1,569,077	-	-	1,601,250	1,569,077
Teen parent	-	-	66	-	66	-
Total Expenses	<u>25,663,952</u>	<u>29,887,498</u>	<u>66</u>	<u>-</u>	<u>25,664,018</u>	<u>29,887,498</u>
Gain (loss on sale of capital assets)	5,283	16,259	-	-	5,283	16,259
Change in net position	6,015,005	918,044	4,056	-	6,019,061	918,044
Net Position - July 1, before restatement	19,923,263	19,074,501	-	-	19,923,263	19,074,501
Restatements for see Notes for details	(17,943,526)	(69,282)	-	-	(17,943,526)	(69,282)
Net Position - July 1, after restatement	1,979,737	19,005,219	-	-	1,979,737	19,005,219
Net Position - June 30	<u>\$ 7,994,742</u>	<u>\$ 19,923,263</u>	<u>\$ 4,056</u>	<u>\$ -</u>	<u>\$ 7,998,798</u>	<u>\$ 19,923,263</u>

ONTARIO SCHOOL DISTRICT 8C **MANAGEMENT'S DISCUSSION AND ANALYSIS** **For the Fiscal Year Ended June 30, 2015**



Revenue by Source - Governmental Activities

Charges for services	\$ 1,332,685	4.2%
Earnings on Investments	60,895	0.2%
Operating grants and contributions	5,874,678	18.5%
Other	463,232	1.5%
Other state and local sources	283,923	0.9%
Property Taxes	4,831,635	15.3%
State School Fund - General Support	18,826,626	59.4%
	\$ 31,673,674	

ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015

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, 2015, the District's governmental funds reported combined ending fund balance of \$10.2MM, an increase of \$1.5MM 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, 2015, unassigned fund balance was \$1.9MM. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 14% of total General Fund expenditures, including transfers out and debt service. This fund balance percentage changed from 13% in 2013-14 and 17% in 2012-13.

The fund balance increased by \$388K during the current fiscal year. This was due to an increase in the State School funds received during the fiscal year.

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, 2015, the fund had accounts receivable of \$1.36MM and deferred revenues of \$1,425.

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 \$54K.

ONTARIO SCHOOL DISTRICT 8C

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

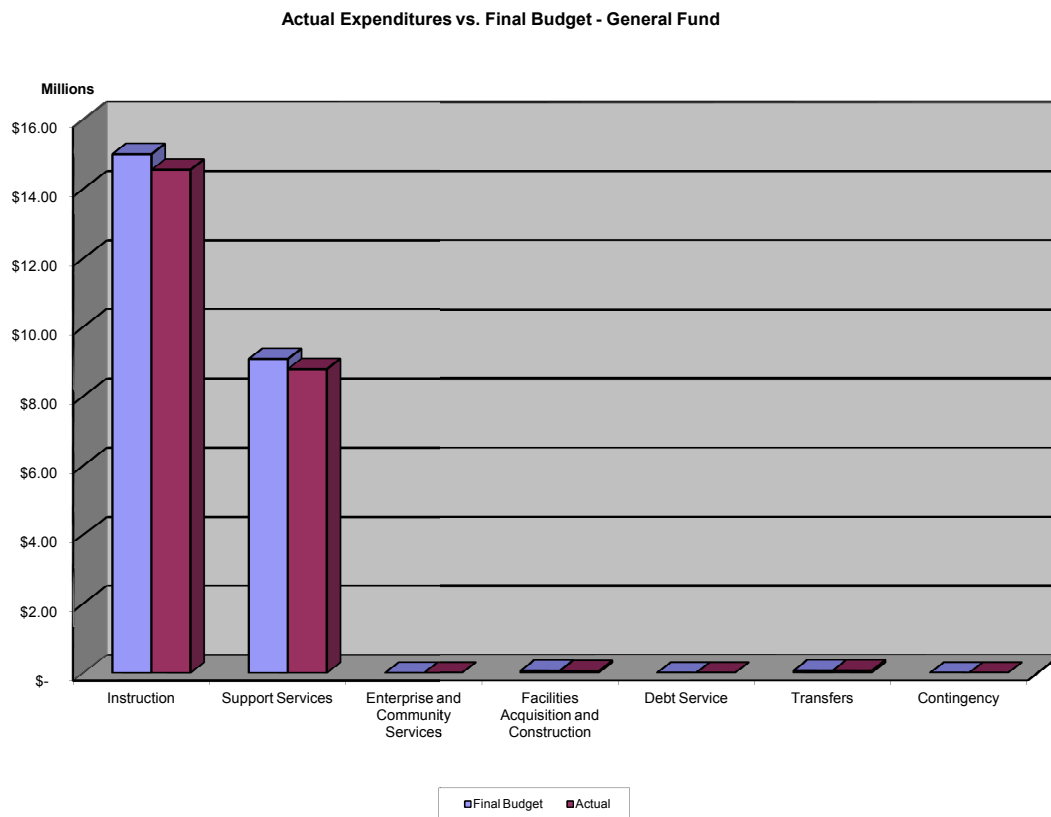
GENERAL FUND BUDGETARY HIGHLIGHTS

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 2014-15 fiscal year, the Board did adopt resolutions that affected the general fund budget.

For the General Fund, the final budget revenue basis was \$23,490,832. The actual amount of revenue received was \$23,831,936.

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



ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015

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, 2015 the District had invested approximately \$26.9MM 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
	<u>2015</u>	<u>2014</u>	(Decrease) from
			<u>Fiscal 2014</u>
Land	\$ 563,110	\$ 563,110	\$ -
Construction in progress	-	146,344	(146,344)
Buildings & building improvements	34,102,340	33,711,148	391,192
Vehicles, furniture and equipment	5,362,953	4,843,909	519,044
Accumulated depreciation	(13,151,579)	(11,841,348)	(1,310,231)
TOTAL	<u><u>\$ 26,876,824</u></u>	<u><u>\$ 27,423,163</u></u>	<u><u>\$ (546,339)</u></u>

Debt administration. At the end of the current fiscal year, the District had total bonded debt outstanding of \$26.6MM, 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 \$185K. 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, 2015, the State School Fund – General Support, provided 59.4% of the District's program resources. In addition, PERS contribution rates continue to be a concern for the district. Senate Bill 822 provided some relief from rate increases, but was deemed to be unlawful. The PERS rates currently being paid by the district are set through June 30, 2017. It is anticipated at this time that in the next biennium the rate of contribution that the district pays will increase substantially. Further, the rate will remain at this higher rate or even higher until the unfunded liability has been eliminated.

Reductions in federal funding levels due to sequestration remain 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 Board of Directors has approved a resolution to apply for matching state bond fund program. The program is to be used by school districts across Oregon who have approved general obligation bonds through a

ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015

general election. The state of Oregon will match up to \$4MM of general obligation bonds approved by the voters of our district. If the district is awarded matching funds, the bond will election will be held in May 2016.

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

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 6,319,741	\$ 4,056	\$ 6,323,797
Receivables			
Taxes	329,580	-	329,580
Accounts	2,285,635	-	2,285,635
Restricted cash	4,477,511	-	4,477,511
Inventory	79,770	-	79,770
Net pension asset	3,502,340	-	3,502,340
Capital assets			
Non-depreciable assets			
Land	563,110	-	563,110
Depreciable assets			
Buildings and building improvements	34,102,340	-	34,102,340
Furniture and equipment	5,362,953	-	5,362,953
Accumulated depreciation	(13,151,579)	-	(13,151,579)
Total assets	<u>43,871,401</u>	<u>4,056</u>	<u>43,875,457</u>
DEFERRED OUTFLOWS OF RESOURCES			
Current year PERS contributions	1,786,148	-	1,786,148
Changes in pension proportion	149,285	-	149,285
Total deferred outflows	<u>1,935,433</u>	<u>-</u>	<u>1,935,433</u>
LIABILITIES			
Accounts payable	190,717	-	190,717
Accrued liabilities			
Payroll, payroll taxes, insurance	2,340,762	-	2,340,762
Early retirement obligation - current portion	96,511	-	96,511
Early retirement obligation - due in more than one year	547,710	-	547,710
Other Post Employment Benefits liability	1,280,474	-	1,280,474
Bonds payable			
Due within one year	190,953	-	190,953
Due in more than one year	26,405,442	-	26,405,442
Total liabilities	<u>31,052,569</u>	<u>-</u>	<u>31,052,569</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred unearned grant income	1,425	-	1,425
Net difference PERS investments	6,758,098	-	6,758,098
Total deferred inflows	<u>6,759,523</u>	<u>-</u>	<u>6,759,523</u>
NET POSITION			
Net investment in capital assets	8,376,824	-	8,376,824
Restricted for debt service (expendable)	4,686,463	-	4,686,463
Restricted for special programs (expendable)	1,131,219	-	1,131,219
Unrestricted	(6,199,764)	4,056	(6,195,708)
Total net position	<u>\$ 7,994,742</u>	<u>\$ 4,056</u>	<u>\$ 7,998,798</u>

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2015

Functions/Programs	Program Revenues				Net (Expenses)		Business-Type Activities	Total
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Revenues and Change in Net Position			
GOVERNMENTAL ACTIVITIES								
Regular programs	\$ 7,567,607	\$ 50,905	\$ -	\$ 10,763	\$ (7,505,939)	\$ -	\$ (7,505,939)	
Special programs	6,013,228	301,392	-	2,520,760	(3,191,076)	-	(3,191,076)	
Summer school programs	189,183	-	-	240,526	51,343	-	51,343	
Students	816,951	-	-	210,560	(606,391)	-	(606,391)	
Instructional staff	754,791	-	-	258,897	(495,894)	-	(495,894)	
General administration	263,084	-	-	-	(263,084)	-	(263,084)	
School administration	1,580,530	-	-	25,457	(1,555,073)	-	(1,555,073)	
Business services	2,952,680	-	-	-	(2,952,680)	-	(2,952,680)	
Central activities	2,378,553	878,624	-	35,435	(1,464,494)	-	(1,464,494)	
Supplemental retirement program	123,315	-	-	-	(123,315)	-	(123,315)	
Enterprise & community services	1,422,390	101,764	-	1,668,501	347,875	-	347,875	
Facilities acquisition & construction	390	-	-	-	(390)	-	(390)	
Debt service-interest & amortization	1,601,250	-	-	903,779	(697,471)	-	(697,471)	
Total governmental activities	25,663,952	1,332,685	-	5,874,678	(18,456,589)	-	(18,456,589)	
BUSINESS-TYPE ACTIVITIES								
Teen parent program	66	1,918	-	-	-	1,852	1,852	
Bistro	-	2,204	-	-	-	2,204	2,204	
Total business-type activities	66	4,122	-	-	4,056	4,056	4,056	
	\$ 25,664,018	\$ 1,336,807	\$ -	\$ 5,874,678	\$ (18,452,533)	\$ 4,056	\$ (18,452,533)	
GENERAL REVENUES								
Property taxes for general purposes					3,676,854	-	3,676,854	
Property taxes for debt service					1,154,781	-	1,154,781	
State school fund-general support					18,826,626	-	18,826,626	
State school fund-restricted					15,354	-	15,354	
County school fund					854	-	854	
Common school fund					229,407	-	229,407	
Unrestricted state and local sources					38,308	-	38,308	
Earnings on investments					60,895	-	60,895	
Miscellaneous					463,232	-	463,232	
Total general revenues					24,466,311	-	24,466,311	
Gain (loss) on sale of capital assets					5,283	-	5,283	
Change in net position					6,015,005	4,056	6,019,061	
Net position - June 30, 2014, before restatement					19,923,263	-	19,923,263	
Restatement - see Note 14					(17,943,526)	-	(17,943,526)	
Net position - June 30, 2014, after restatement					1,979,737	-	1,979,737	
Total net position - June 30, 2015					\$ 7,994,742	\$ 4,056	\$ 7,998,798	

GOVERNMENTAL FUND
FINANCIAL STATEMENTS

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Federal Programs	Bond Debt Service	Nonmajor Governmental Funds	Total
ASSETS AND DEFERRED OUTFLOWS					
Assets					
Cash and investments	\$ 3,626,580	\$ 1,425	\$ -	\$ 2,258,654	\$ 5,886,659
Receivables					
Property tax	255,555	-	74,025	-	329,580
Grants	756,872	1,356,573	-	172,190	2,285,635
Interfund loan receivable	1,426,622	-	-	-	1,426,622
Restricted assets					
Cash	-	-	4,477,511	-	4,477,511
Total assets	6,065,629	1,357,998	4,551,536	2,430,844	14,406,007
Deferred outflows	-	-	-	-	-
Total assets and deferred outflows	\$ 6,065,629	\$ 1,357,998	\$ 4,551,536	\$ 2,430,844	\$ 14,406,007
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 167,766	\$ 15,062	\$ -	\$ 5,093	\$ 187,921
Accrued liabilities	2,340,762	-	-	-	2,340,762
Interfund loan payable	-	1,341,511	-	85,111	1,426,622
Total liabilities	2,508,528	1,356,573	-	90,204	3,955,305
Deferred inflows					
Unearned grant revenue	-	1,425	-	-	1,425
Deferred property tax revenues	194,500	-	56,414	-	250,914
Total deferred inflows	194,500	1,425	56,414	-	252,339
Fund balances					
Nonspendable	1,426,622	-	-	-	1,426,622
Spendable					
Restricted	-	-	4,495,122	1,322,560	5,817,682
Committed	-	-	-	1,015,217	1,015,217
Assigned	-	-	-	2,863	2,863
Unassigned	1,935,979	-	-	-	1,935,979
Total fund balances	3,362,601	-	4,495,122	2,340,640	10,198,363
Total liabilities, deferred inflows and fund balances	\$ 6,065,629	\$ 1,357,998	\$ 4,551,536	\$ 2,430,844	\$ 14,406,007

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2015

Total fund balances		\$ 10,198,363
Capital assets are not financial resources and therefore, are not reported in the governmental funds.		
Cost	\$ 40,028,403	
Accumulated depreciation	<u>(13,151,579)</u>	26,876,824
Certain delinquent property taxes not collected for several months after year end is not considered available revenue and is deferred in the governmental funds.		250,914
Internal service funds		430,286
Inventory not consumed within sixty days is not included in the fund financial statements.		79,770
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	(26,596,395)	
Early retirement obligation	(644,221)	
Other Post Employment Benefits liability	<u>(1,280,474)</u>	(28,521,090)
Current year PERS contributions are deferred outflows of resources that will be a recognized expense in the subsequent period.		1,786,148
District's proportionate share of differences between employer contributions and proportionate share of contributions that will be amortized over the next 5 years.		149,285
District's proportionate share of net differences between projected and actual earnings on investments that will be amortized over the next 5 years.		(6,758,098)
Net pension asset is not a financial resource and, therefore, is not reported in governmental funds.		<u>3,502,340</u>
Total net position		<u><u>\$ 7,994,742</u></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, 2015

	General	Federal Programs	Bond Debt Service	Nonmajor Governmental Funds	Total
Revenues					
Taxes	\$ 3,701,275	\$ -	\$ 1,156,153	\$ -	\$ 4,857,428
Local sources	379,808	900	21,042	1,361,761	1,763,511
Intermediate sources	684,988	-	-	-	684,988
State sources	19,064,743	-	-	129,432	19,194,175
Federal sources	-	2,522,902	903,779	1,641,073	5,067,754
Total revenues	23,830,814	2,523,802	2,080,974	3,132,266	31,567,855
Expenditures					
Current					
Instruction					
Regular programs	9,706,618	8,663	-	815	9,716,097
Special programs	4,842,573	1,771,948	-	368,156	6,982,677
Summer school programs	-	240,526	-	-	240,526
Support services					
Students	816,021	210,560	-	-	1,026,580
Improvement of instruction	619,301	225,515	-	88,112	932,928
General administration	334,550	-	-	-	334,550
School administration	2,074,389	6,026	-	-	2,080,415
Business services	3,699,911	-	126	82,865	3,782,901
Central activities	1,145,232	35,434	-	179,469	1,360,136
Supplemental retirement program	91,998	-	-	-	91,998
Food services	-	-	-	1,606,945	1,606,945
Community services	-	25,130	-	-	25,130
Facilities acquisition and construction	48,874	-	-	67,362	116,236
Debt service					
Principal	-	-	-	185,862	185,862
Interest	-	-	1,033,040	568,210	1,601,250
Total expenditures	23,379,467	2,523,802	1,033,166	3,147,796	30,084,230
Excess of revenues over (under) expenditures	451,347	-	1,047,808	(15,530)	1,483,625
Sale of assets	1,122	-	-	5,237	6,359
Transfers in (out)	(64,500)	-	-	64,500	-
Total other financing sources (uses)	(63,378)	-	-	69,737	6,359
Net change in fund balances	387,969	-	1,047,808	54,207	1,489,984
Available fund balances, July 1	2,974,632	-	3,447,314	2,286,433	8,708,379
Available fund balances, June 30	<u>\$ 3,362,601</u>	<u>\$ -</u>	<u>\$ 4,495,122</u>	<u>\$ 2,340,640</u>	<u>\$ 10,198,363</u>

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, 2015

Net change in fund balances		\$ 1,489,984
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	\$ 832,085	
Less loss on dispositions	(1,076)	
Less current year depreciation	<u>(1,377,348)</u>	(546,339)
Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, 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 Position. This is the amount by which proceeds exceeded repayments.		
Debt principal repaid		185,862
Governmental funds do not report the effects of the implementation of GASB Statements No. 45 and 50 which caused the recognition of new long term liabilities.		
		(33,596)
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.		
		(25,819)
Inventory not consumed within sixty days is not included in the fund financial statements.		
		(9,642)
Current year PERS contributions are deferred outflows of resources that will be a recognized expense in the subsequent period.		
		1,786,148
Changes in net pension liability, the related changes in deferred outflows and deferred inflows of resources are not recognized as expenses in governmental funds.		
		3,170,271
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 reported with governmental activities.		
Internal service fund income	3,215	
Internal service fund expense	<u>(5,079)</u>	<u>(1,864)</u>
CHANGE IN NET POSITION		<u><u>\$ 6,015,005</u></u>

PROPRIETARY FUND
FINANCIAL STATEMENTS

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
STATEMENT OF FUND NET POSITION
Proprietary Funds
June 30, 2015

	OHS Bistro Fund	OHS Teen Parent Program	Totals June 30, 2015	Internal Service Funds
ASSETS				
Current assets				
Cash and investments	\$ 2,204	\$ 1,852	\$ 4,056	\$ 433,082
Total assets	<u>2,204</u>	<u>1,852</u>	<u>4,056</u>	<u>433,082</u>
DEFERRED OUTFLOWS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current liabilities				
Accounts payable	-	-	-	2,796
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,796</u>
DEFERRED INFLOWS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Unrestricted	2,204	1,852	4,056	430,286
Total net position	<u>\$ 2,204</u>	<u>\$ 1,852</u>	<u>\$ 4,056</u>	<u>\$ 430,286</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, 2015

	OHS Bistro Fund	OHS Teen Parent Program	Totals June 30, 2015	Internal Service Funds
Operating revenue				
Charges for services	\$ 2,204	\$ 1,918	\$ 4,122	\$ 974
Total operating revenue	<u>2,204</u>	<u>1,918</u>	<u>4,122</u>	<u>974</u>
Operating expenses				
Employee benefits	-	-	-	5,079
Teen parent program	<u>-</u>	<u>66</u>	<u>66</u>	<u>-</u>
Total operating expenses	<u>-</u>	<u>66</u>	<u>66</u>	<u>5,079</u>
Operating income	2,204	1,852	4,056	(4,105)
Nonoperating income				
Earnings on investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,241</u>
Total nonoperating income	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,241</u>
Changes in net position	2,204	1,852	4,056	(1,864)
Total net position - beginning	-	-	-	432,150
Total net position- ending	<u>\$ 2,204</u>	<u>\$ 1,852</u>	<u>\$ 4,056</u>	<u>\$ 430,286</u>

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

STATEMENT OF CASH FLOWS

Proprietary Funds

June 30, 2015

	OHS Bistro Fund	OHS Teen Parent Program	Totals June 30, 2015	Internal Service Funds
Cash flows from operating activities				
Receipts from interfund services provided	\$ 2,204	\$ 1,918	\$ 4,122	\$ 974
Payments for employee benefits	-	(66)	(66)	(2,283)
Net cash provided(used) by operating activities	<u>2,204</u>	<u>1,852</u>	<u>4,056</u>	<u>(1,309)</u>
Cash flows from investing activities				
Interest received	-	-	-	2,241
Net cash provided(used) by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,241</u>
Net increase in cash and cash equivalents	2,204	1,852	4,056	932
Cash and cash equivalents - beginning	-	-	-	432,150
Cash and cash equivalents - ending	<u>\$ 2,204</u>	<u>\$ 1,852</u>	<u>\$ 4,056</u>	<u>\$ 433,082</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 2,204	\$ 1,852	\$ 4,056	\$ (4,105)
Increase (decrease) in accounts payable	-	-	-	2,796
Net cash provided(used) by operating activities	<u>\$ 2,204</u>	<u>\$ 1,852</u>	<u>\$ 4,056</u>	<u>\$ (1,309)</u>

NOTES TO THE BASIC
FINANCIAL STATEMENTS

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

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. 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 consist of net position that do not meet the definition of the two preceding categories. Unrestricted net position often have 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 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

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

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 Bistro Fund—This proprietary fund accounts for the activities of the student run bistro.

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

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parents.

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.

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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.

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.

The district had the following over expenditure for the year ended June 30, 2015:

Pension Bond Debt Service Fund	Debt Service	\$16,997
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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.

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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:

Buildings and improvements	10 to 50 years
Equipment	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.

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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.

M. Deferred Outflows of Resources

Deferred outflows of resources in the Statement of Net Position represent consumption of net position that is applicable to a future reporting period. The district had \$1,935,433 of pension related deferred outflows at June 30, 2015.

N. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period. In the Statement of Net Position, this includes resources that are received before the district has met its eligibility requirements related to time. In the governmental fund financial statements, deferred inflows of resources also include revenues that are measurable but not available. The district has \$6,759,523 of PERS related deferred inflows shown on the Statement of Net Position at June 30, 2015.

O. 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.

P. Use of Estimates

The 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.

Q. 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

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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.

R. 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. Retirement Plan - Public Employees Retirement System (PERS)

Oregon Public Employees Retirement System

Name of Pension Plan

The Oregon Public Employees Retirement System consists of a single cost-sharing multiple employer defined benefit pension plan.

Description of benefit terms-Plan Benefits

All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS)

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Chapters 238 and 238A.

A. PERS Pension Chapter 238 (tier One/Tier Two Retirement Benefit).

1. Pension Benefits

The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members on or after August 29, 2003.

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 (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

2. 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:

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

3. 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.

4. 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. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit.

B. OPSRP Pension Program (OPSRP DB)

1. 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:

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

2. 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.

3. 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.

4. Benefit Changes after Retirement

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

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, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provision. The rates based on a percentage of payroll, first became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum unfunded actuarial liability payments to establish side accounts and their rates have been reduced. Employer contributions for the year ended June 30, 2015 were \$1,786,148 excluding amounts to fund employer specific liabilities.

Pension Plan Comprehensive Annual Financial Report (CAFR)

Oregon PERS produces an independently audited CAFR which can be found at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

Actuarial Valuations

The employer contribution rates effective July 1, 2013 through June 30, 2015, 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

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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.

Actual Methods and Assumptions

Valuation date	December 31, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll: tier One/Tier Two UA (20 year) and OPSRP pension UAL (16 year) amortization periods are closed.
Equivalent Single amortization period	20 years
Asset valuation method	Market value of assets
Actuarial assumption:	
Inflation rate	2.75 percent
Investment rate of return	7.75 percent

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years.

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of 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 7.75 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 (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

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	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the system net pension liability (asset)	\$ 7,416,692	\$ (3,502,340)	\$ (3,824,876)

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

At June 30, 2015, the district reported an asset of \$3,502,340 for its proportionate share of the net pension liability/asset. The net pension liability/asset was measured as of June 30, 2014, and the total pension liability/asset used to calculate the net pension liability/asset was determined by an actuarial valuation as of that date. The district's proportion of the net pension liability/asset 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 districts, actuarially determined. At June 30, 2014, the district's proportion was .15451174 percent.

For the year ended June 30, 2015, the district recognized pension expense of (\$6,608,813). Pension expense includes the district's proportionate share of system pension expense (adjusted for amortization of deferred amounts).

At June 30, 2015, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments	\$ -	\$ 6,758,098
Changes in proportion and differences between employer contributions and proportionate share of contributions	149,285	-
Total (prior to post-measurement-date contributions)	149,285	6,758,098
Contributions subsequent to the measurement date	1,786,148	N/A
Net deferred outflow/(inflow) of resources		<u>\$ (4,822,665)</u>

\$1,786,148 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

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Fiscal Year	Deferred outflows or (inflows) of Resources
2016	\$ (1,657,072)
2017	(1,657,072)
2018	(1,657,072)
2019	(1,657,072)
2020	19,475
Total	<u>(6,608,813)</u>

Changes in Plan Provisions Subsequent to Measurement Date

The Oregon Supreme court on April 30, 2015, ruled in the Moro decision, that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law were unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS will make restoration payments to those benefit recipients.

PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms subsequent to the measurement date of June 30, 2015, which will be reflected in the next year's actuarial valuations. The impact of the Moro decision on the total pension liability and employer's net pension liability (asset) has not been fully determined. However, PERS' third-party actuaries have estimated the impact of the Moro decision under one possible methodology, which is summarized below (dollars in millions). Estimates have been rounded to the nearest \$10 million.

	June 30, 2014 Measurement Date	
	Prior to Moro	After Moro (estimated)
Net pension liability (asset)		
Total pension liability (in millions)	\$ 63,134.8	\$ 68,050.0
Fiduciary net position (in millions)	<u>65,401.5</u>	<u>65,400.0</u>
Net pension liability (asset) (in millions)	<u>\$ (2,266.7)</u>	<u>\$ 2,650.0</u>
District's proportionate share	0.154512%	0.154512%
District's net pension liability	<u>\$ (3,502,340)</u>	<u>\$ 4,094,561</u>

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Note 3. Accounts Receivable

Accounts receivable are comprised of the following at June 30, 2015:

<u>Fund</u>	<u>Revenue Source</u>	<u>Amount</u>
General Fund	Property Taxes	\$ 255,555
General Fund	Common school fund	114,704
General Fund	ESD Pass-through	63,506
General Fund	Miscellaneous	578,662
Federal Programs	Federal grants	1,356,573
Debt Service Fund	Property Taxes	74,025
Non major funds	Grants	172,190
Total Accounts Receivable		<u><u>\$ 2,615,215</u></u>

Note 4. Interfund Transfers

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

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Reason</u>
General fund	Nonmajor fund	\$ 2,000	To pay for the district's share of SMILE expenses
General fund	Nonmajor fund	20,000	To fund future technological needs
General fund	Nonmajor fund	25,000	To fund future building improvements
General fund	Nonmajor fund	17,500	To fund future maintenance equipment needs
Total		<u><u>\$ 64,500</u></u>	

Interfund loan receivables and payables consist of the following at June 30, 2015:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Federal Programs Fund	\$ 1,341,511
General Fund	Nonmajor Funds	85,111
Total		<u><u>\$ 1,426,622</u></u>

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Note 5. Capital Assets

Capital assets activity for the year was as follows:

Governmental Activities

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets not being depreciated				
Land	\$ 563,110	\$ -	\$ -	\$ 563,110
Construction in progress	146,344	-	(146,344)	-
Total capital assets not being depreciated	<u>709,454</u>	<u>-</u>	<u>(146,344)</u>	<u>563,110</u>
Capital assets being depreciated				
Buildings and improvements	33,711,148	421,381	(30,189)	34,102,340
Equipment	2,282,589	398,804	(21,420)	2,659,973
Vehicles	2,561,320	160,194	(18,534)	2,702,980
Total capital assets being depreciated	<u>38,555,057</u>	<u>980,379</u>	<u>(70,143)</u>	<u>39,465,293</u>
Less accumulated depreciation	(11,841,348)	(1,377,348)	67,117	(13,151,579)
Total capital assets being depreciated, net	<u>26,713,709</u>	<u>(396,969)</u>	<u>(3,026)</u>	<u>26,313,714</u>
Total capital assets, net	<u><u>\$ 27,423,163</u></u>	<u><u>\$ (396,969)</u></u>	<u><u>\$ (149,370)</u></u>	<u><u>\$ 26,876,824</u></u>

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

Central activities \$1,377,348

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Note 6. 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, 2015:

Deposits with banks	\$ 865,661
Investments	9,934,477
Cash on hand	1,170
	<u>\$ 10,801,308</u>

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

Statement of Net Position

Cash and investments	\$ 10,801,308
	<u>\$ 10,801,308</u>

As of June 30, 2015, the district held the following investments and maturities:

Investment Type	Fair Value	% of Investment Portfolio
Local Government Investment Pool	\$ 9,934,477	100%

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, 2015. 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, 2015 the carrying amount of the district's deposits (cash and certificates of deposit) in various financial institutions was \$865,661 and the bank balances were \$1,384,822. 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, 2015 and for the year then ended, the district's deposits were in compliance with the requirements of ORS 295.018.

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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, 2015, the district held \$9,934,477 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.

The district has invested funds in the Oregon Short-term Fund Local Government Investment Pool (LGIP) during fiscal year 2015. The Local Government Investment Pool was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The Local Government Investment Pool is an external investment pool managed by the state treasurer's office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40. The Oregon LGIP is unrated for credit quality.

In addition, the Oregon LGIP distributes investment income on an amortized cost basis and participant's equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the district's cash position.

Investments in the Oregon LGIP are made under the provisions of ORS 194.180. These funds are held in the district's name and are not subject to collateralization requirements or ORS 295.018. Investments are stated at cost, which approximated fair value.

A separate financial report for the Oregon Short-term Fund Local Government Investment Pool is prepared by the Secretary of State Audits Division in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from the Oregon Audits Division 255 Capitol Street NE, Suite 500, Salem, OR 97310 or online at <http://www.sos.state.or.us/audits/index.html>.

Oregon statutes restrict the types of investments in which the district may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the Oregon Local Government Investment Pool (LGIP). As of June 30, 2015 and for the year then ended, the district was in compliance with the aforementioned Oregon statutes.

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Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes authorize the district to invest primarily in general obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool, among others. The district has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk – Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. The district is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the United States Government. The district has no such investments.

Interest Rate Risk – 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.

Foreign Currency Risk – The district is prohibited from investments that are not US dollar-denominated; therefore, the district is not exposed to this risk.

Note 7. Other Post Employment Benefits (OPEB)

Early Retirement Incentive 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.

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.

Benefits payable:

Administrator retirees are eligible to receive a monthly stipend of \$300 for up to seven years. The benefit stops when the retiree dies or upon reemployment with the district.

Certified retirees are eligible to receive a monthly stipend of \$250 for seven years. If the retiree dies, the spouse will continue to receive payments until such time the retiree would have received the stipend for seven years. Payments cease after the retiree reaches age 65.

The district pays an additional 7.65% FICA tax on stipend benefits, unless the stipend is used to pay medical insurance premiums covered under the district's Section 125 cafeteria plan.

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A one-time early retirement incentive was made available to certified retirees who retired on June 2, 2011. This incentive provides the retirees with an additional \$700 per month payable until August 21, 2013 and is in addition to the other stipend benefits described above.

Annual Required Contribution and Net Pension Obligation

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. The actuarial present value of plan benefits is as follows. First, at June 30, 2014, the obligation is as follows:

	June 30, 2015	June 30, 2014
Determination of Annual Required Contribution		
(1) Normal Cost at year end	\$ 30,316	\$ 33,593
(2) Amortization of UAAL	340,278	394,334
(3) Annual Required Contribution (ARC)	<u>370,594</u>	<u>427,927</u>
Determination of Net OPEB Obligation		
(4) Annual Required Contribution (ARC)	370,594	427,927
(5) Interest on prior year Net OPEB Obligation	23,911	23,229
(6) Adjustment to ARC	<u>(359,616)</u>	<u>(349,360)</u>
(7) Annual Pension Cost	<u>34,889</u>	<u>101,796</u>
Less		
(8) Expected Stipend Payments	<u>73,834</u>	<u>82,313</u>
(9) Increase in Net OPEB Obligation	<u>(38,945)</u>	<u>19,483</u>
(10) Net OPEB Obligation - beginning	<u>683,166</u>	<u>663,683</u>
(11) Net OPEB Obligation - ending	<u><u>\$ 644,221</u></u>	<u><u>\$ 683,166</u></u>

The following table shows the annual pension cost and net pension obligation for the prior two years and the current fiscal year assuming the district does not fund this liability:

Fiscal Year Ending	Annual Pension Cost	Percentage of Pension Cost Contributed	Net Pension Obligation
June 30, 2013	\$ 153,182	83%	\$ 663,683
June 30, 2014	101,796	81%	683,166
June 30, 2015	34,889	212%	644,221

Health Care Benefits

The district implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, for the fiscal year ended June 30, 2009. This implementation allows the district to report its liability for other postemployment benefits consistent with newly established generally accepted accounting principles to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees

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on the financial statements.

The district is required by Oregon Revised Statute 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. Retired employees may continue enrollment in the health plan on a self-pay basis until age 65.

The district's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the district, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the district's normal cost each year and amortize any unfunded actuarial liabilities over a period of 15 years. The following table shows the components of the district's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the district's OPEB obligation to the plan.

	June 30, 2015	June 30, 2014
Determination of Annual Required Contribution		
(1) Normal Cost at year end	\$ 120,658	\$ 177,241
(2) Amortization of UAAL	<u>247,520</u>	<u>201,023</u>
(3) Annual Required Contribution (ARC)	<u>368,178</u>	<u>378,264</u>
Determination of Net OPEB Obligation		
(4) Annual Required Contribution (ARC)	368,178	378,264
(5) Interest on prior year Net OPEB Obligation	42,278	39,461
(6) Adjustment to ARC	<u>(145,243)</u>	<u>(75,164)</u>
(7) Annual Pension Cost	<u>265,213</u>	<u>342,561</u>
Less		
(8) Explicit Benefit Payments	-	-
(9) Implied Benefit Payments	<u>192,672</u>	<u>262,094</u>
(9) Increase in Net OPEB Obligation	<u>72,541</u>	<u>80,467</u>
(10) Net OPEB Obligation - beginning	<u>1,207,933</u>	<u>1,127,466</u>
(11) Net OPEB Obligation - ending	<u><u>\$ 1,280,474</u></u>	<u><u>\$ 1,207,933</u></u>

The following table shows the annual pension cost and net pension obligation for the prior two years and the current fiscal year assuming the district does not fund this liability:

Fiscal Year Ending	Annual Pension Cost	Percentage of Pension Cost Contributed	Net Pension Obligation
June 30, 2013	\$ 334,470	76%	\$ 1,127,466
June 30, 2014	342,561	77%	1,207,933
June 30, 2015	265,213	73%	1,280,474

Actuarial assumptions of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined

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regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

In the June 30, 2015 actuarial valuation “the projected unit credit cost method” was used. The actuarial assumption was a 3.5% investment rate of return (net of administrative expenses). Medical and prescription drugs premium increase of 7.5% in the first year, 6% in the second year, 5.75% in the third year through 13th year, 6.0% in the 14th through 15th year, 6.75% in the 16th year, 7.0% in the 17th through 22nd year, 6.75% for the 23rd year and then tapering down to an ultimate trend of 5.5%. The annual healthcare cost trend rate of 5.25% for dental and vision insurance premiums. The UAAL (Unfunded Actuarial Accrued Liability) is being amortized as a level percentage of projected payroll on a closed basis over a period of fifteen years.

Note 8. Long-term Debt Early Retirement Obligation

The following represents changes in long-term liabilities that are not reported as fund liabilities (i.e., debt of the trust and agency funds) but are reported on the government-wide financial statements. Current requirements for principal and interest expenditures are accounted for in the Debt Service Funds.

	Early Retirement Obligations
Balance 7/1/14	\$ 683,166
Additions	44,471
Payments & deletions	(83,416)
Balance 6/30/15	<u>\$ 644,221</u>

<u>Amounts Payable in Fiscal Year:</u>	Early Retirement Obligations
2015-16	\$ 96,511
2016-17	85,097
2017-18	65,074
2018-19	49,411
2019-2020	41,553
2021 and thereafter	<u>306,575</u>
Total	<u>\$ 644,221</u>

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All long-term debt obligations are payable from the general and debt service funds.

(1) The maturity schedule of cumulative amount of early retirement obligations in excess of amounts funded has not been determined.

Note 9. 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.

	PERS UAL Bonds Payable
Balance 7/1/14	\$ 7,617,257
Additions	-
Payments & deletions	(185,862)
Balance 6/30/15	<u>\$ 7,431,395</u>
Current portion	\$ 190,953

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

Fiscal Year Ending June 30,	Principal	Interest	Interest Rate
2016	\$ 190,953	\$ 610,679	5.67%
2017	193,991	647,642	5.82%
2018	198,149	688,484	5.93%
2019	200,945	730,688	6.02%
2020	202,357	774,275	6.10%
2021-2025	3,460,000	1,560,652	5.48% to 5.55%
2026-2028	2,985,000	301,088	5.55%
Total	<u>\$ 7,431,395</u>	<u>\$ 5,313,507</u>	

Interest expense for the year ended June 30, 2015 was \$575,770.

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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
2016	\$ -	\$ 27,365	4.12%
2017	-	27,365	4.12%
2018	-	27,365	4.12%
2019	-	27,365	4.12%
2020	-	27,365	4.12%
2021	665,000	13,682	4.12%
Total	<u>\$ 665,000</u>	<u>\$ 150,507</u>	

Note 10. 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, 2015 are as follows:

Fiscal Year Ending June 30,	Deposit Requirement	Interest	Federal Subsidy for Interest	Total
2016	\$ 1,010,000	\$ 1,033,040	\$ (974,950)	\$ 1,068,090
2017	1,035,000	1,033,040	(974,950)	1,093,090
2018	1,065,000	1,033,040	(974,950)	1,123,090
2019	1,090,000	1,033,040	(974,950)	1,148,090
2020	1,120,000	1,033,040	(974,950)	1,178,090
2021-2025	6,055,000	5,165,200	(4,874,750)	6,345,450
2026-2027	16,500,000	2,066,080	(1,949,900)	16,616,180
Total	<u>\$ 27,875,000</u>	<u>\$ 12,396,480</u>	<u>\$ (11,699,400)</u>	<u>\$ 28,572,080</u>

Interest expense for the year ended June 30, 2015 was \$1,033,040.

At June 30, 2015, the Local Government Investment Pool account dedicated for the deposit of the set aside requirements had a balance of \$4,607,064. The required balance to be reserved was \$4,475,000.

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2015

Note 11. 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 12. Governmental Fund Leases

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>
Kyocera 8000i	60 months	\$ 1,197	April, 2017
Pitney Bowes postage machine	60 months	709	December, 2016
6 Kyocera & 6 Xerox copiers	36 months	2,604	November, 2015

Future minimum lease payments are as follows:

<u>Fiscal Year Ending</u>	<u>Total Future</u>
<u>June 30,</u>	<u>Minimum Lease</u>
	<u>Payments</u>
2016	\$ 33,293
2017	12,898
Total	<u>\$ 46,191</u>

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

Note 13. Fund Balance Classifications

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

Fund Balances	<u>General Fund</u>	<u>Federal Programs</u>	<u>Bond Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<u>Nonspendable</u>					
Interfund receivables	\$ 1,426,622	\$ -	\$ -	\$ -	\$ 1,426,622
	<u>1,426,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,426,622</u>
<u>Restricted</u>					
Education - Grants	-	-	-	22,754	22,754
Debt Service	-	-	4,495,122	191,341	4,686,463
Food Service	-	-	-	1,108,465	1,108,465
	<u>-</u>	<u>-</u>	<u>4,495,122</u>	<u>1,322,560</u>	<u>5,817,682</u>
<u>Committed to:</u>					
Building repairs and maint.	-	-	-	840,590	840,590
Equipment reserve	-	-	-	34,976	34,976
Technological equipment	-	-	-	562	562
Student body use	-	-	-	139,089	139,089
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,015,217</u>	<u>1,015,217</u>
<u>Assigned to:</u>					
Program training and expenses	-	-	-	2,863	2,863
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,863</u>	<u>2,863</u>
<u>Unassigned</u>	<u>1,935,979</u>	<u>-</u>	<u>-</u>		<u>1,935,979</u>
TOTAL FUND BALANCES	<u><u>\$ 3,362,601</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,495,122</u></u>	<u><u>\$ 2,340,640</u></u>	<u><u>\$ 10,198,363</u></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 18, 2015. Commitments of fund balances must be made prior to the end of the fiscal year.

Note 14. Restatement

Governmental Activities: There following items caused beginning net position to be restated:

Due to the district's adoption of GASB 68, governmental activities and business-type activities net position was restated at July 1, 2014. With the adoption of GASB 68, the district's net position was restated to include the county's proportionate share of the retirement system's overall unfunded liability (net pension liability). Net position was also restated to include the district's prior year PERS contributions as deferred outflows of resources. The following is a reconciliation of the total net position as previously reported at July 1, 2014, to the restated net position.

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June 30, 2015

Governmental Activities

Recalculation of Net Position	
Net position at July , 2014, as previously reported	\$ 19,923,263
District's prepaid pension	(11,666,782)
District's proportionate share of PERS net pension liability	(7,884,960)
District's prior year PERS contributions	<u>1,608,216</u>
Net position at July 1, 2014, as restated	<u><u>\$ 1,979,737</u></u>

REQUIRED SUPPLEMENTARY
INFORMATION

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, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Taxes	\$ 3,910,000	\$ 3,910,000	\$ 3,701,275	\$ (208,725)
Local sources	292,870	292,870	379,808	86,938
Intermediate sources	675,000	675,000	684,988	9,988
State sources	18,611,962	18,611,962	19,064,743	452,781
Total revenues	<u>23,489,832</u>	<u>23,489,832</u>	<u>23,830,814</u>	<u>340,982</u>
Expenditures				
Instruction				
Regular programs	10,055,799	10,053,799	9,706,618	347,181
Special programs	4,946,760	4,948,760	4,842,573	106,187
Support services				
Students	846,804	846,804	816,021	30,783
Improvement of instruction	587,230	671,478	619,301	52,177
General administration	406,921	378,421	334,550	43,871
School administration	2,163,536	2,077,988	2,074,389	3,599
Business services	3,809,754	3,794,054	3,699,911	94,143
Central activities	1,178,479	1,206,479	1,145,232	61,247
Supplemental retirement program	95,471	95,471	91,998	3,473
Facilities acquisition and construction	60,000	60,000	48,874	11,126
Total expenditures	<u>24,150,754</u>	<u>24,133,254</u>	<u>23,379,467</u>	<u>753,787</u>
Excess of revenues over (under) expenditures	(660,922)	(643,422)	451,347	1,094,769
Other financing sources (uses)				
Sale of assets	1,000	1,000	1,122	122
Transfers in (out)	(47,000)	(64,500)	(64,500)	-
Total other financing sources (uses)	<u>(46,000)</u>	<u>(63,500)</u>	<u>(63,378)</u>	<u>122</u>
Net change in fund balance	(706,922)	(706,922)	387,969	1,094,891
Available fund balance, July 1	<u>3,200,000</u>	<u>3,200,000</u>	<u>2,974,632</u>	<u>(225,368)</u>
Available fund balance, June 30	<u>\$ 2,493,078</u>	<u>\$ 2,493,078</u>	<u>\$ 3,362,601</u>	<u>\$ 869,523</u>

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, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ -	\$ -	\$ 900	\$ 900
Federal sources	3,230,098	3,305,097	2,522,902	(782,195)
Total revenues	3,230,098	3,305,097	2,523,802	(781,295)
Expenditures				
Instruction				
Regular programs	294,327	45,441	8,663	36,778
Special programs	2,040,076	2,164,373	1,771,948	392,425
Summer school programs	246,060	435,650	240,526	195,124
Support services				
Students	349,945	265,375	210,560	54,815
Improvement of instruction	233,755	301,333	225,515	75,818
School administration	1,450	5,633	6,026	(393)
Business services	3,000	-	-	-
Central activities	24,145	46,145	35,434	10,711
Community services	37,340	41,147	25,130	16,017
Total expenditures	3,230,098	3,305,097	2,523,802	781,295
Net change in fund balance	-	-	-	-
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ -	\$ -

ONTARIO SCHOOL DISTRICT No. 8C
Ontario, Malheur County, Oregon
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING
June 30, 2015

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 appropriations 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 instruction, support services, community services, capital acquisitions, and other uses. Although the budget document presents function expenditures or expenses by line item within fund, the legal level of control is at the aggregated fund and functional level.

During the year ended June 30, 2015, there were no General Fund or major special revenue fund expenditures that exceeded budget at the legal level of budgetary control.

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
OREGON PUBLIC RETIREMENT SYSTEM
 Last 10 Fiscal Years*

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.1545117%	0.1545117%
District's proportionate share of the net pension liability (asset)	\$ (3,502,340)	\$ 7,884,960
Districts covered-employee payroll	\$ 12,565,430	\$ 12,337,039
District's proportionate share of the net pension liability (asset as a percentage of its covered-employee payroll)	-27.87%	63.91%

SCHEDULE OF DISTRICT CONTRIBUTIONS
OREGON PUBLIC RETIREMENT SYSTEM
 Last 10 Fiscal Years*

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,531,747	\$ 2,494,991
Contributions in relation to the contractually required contribution	<u>(2,531,747)</u>	<u>(2,494,991)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	12,565,430	12,337,039
Contributions as a percentage of covered-employee payroll	20.15%	20.22%

*The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

OTHER SUPPLEMENTARY INFORMATION

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Debt Service Pension Bond Debt Service	Special Revenue Funds Response to Intervention	Lowe's Grant- Aiken Elementary
ASSETS			
Cash	\$ 191,341	\$ -	\$ -
Receivables			
Other	-	40,426	-
Total assets	<u>\$ 191,341</u>	<u>\$ 40,426</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Interfund payable	-	37,563	-
Total liabilities	<u>-</u>	<u>37,563</u>	<u>-</u>
Fund balances			
Spendable			
Restricted	191,341	-	-
Committed	-	-	-
Assigned	-	2,863	-
Total fund balances	<u>191,341</u>	<u>2,863</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 191,341</u>	<u>\$ 40,426</u>	<u>\$ -</u>

See accompanying independent auditor's report.

Special Revenue Funds		
Professional Learning Teams Grant	Educator Effectiveness Grant	Smile Grant
\$ -	\$ -	\$ 3,338
3,200	4,276	-
<u>\$ 3,200</u>	<u>\$ 4,276</u>	<u>\$ 3,338</u>
\$ -	\$ -	\$ -
3,200	4,276	-
<u>3,200</u>	<u>4,276</u>	<u>-</u>
-	-	3,338
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	3,338
<u>\$ 3,200</u>	<u>\$ 4,276</u>	<u>\$ 3,338</u>

Special Revenue Funds		
ASPIRE	SB 622	
Grant	School	ELP
	Technology	Standards
\$ 6,156	\$ -	\$ -
-	-	1,628
\$ 6,156	\$ -	\$ 1,628
\$ 445	\$ -	\$ -
-	-	1,628
445	-	1,628
5,711	-	-
-	-	-
-	-	-
5,711	-	-
\$ 6,156	\$ -	\$ 1,628

Special Revenue Funds

<u>Challenge Day</u>	<u>Goldman Sachs Philanthropic</u>	<u>Youth and Innovation Grant</u>
\$ -	\$ 705	\$ -
-	-	37,082
<u>\$ -</u>	<u>\$ 705</u>	<u>\$ 37,082</u>
\$ -	\$ -	\$ -
-	-	37,082
-	-	37,082
-	705	-
-	-	-
-	-	-
<u>-</u>	<u>705</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 705</u>	<u>\$ 37,082</u>

Special Revenue Funds		
NW Health Foundation Grant	Maybelle Clark McDonald Grant	Medicaid Reimbursement
\$ 3,000	\$ 10,000	\$ -
-	-	-
<u>\$ 3,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>
\$ -	\$ -	\$ -
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
3,000	10,000	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>3,000</u>	<u>10,000</u>	<u>-</u>
<u>\$ 3,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>

Special Revenue Funds		Capital Projects Funds			
Student Body	Food Services	Equipment Replacement	Technology	Building Improvement	Totals June 30, 2015
\$ 140,451	\$ 1,027,535	\$ 34,976	\$ 562	\$ 840,590	\$ 2,258,654
-	85,578	-	-	-	172,190
<u>\$ 140,451</u>	<u>\$ 1,113,113</u>	<u>\$ 34,976</u>	<u>\$ 562</u>	<u>\$ 840,590</u>	<u>\$ 2,430,844</u>
\$ -	\$ 4,648	\$ -	\$ -	\$ -	\$ 5,093
1,362	-	-	-	-	85,111
<u>1,362</u>	<u>4,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,204</u>
-	1,108,465	-	-	-	1,322,560
139,089	-	34,976	562	840,590	1,015,217
-	-	-	-	-	2,863
<u>139,089</u>	<u>1,108,465</u>	<u>34,976</u>	<u>562</u>	<u>840,590</u>	<u>2,340,640</u>
<u>\$ 140,451</u>	<u>\$ 1,113,113</u>	<u>\$ 34,976</u>	<u>\$ 562</u>	<u>\$ 840,590</u>	<u>\$ 2,430,844</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, 2015

	Debt Service	Special Revenue Funds	
	Pension Bond Debt Service	Response to Intervention	Lowe's Grant- Aiken Elementary
Revenues			
Local sources	\$ 880,463	\$ 40,426	\$ -
State sources	-	-	-
Federal sources	-	-	-
Total revenues	<u>880,463</u>	<u>40,426</u>	<u>-</u>
Expenditures			
Current			
Instruction			
Regular programs	-	-	-
Special programs	-	-	-
Support services			
Improvement of instruction	-	44,009	-
Business services	-	-	1,416
Central activities	121	-	-
Food services	-	-	-
Facilities acquisition and construction	-	-	-
Debt service			
Principal	185,862	-	-
Interest	568,210	-	-
Total expenditures	<u>754,193</u>	<u>44,009</u>	<u>1,416</u>
Excess of revenues over (under) expenditures	126,270	(3,583)	(1,416)
Other financing sources (uses)			
Sale of assets	-	-	-
Transfers in (out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	126,270	(3,583)	(1,416)
Available fund balances, July 1	<u>65,071</u>	<u>6,446</u>	<u>1,416</u>
Available fund balance, June 30	<u><u>\$ 191,341</u></u>	<u><u>\$ 2,863</u></u>	<u><u>\$ -</u></u>

See accompanying independent auditor's report.

Special Revenue Funds		
Professional Learning Teams Grant	Educator Effectiveness Grant	Smile Grant
\$ -	\$ -	\$ -
4,456	34,277	4,949
-	-	-
4,456	34,277	4,949
-	-	-
-	-	8,844
4,456	34,277	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
4,456	34,277	8,844
-	-	(3,895)
-	-	-
-	-	2,000
-	-	2,000
-	-	(1,895)
-	-	5,233
\$ -	\$ -	\$ 3,338

Special Revenue Funds		
ASPIRE Grant	SB 622 School Technology	ELP Standards
\$ -	\$ -	\$ -
3,000	-	5,370
-	-	-
3,000	-	5,370
815	-	-
-	-	-
-	-	5,370
-	-	-
-	37,612	-
-	-	-
-	-	-
-	-	-
-	-	-
815	37,612	5,370
2,185	(37,612)	-
-	-	-
-	-	-
-	-	-
2,185	(37,612)	-
3,526	37,612	-
\$ 5,711	\$ -	\$ -

[illegible]

Special Revenue Funds		
NW Health Foundation Grant	Maybelle Clark McDonald Grant	Medicaid Reimbursement
\$ 3,000	\$ 10,000	\$ -
-	-	-
-	-	-
3,000	10,000	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
3,000	10,000	-
-	-	-
-	-	-
-	-	-
3,000	10,000	-
-	-	-
\$ 3,000	\$ 10,000	\$ -

Special Revenue Funds		Capital Project Funds			Totals
Student Body	Food Service	Equipment Replacement	Technology	Building Improvement	June 30, 2015
\$ 301,392	\$ 111,642	\$ 314	\$ 264	\$ 14,260	\$ 1,361,761
-	17,652	-	-	-	129,432
-	1,641,073	-	-	-	1,641,073
301,392	1,770,367	314	264	14,260	3,132,266
-	-	-	-	-	815
299,584	-	-	-	-	368,156
-	-	-	-	-	88,112
-	-	81,449	-	-	82,865
-	-	-	141,736	-	179,469
-	1,606,945	-	-	-	1,606,945
-	-	-	-	67,362	67,362
-	-	-	-	-	185,862
-	-	-	-	-	568,210
299,584	1,606,945	81,449	141,736	67,362	3,147,796
1,808	163,422	(81,135)	(141,472)	(53,102)	(15,530)
-	900	4,337	-	-	5,237
-	-	17,500	20,000	25,000	64,500
-	900	21,837	20,000	25,000	69,737
1,808	164,322	(59,298)	(121,472)	(28,102)	54,207
137,281	944,143	94,274	122,034	868,692	2,286,433
\$ 139,089	\$ 1,108,465	\$ 34,976	\$ 562	\$ 840,590	\$ 2,340,640

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, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 737,200	\$ 737,200	\$ 880,463	\$ 143,263
Total revenues	<u>737,200</u>	<u>737,200</u>	<u>880,463</u>	<u>143,263</u>
Expenditures				
Support services				
Central activities	125	125	121	4
Debt service				
Principal	161,304	161,304	185,862	(24,558)
Interest	<u>575,771</u>	<u>575,771</u>	<u>568,210</u>	<u>7,561</u>
Total expenditures	<u>737,200</u>	<u>737,200</u>	<u>754,193</u>	<u>(16,993)</u>
Net change in fund balance	-	-	126,270	126,270
Available fund balance, July 1	<u>-</u>	<u>-</u>	<u>65,071</u>	<u>65,071</u>
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,341</u>	<u>\$ 191,341</u>

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, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 28,114	\$ 36,270	\$ 40,426	\$ 4,156
Total revenues	28,114	36,270	40,426	4,156
Expenditures				
Support services				
Improvement of instruction	28,114	36,270	44,009	(7,739)
Total expenditures	28,114	36,270	44,009	(7,739)
Net change in fund balance	-	-	(3,583)	(3,583)
Available fund balance, July 1	-	-	6,446	6,446
Available fund balance, June 30	\$ -	\$ -	\$ 2,863	\$ 2,863

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - LOWE'S GRANT - AIKEN ELEMENTARY (BUDGET BASIS)**

For the Year Ended

June 30, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Support services				
Business services	1,495	1,630	1,416	214
Total expenditures	1,495	1,630	1,416	214
Net change in fund balance	(1,495)	(1,630)	(1,416)	214
Available fund balance, July 1	1,495	1,630	1,416	(214)
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 - PROFESSIONAL LEARNING TEAMS GRANT FUND (BUDGET BASIS)**

For the Year Ended

June 30, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
State sources	\$ 2,410	\$ 2,410	\$ 4,456	\$ 2,046
Total revenues	2,410	2,410	4,456	2,046
Expenditures				
Support services				
Improvement of instruction	2,410	2,410	4,456	(2,046)
Total expenditures	2,410	2,410	4,456	(2,046)
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 - EDUCATOR EFFECTIVENESS GRANT FUND (BUDGET BASIS)**

For the Year Ended

June 30, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
State sources	\$ 23,714	\$ 30,001	\$ 34,277	\$ 4,276
Total revenues	23,714	30,001	34,277	4,276
Expenditures				
Support services				
Improvement of instruction	23,714	30,001	34,277	(4,276)
Total expenditures	23,714	30,001	34,277	(4,276)
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, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
State sources	\$ 4,370	\$ 4,370	\$ 4,949	\$ 579
Total revenues	4,370	4,370	4,949	579
Expenditures				
Instruction				
Special programs	6,370	6,370	8,844	(2,474)
Total expenditures	6,370	6,370	8,844	(2,474)
Excess of revenues over (under) expenditures	(2,000)	(2,000)	(3,895)	(1,895)
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	-	-	(1,895)	(1,895)
Available fund balance, July 1	-	-	5,233	5,233
Available fund balance, June 30	\$ -	\$ -	\$ 3,338	\$ 3,338

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, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
State sources	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Expenditures				
Instruction				
Regular programs	<u>3,000</u>	<u>3,000</u>	<u>815</u>	<u>2,185</u>
Total expenditures	<u>3,000</u>	<u>3,000</u>	<u>815</u>	<u>2,185</u>
Net change in fund balance	-	-	2,185	2,185
Available fund balance, July 1	<u>-</u>	<u>-</u>	<u>3,526</u>	<u>3,526</u>
Available fund balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,711</u></u>	<u><u>\$ 5,711</u></u>

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SB622 SCHOOL TECHNOLOGY (BUDGET BASIS)
For the Year Ended
June 30, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Support services				
Central activities	37,775	37,775	37,612	163
Total expenditures	37,775	37,775	37,612	163
Net change in fund balance	(37,775)	(37,775)	(37,612)	163
Available fund balance, July 1	37,775	37,775	37,612	(163)
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 - ELP STANDARDS FUND (BUDGET BASIS)
 For the Year Ended
 June 30, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
State sources	\$ -	\$ 6,058	\$ 5,370	\$ (688)
Total revenues	-	6,058	5,370	(688)
Expenditures				
Support services				
Improvement of instruction	-	6,058	5,370	688
Total expenditures	-	6,058	5,370	688
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 - CHALLENGE DAY (BUDGET BASIS)
For the Year Ended
June 30, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 3,000	\$ 5,000	\$ -	\$ (5,000)
Total revenues	<u>3,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Expenditures				
Instruction				
Regular programs	<u>3,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>3,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Net change in fund balance	-	-	-	-
Available fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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 - GOLDMAN SACHS PHILANTHROPIC (BUDGET BASIS)**

For the Year Ended

June 30, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Instruction				
Regular programs	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Available fund balance, July 1	-	-	705	705
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 705</u>	<u>\$ 705</u>

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - YOUTH & INNOVATION GRANT FUND (BUDGET BASIS)**

For the Year Ended

June 30, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
State sources	\$ -	\$ 60,000	\$ 59,728	\$ (272)
Total revenues	-	60,000	59,728	(272)
Expenditures				
Instruction				
Special programs	-	60,000	59,728	272
Total expenditures	-	60,000	59,728	272
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 - NW HEALTH FOUNDATION GRANT FUND (BUDGET BASIS)**

For the Year Ended

June 30, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ -	\$ 3,000	\$ 3,000	\$ -
Total revenues	-	3,000	3,000	-
Expenditures				
Support services				
Business services	-	3,000	-	3,000
Total expenditures	-	3,000	-	3,000
Net change in fund balance	-	-	3,000	3,000
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ 3,000	\$ 3,000

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, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ -	\$ 10,000	\$ 10,000	\$ -
Total revenues	-	10,000	10,000	-
Expenditures				
Instruction				
Special programs	-	10,000	-	10,000
Total expenditures	-	10,000	-	10,000
Net change in fund balance	-	-	10,000	10,000
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ 10,000	\$ 10,000

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, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ -	\$ 10,000	\$ -	\$ (10,000)
Total revenues	-	10,000	-	(10,000)
Expenditures				
Support services				
Students	-	10,000	-	10,000
Total expenditures	-	10,000	-	10,000
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 - STUDENT BODY (BUDGET BASIS)
For the Year Ended
June 30, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 295,765	\$ 295,765	\$ 301,392	\$ 5,627
Total revenues	<u>295,765</u>	<u>295,765</u>	<u>301,392</u>	<u>5,627</u>
Expenditures				
Instruction				
Special programs	296,665	296,665	299,584	(2,919)
Total expenditures	<u>296,665</u>	<u>296,665</u>	<u>299,584</u>	<u>(2,919)</u>
Net change in fund balance	(900)	(900)	1,808	2,708
Available fund balance, July 1	<u>100,900</u>	<u>100,900</u>	<u>137,281</u>	<u>36,381</u>
Available fund balance, June 30	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 139,089</u>	<u>\$ 39,089</u>

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FOOD SERVICES (BUDGET BASIS)
For the Year Ended
June 30, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 155,000	\$ 155,000	\$ 111,642	\$ (43,358)
State sources	14,500	14,500	17,652	3,152
Federal sources	1,375,000	1,375,000	1,641,073	266,073
Total revenues	1,544,500	1,544,500	1,770,367	225,867
Expenditures				
Food services	1,949,500	1,949,500	1,606,945	342,555
Total expenditures	1,949,500	1,949,500	1,606,945	342,555
Excess of revenues over (under) expenditures	(405,000)	(405,000)	163,422	568,422
Other financing sources (uses)				
Sale of assets	-	-	900	900
Total other financing sources (uses)	-	-	900	900
Net change in fund balance	(405,000)	(405,000)	164,322	569,322
Available fund balance, July 1	855,000	855,000	944,143	89,143
Available fund balance, June 30	\$ 450,000	\$ 450,000	\$ 1,108,465	\$ 658,465

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

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

For the Year Ended

June 30, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 250	\$ 250	\$ 314	\$ 64
Total revenues	250	250	314	64
Expenditures				
Support services				
Business services	94,250	94,250	81,449	12,801
Total expenditures	94,250	94,250	81,449	12,801
Excess of revenues over (under) expenditures	(94,000)	(94,000)	(81,135)	12,865
Other financing sources (uses)				
Sale of assets	-	-	4,337	4,337
Transfers in (out)	-	-	17,500	17,500
Total other financing sources (uses)	-	-	21,837	21,837
Net change in fund balance	(94,000)	(94,000)	(59,298)	34,702
Available fund balance, July 1	94,000	94,000	94,274	274
Available fund balance, June 30	\$ -	\$ -	\$ 34,976	\$ 34,976

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TECHNOLOGY (BUDGET BASIS)
For the Year Ended
June 30, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 250	\$ 250	\$ 264	\$ 14
Total revenues	250	250	264	14
Expenditures				
Supporting services				
Central activities	171,250	171,250	141,736	29,514
Total expenditures	171,250	171,250	141,736	29,514
Excess of revenues over (under) expenditures	(171,000)	(171,000)	(141,472)	29,528
Other financing sources (uses)				
Transfers in (out)	20,000	20,000	20,000	-
Total other financing sources (uses)	20,000	20,000	20,000	-
Net change in fund balance	(151,000)	(151,000)	(121,472)	29,528
Available fund balance, July 1	151,000	151,000	122,034	(28,966)
Available fund balance, June 30	\$ -	\$ -	\$ 562	\$ 562

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, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 4,000	\$ 4,000	\$ 14,260	\$ 10,260
Total revenues	4,000	4,000	14,260	10,260
Expenditures				
Facilities acquisition and construction	910,250	910,250	67,362	842,888
Total expenditures	910,250	910,250	67,362	842,888
Excess of revenues over (under) expenditures	(906,250)	(906,250)	(53,102)	853,148
Other financing sources (uses)				
Transfers in (out)	25,000	25,000	25,000	-
Total other financing sources (uses)	25,000	25,000	25,000	-
Net change in fund balance	(881,250)	(881,250)	(28,102)	853,148
Available fund balance, July 1	881,250	881,250	868,692	(12,558)
Available fund balance, June 30	\$ -	\$ -	\$ 840,590	\$ 840,590

MAJOR DEBT SERVICE FUND

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, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Taxes	\$ 1,128,500	\$ 1,128,500	\$ 1,156,153	\$ 27,653
Local sources	16,240	16,240	21,042	4,802
Federal sources	974,950	974,950	903,779	(71,171)
Total revenues	<u>2,119,690</u>	<u>2,119,690</u>	<u>2,080,974</u>	<u>(38,716)</u>
Expenditures				
Support services				
Business services	150	150	126	24
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>1,033,166</u>	<u>24</u>
Net change in fund balance	1,086,500	1,086,500	1,047,808	(38,692)
Available fund balance, July 1	<u>3,388,500</u>	<u>3,388,500</u>	<u>3,447,314</u>	<u>58,814</u>
Available fund balance, June 30	<u><u>\$ 4,475,000</u></u>	<u><u>\$ 4,475,000</u></u>	<u><u>\$ 4,495,122</u></u>	<u><u>\$ 20,122</u></u>

PROPRIETARY FUNDS

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

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

For the Year Ended

June 30, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ -	\$ 1,000	\$ 2,204	\$ 1,204
Total revenues	-	1,000	2,204	1,204
Expenditures				
Supporting services				
Students	-	1,000	-	1,000
Total expenditures	-	1,000	-	1,000
Net change in fund balance	-	-	2,204	2,204
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ 2,204	\$ 2,204

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, 2015

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ -	\$ 1,000	\$ 1,918	\$ 918
Total revenues	-	1,000	1,918	918
Expenditures				
Supporting services				
Students	-	1,000	66	934
Total expenditures	-	1,000	66	934
Net change in fund balance	-	-	1,852	1,852
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ 1,852	\$ 1,852

OTHER FINANCIAL SCHEDULES

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF CASH, CASH ITEMS, INVESTMENTS, AND COLLATERAL SECURITY
June 30, 2015

	All Funds	Total
Cash and cash items		
Umpqua Bank		
Demand accounts	\$ 827,030	
Total Umpqua Bank		\$ 827,030
Bank of the West		
Demand accounts	2,000	
Total Bank of the West		2,000
Washington Federal		
Demand accounts	29,693	
Total Washington Federal		29,693
JP Morgan Chase Bank		
Demand accounts	2,813	
Total JP Morgan Chase Bank		2,813
U.S. Bank, N.A.		
Demand accounts	4,125	
Total U.S. Bank, N.A.		4,125
Total cash with banks		865,661
Cash-on-hand		1,170
Total cash and cash items		866,831
Investments		
Oregon State Treasury Local Government Investment Pool***		9,934,477
Total net investments		9,934,477
Total cash, cash items and investments		\$ 10,801,308
Collateral security**		
* Umpqua Bank-FDIC		\$ 250,000
* Bank of the West - FDIC		250,000
* Washington Federal-FDIC		250,000
* Intermountain Community Bank - FDIC		250,000
JP Morgan Chase Bank - FDIC		250,000
* U. S. Bank, N.A. - FDIC		250,000
Total collateral security		\$ 1,500,000

** 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
SCHEDULE OF PROPERTY TAX TRANSACTIONS
For the Year Ended
June 30, 2015

GENERAL FUND

Tax Year	Uncollected Taxes June 30, 2014	Current Assessment	(Abatement) and Adjustments	Rebates Allowed	Interest Collected	Taxes Collected	Total Amount Collected	Uncollected Taxes June 30, 2015
2014-15		\$ 3,730,505	\$ -	\$ (96,072)	\$ 1,744	\$ 3,506,337	\$ 3,508,081	\$ 128,096
2013-14	\$ 131,459	-	(575)	-	3,672	66,281	69,953	64,603
2012-13	72,082	-	(569)	-	4,177	32,297	36,474	39,216
2011-12	47,612	-	(470)	-	5,475	26,877	32,352	20,265
2010-11	21,395	-	(467)	-	4,699	18,996	23,695	1,932
2009-10	1,291	-	(452)	-	154	504	658	335
2008-09	1,078	-	(790)	-	84	219	303	69
2007-08	1,502	-	(247)	-	117	216	333	1,039
	<u>\$ 276,419</u>	<u>\$ 3,730,505</u>	<u>\$ (3,570)</u>	<u>\$ (96,072)</u>	<u>\$ 20,122</u>	<u>\$ 3,651,727</u>	<u>\$ 3,671,849</u>	<u>\$ 255,555</u>

BOND DEBT SERVICE FUND

Tax Year	Uncollected Taxes June 30, 2014	Current Assessment	(Abatement) and Adjustments	Rebates Allowed	Interest Collected	Taxes Collected	Total Amount Collected	Uncollected Taxes June 30, 2015
2014-15		\$ 1,172,773	\$ -	\$ (30,202)	\$ 44	\$ 1,102,301	\$ 1,102,345	\$ 40,270
2013-14	\$ 36,274	-	(159)	-	21	18,289	18,310	17,826
2012-13	18,404	-	(145)	-	26	8,246	8,272	10,013
2011-12	12,711	-	(125)	-	-	7,176	7,176	5,410
2010-11	5,604	-	(123)	-	1,231	4,975	6,206	506
	<u>\$ 72,993</u>	<u>\$ 1,172,773</u>	<u>\$ (552)</u>	<u>\$ (30,202)</u>	<u>\$ 1,322</u>	<u>\$ 1,140,987</u>	<u>\$ 1,142,309</u>	<u>\$ 74,025</u>

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, 2015

	Migrant Title IC	Migrant Summer School	Migrant Preschool Program	Title IA Grant
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ -
Federal sources	274,683	118,315	25,911	1,243,976
Total revenues	274,683	118,315	25,911	1,243,976
Expenditures				
<i>Current</i>				
Instruction				
Regular programs	-	-	-	-
Special programs	56,410	-	22,863	1,141,467
Summer school programs	-	118,315	3,048	50,140
Support services				
Students	187,832	-	-	21,193
Improvement of instruction	12,207	-	-	-
School administration	392	-	-	-
Central activities	-	-	-	25,938
Community services	17,842	-	-	5,238
Total expenditures	274,683	118,315	25,911	1,243,976
Net change in fund balances	-	-	-	-
Available fund balances, July 1	-	-	-	-
Available fund balances, June 30	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

School Improvement Grants	Title III	IDEA
\$ -	\$ -	\$ 900
40,215	48,353	446,620
40,215	48,353	447,520
7,721	-	942
134	48,353	437,924
22,087	-	-
-	-	1,535
4,639	-	7,119
5,634	-	-
-	-	-
-	-	-
40,215	48,353	447,520
-	-	-
-	-	-
\$ -	\$ -	\$ -

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Effective Behavioral & Instructional Support Systems	Title VI (B) Innovative Rural Ed	Title II A	Youth & Community Block Grant	Title II B	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 900
15,506	46,936	169,331	73,626	19,430	2,522,902
15,506	46,936	169,331	73,626	19,430	2,523,802
-	-	-	-	-	8,663
532	-	-	64,265	-	1,771,948
-	46,936	-	-	-	240,526
-	-	-	-	-	210,560
14,974	-	157,785	9,361	19,430	225,515
-	-	-	-	-	6,026
-	-	9,496	-	-	35,434
-	-	2,050	-	-	25,130
15,506	46,936	169,331	73,626	19,430	2,523,802
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
CONTINUING DISCLOSURE REQUIREMENTS FOR BONDED DEBT
For the Year Ended
June 30, 2015

2014-15 Assessed valuation of taxable property \$ 1,009,075,850

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
2014-2015	\$ 185,862	\$ 1,608,810	\$ 1,794,672	\$ 23,443,967	7.66%

Ratio of net bonded debt to assessed value:

	Assessed Valuation	Net Bonded Debt (1)	Ratio of Net Bonded Debt to Assessed Value
2014-2015	\$ 1,009,075,850	\$ 31,282,858	3.10%

(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 Value
Private enterprises		
Heinz, H J Company LP	\$ 89,731,277	8.89%
Americold Realty Inc	12,799,080	1.27%
Walmart Real Est Business Trs	9,388,360	0.93%
Murakami Farms Inc	9,462,187	0.94%
HIE Ontario LLC	6,365,190	0.63%
Fry Foods Inc	8,870,127	0.88%
Baker Packing Company	6,034,039	0.60%
HD Development of Maryland, Inc	5,720,956	0.57%
Public utilities		
Idaho Power Co.	\$ 39,121,689	4.23%
Union Pacific Railroad Co.	5,511,002	0.60%
All other taxpayers	816,071,943	80.87%
Total assessed value	<u><u>\$ 1,009,075,850</u></u>	<u><u>100.00%</u></u>

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
CONTINUING DISCLOSURE REQUIREMENTS FOR BONDED DEBT
 For the Year Ended
 June 30, 2015

Summary of General Fund state revenue

	State Sources	State Sources as % of Total Revenues	Total Revenues
2014-2015	\$ 19,064,743	60.39%	\$ 31,567,855

Computation of Legal Debt Margin:

Real market value	\$ 1,709,504,194
Allowable proportion	<u>0.0795</u>
Debt limit: 7.95% of real market value (1)	<u>135,905,583</u>
Amount of debt applicable to debt limit:	
Bonded debt	\$ 26,596,395
Less: amount available in debt service funds	<u>4,686,463</u>
Amount of debt applicable to debt limit	<u>31,282,858</u>
Legal debt margin	<u><u>\$ 104,622,725</u></u>

(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, 2015

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600
Revenue from Local Sources						
1110 Ad Valorem Taxes	\$ 3,701,275	\$ -	\$ 1,156,145	\$ -	\$ -	\$ -
1120 Local Option Taxes	-	-	-	-	-	-
1190 Penalties and Interest	25	-	8	-	-	-
1200 Revenue from Local Government Other Than District	12,170	-	-	-	-	-
1310 Regular Tuition	863	-	-	-	-	-
1320 Adult/Continuing Ed Tuition	-	-	-	-	-	-
1330 Summer School Tuition	-	-	-	-	-	-
1400 Transportation Fees	25,275	-	-	-	-	-
1500 Earnings on Investments	32,117	-	22,882	3,655	-	2,241
1600 Food Services	-	101,764	-	-	-	-
1700 Extracurricular Activities	50,905	301,392	-	-	-	-
1800 Community Services Activities	-	-	-	-	-	-
1910 Rentals	8,576	-	-	-	-	-
1920 Contributions and Donations	20,000	13,000	-	-	-	-
1930 Rental or Lease Payments from Private Contractors	-	-	-	-	-	-
1940 Services Provided Other LEAs	1,522	900	-	-	-	-
1950 Textbook Sales and Rentals	-	-	-	-	-	-
1960 Recovery of Prior Years' Expenditures	-	-	-	-	-	-
1970 Services Provided Other Funds	30,335	-	878,623	-	-	974
1980 Fees Charged to Grants	137,051	-	-	-	-	-
1990 Miscellaneous	60,969	50,304	-	11,183	4,122	-
Total Revenue from Local Sources	4,081,083	467,360	2,057,658	14,838	4,122	3,215
Revenue from Intermediate Sources						
2101 County School Funds	854	-	-	-	-	-
2102 ESD Apportionment	-	-	-	-	-	-
2105 Natural Gas, Oil and Mineral Receipts	-	-	-	-	-	-
2199 Other Intermediate Sources	-	-	-	-	-	-
2200 Restricted Revenue Intermediate Sources	684,134	-	-	-	-	-
2800 Revenue in Lieu of Taxes	-	-	-	-	-	-
2900 Revenue for/on Behalf of District	-	-	-	-	-	-
Total Revenue from Intermediate Sources	684,988	-	-	-	-	-
Revenue from State Sources						
3101 State School Fund - General Support	18,826,626	-	-	-	-	-
3102 State School Fund - Lunch Match	-	15,354	-	-	-	-
3103 Common School Fund	229,407	-	-	-	-	-
3104 State Managed Timber	-	-	-	-	-	-
3199 Other Unrestricted Grants - State	-	-	-	-	-	-
3204 Driver Education	-	-	-	-	-	-
3222 SSSF Transportation	-	-	-	-	-	-
3299 Other Restricted Grants - State	8,710	114,078	-	-	-	-
3800 State Revenue in Lieu of Taxes	-	-	-	-	-	-
3900 State Revenue for/on Behalf of District	-	-	-	-	-	-
Total Revenue from State Sources	19,064,743	129,432	-	-	-	-
Revenue from Federal Sources						
4300 Restricted Revenue Direct from Federal Government	-	-	-	-	-	-
4500 Restricted Revenue from Federal Government Through the State	-	4,075,023	903,779	-	-	-
4900 Revenue for/on Behalf of the District	-	88,952	-	-	-	-
Total Revenue from Federal Sources	-	4,163,975	903,779	-	-	-
Revenue from Other Sources						
5100 Long-term Debt Financing	-	-	-	-	-	-
5200 Interfund Transfers	-	2,000	-	62,500	-	-
5300 Sale of or Compensation for Loss of Fixed Assets	1,122	900	-	4,337	-	-
5400 Beginning Fund Balance	2,974,632	1,136,362	3,512,385	1,085,000	-	432,150
Total Revenue from Other Sources	2,975,754	1,139,261	3,512,385	1,151,837	-	432,150
Grand Totals	\$ 26,806,568	\$ 5,900,028	\$ 6,473,822	\$ 1,166,675	\$ 4,122	\$ 435,365

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF EXPENDITURES (BUDGET BASIS)
GENERAL FUND
For the Year Ended
June 30, 2015

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	\$ 3,050,394	\$ 1,627,749	\$ 35,102	\$ 203,851	\$ -	\$ -	\$ -	\$ 4,917,096
1113 Elementary extracurricular	-	-	-	-	-	-	-	-
1121 Middle and junior high programs	963,408	499,787	11,553	44,586	-	-	-	1,519,334
1122 Middle and junior high school extracurricular	58,650	18,462	7,870	7,640	-	-	-	92,622
1131 High school programs	1,772,000	918,153	29,788	81,720	-	2,534	-	2,804,195
1132 High school extracurricular	193,984	62,224	69,340	35,564	-	12,259	-	373,371
1210 Programs for talented and gifted	6,967	3,179	-	3,205	-	-	-	13,351
1226 Home instruction	-	-	-	-	-	-	-	-
1233 Other designated programs	-	-	-	-	-	-	-	-
1250 Resource rooms	1,137,016	671,864	433,409	48,320	-	-	-	2,290,609
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title 1A/D	-	-	-	-	-	-	-	-
1283 District alternative programs	67,033	33,554	-	508	-	116	-	101,211
1288 Charter School	-	-	1,915,612	-	-	-	-	1,915,612
1291 English second language programs	295,539	165,967	-	36,007	-	-	-	497,513
1292 Teen parent programs	17,942	6,335	-	-	-	-	-	24,277
1299 Other programs	-	-	-	-	-	-	-	-
1430 High school summer school programs	-	-	-	-	-	-	-	-
Total 1000 instruction	7,562,933	4,007,274	2,502,674	461,401	-	14,909	-	14,549,191
2000 Support services								
2110 Attendance and social work services	-	-	-	-	-	-	-	-
2113 Social work service	1,490	539	-	-	-	-	-	2,029
2115 Student safety	2,370	196	122,455	-	-	-	-	125,021
2117 Identification and recruitment of migrant children	-	-	-	-	-	-	-	-
2119 Other attendance and social work services	30,675	21,863	-	-	-	-	-	52,538
2122 Counseling services	252,702	149,910	1,485	3,717	-	358	-	408,172
2134 Nurse services	-	-	43,101	-	-	-	-	43,101
2139 Other health services	-	-	-	717	-	-	-	717
2190 Student direction support	123,367	59,890	1,156	30	-	-	-	184,443
2213 Curriculum development	2,622	363	3,692	3,571	-	-	-	10,248
2219 Other improvement of instruction services	-	-	-	-	-	-	-	-
2222 Library media center	113,642	81,270	-	12,253	-	-	-	207,165
2223 Multimedia services	-	-	421	74	-	-	-	495
2230 Assessment and testing	129,946	67,542	3,541	663	-	-	-	201,692
2240 Instructional staff development	136,453	51,800	10,103	1,345	-	-	-	199,701
2310 Board of education	-	-	41,311	9,804	-	18,327	-	69,442
2321 Office of the superintendent services	173,247	87,180	2,692	1,624	-	365	-	265,108
2410 Office of the principal	1,068,020	558,605	42,234	31,467	-	8,026	-	1,708,352
2490 Other support services-school administration	239,902	126,135	-	-	-	-	-	366,037
2521 Fiscal services	94,083	43,351	43,652	10,717	-	2,060	-	193,863
2524 Payroll services	50,170	28,683	212	-	-	-	-	79,065
2525 Financial accounting services	31,383	19,740	-	-	-	-	-	51,123
2541 Operation and maintenance of plant services	84,747	48,491	-	-	-	-	-	133,238
2542 Care and upkeep of building services	640,271	424,938	608,837	130,893	58,182	151,669	-	2,014,790
2543 Care and upkeep of grounds	67,715	45,001	7,176	27,607	-	1,017	-	148,516
2551 Student transportation services	92,648	57,754	-	-	-	-	-	150,402
2552 Vehicle operation services	367,136	182,068	29,499	157,756	119,506	31,123	-	887,088
2559 Other student transportation services	-	-	5,900	-	-	-	-	5,900
2573 Warehouse and distribution	21,701	14,225	-	-	-	-	-	35,926
2620 Planning, research, development services	-	-	-	-	-	-	-	-
2626 Grant writing	-	-	-	-	-	-	-	-
2630 Information services	54,590	37,692	904	-	-	-	-	93,186
2633 Public information services	3,109	2,812	400	11	-	-	-	6,332
2640 Staff services	-	-	1,214	-	-	-	-	1,214
2641 Staff services-service area direction	104,889	55,063	9,327	4,316	-	2,878	-	176,473
2660 Technology services	291,543	175,496	23,409	196,960	180,619	-	-	868,027
2700 Supplemental retirement program	87,198	4,800	-	-	-	-	-	91,998
Total 2000 support services	4,264,129	2,344,868	1,002,721	593,525	358,307	215,823	-	8,781,402
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	-	-	47,829	1,045	-	-	-	48,874
Total 4000 facilities acquisition and construction	-	-	47,829	1,045	-	-	-	48,874
5000 Other uses								
5110 Long-term debt service	-	-	-	-	-	-	-	-
5120 Short-term debt retirement	-	-	-	-	-	-	-	-
5200 Transfer of funds	-	-	-	-	-	-	64,500	64,500
Total 5000 other uses	-	-	-	-	-	-	64,500	64,500
6000 Contingencies								
6110 Operating contingency	-	-	-	-	-	-	-	-
Total 6000 contingencies	-	-	-	-	-	-	-	-
Total expenditures	\$ 11,827,062	\$ 6,352,142	\$ 3,553,224	\$ 1,055,971	\$ 358,307	\$ 230,732	\$ 64,500	\$ 23,443,967

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF EXPENDITURES (BUDGET BASIS)
SPECIAL REVENUE FUNDS
For the Year Ended
June 30, 2015

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	\$ -	\$ -	\$ -	\$ 942	\$ -	\$ -	\$ -	\$ 942
1113 Elementary extracurricular	-	-	-	-	-	-	-	-
1121 Middle and junior high programs	-	-	-	-	-	-	-	-
1122 Middle and junior high school extracurricular	-	-	-	-	-	-	-	-
1131 High school programs	3,486	1,213	3,022	815	-	-	-	8,536
1132 High school extracurricular	-	-	-	-	-	-	-	-
1140 Pre-Kindergarten programs	-	-	-	-	-	-	-	-
1210 Programs for talented and gifted	-	-	-	-	-	-	-	-
1226 Home instruction	-	-	-	-	-	-	-	-
1233 Other designated programs	-	-	-	-	-	-	-	-
1250 Resource rooms	222,654	198,594	208	339	-	16,662	-	438,457
1271 Remedial programs	-	-	-	134	-	-	-	134
1272 Title I	619,028	355,334	27,002	20,674	-	45,456	-	1,067,494
1283 District alternative programs	42,169	38,043	2,741	36,170	-	4,870	-	123,993
1288 Charter school	-	-	73,972	-	-	-	-	73,972
1291 English second language programs	15,290	7,555	16,853	7,957	-	698	-	48,353
1292 Teen parent programs	-	-	-	-	-	-	-	-
1293 Migrant	26,630	8,527	17,282	15,809	-	11,024	-	79,272
1299 Other programs	6,307	2,092	-	300,030	-	-	-	308,429
1300 Adult Education	-	-	-	-	-	-	-	-
1400 Summer school	33,147	10,720	7,503	13,493	-	4,173	-	69,036
1410 Elementary school	29,990	8,743	4,689	4,390	-	1,100	-	48,912
1420 Middle school	-	-	-	-	-	-	-	-
1430 High school	16,758	5,329	-	-	-	-	-	22,087
1440 Primary, K-3 program	74,784	22,892	2,815	-	-	-	-	100,491
Total 1000 instruction	1,090,243	659,042	156,087	400,753	-	82,883	-	2,390,108
2000 Support services								
2110 Social services	8,768	5,226	-	7,180	-	-	-	21,174
2117 Identification and recruitment	79,454	49,191	4,974	-	-	-	-	133,619
2119 Other attendance and social work services	-	-	-	-	-	-	-	-
2122 Counseling services	1,027	1,012	-	-	-	-	-	2,039
2130 Health services	-	-	-	1,178	-	-	-	1,178
2132 Medical services	-	-	-	-	-	-	-	-
2139 Other health services	-	-	-	-	-	-	-	-
2190 Student direction support	35,212	16,578	349	366	-	45	-	52,550
2213 Curriculum development	1,623	335	-	-	-	-	-	1,958
2219 Improvement of instruction services	78,504	41,964	-	-	-	-	-	120,468
2222 Library media center	-	-	-	-	-	-	-	-
2230 Assessment and testing	-	-	-	-	-	-	-	-
2240 Instructional staff development	40,044	10,941	120,243	11,016	-	8,957	-	191,201
2410 Office of the principal	4,140	1,494	-	-	-	-	-	5,634
2490 Other support services - school administration	-	-	222	170	-	-	-	392
2541 Service area direction	-	-	-	-	-	-	-	-
2542 Care and upkeep of building services	-	-	-	1,416	-	-	-	1,416
2551 Service area direction	-	-	-	-	-	-	-	-
2552 Vehicle operation services	-	-	-	-	-	-	-	-
2626 Grant writing	-	-	-	-	-	-	-	-
2630 Parent center coordinator	10,731	4,996	6,028	4,183	-	-	-	25,938
2640 Staff services	-	-	9,496	-	-	-	-	9,496
2660 Technology services	-	-	-	-	37,612	-	-	37,612
2700 Supplemental retirement program	-	-	-	-	-	-	-	-
Total 2000 support services	259,505	131,738	141,312	25,509	37,612	9,002	-	604,675
3000 Enterprise and community services								
3110 Food services director	89,012	52,132	3,938	-	-	135	-	145,217
3120 Food preparation	322,887	215,270	11,845	737,996	81,639	52,611	-	1,422,248
3130 Food delivery	22,319	14,302	2,859	-	-	-	-	39,480
3300 Community services	15,352	5,279	2,050	2,449	-	-	-	25,130
Total 3000 enterprise and community	449,570	286,983	20,692	740,445	81,639	52,746	-	1,632,075
Total expenditures	\$ 1,799,318	\$ 1,077,763	\$ 318,091	\$ 1,166,708	\$ 119,251	\$ 144,631	\$ -	\$ 4,626,858

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF EXPENDITURES (BUDGET BASIS)
DEBT SERVICE FUNDS
For the Year Ended
June 30, 2015

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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126	\$ -	\$ 126
2649 Other staff services	-	-	121	-	-	-	-	121
Total 2000 support services	-	-	121	-	-	126	-	247
5000 Other uses								
5110 Long-term debt service	-	-	-	-	-	1,787,112	-	1,787,112
Total 5000 other uses	-	-	-	-	-	1,787,112	-	1,787,112
Total expenditures	\$ -	\$ -	\$ 121	\$ -	\$ -	\$ 1,787,238	\$ -	\$ 1,787,359

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF EXPENDITURES (BUDGET BASIS)
BUDGET VS. ACTUAL (CASH BASIS)
CAPITAL PROJECTS FUNDS
For the Year Ended
June 30, 2015

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	\$ -	\$ -	\$ -	\$ -	\$ 81,449	\$ -	\$ 81,449
2660	Technology services	-	-	-	-	141,736	-	141,736
	Total 2000 support services	-	-	-	-	223,185	-	223,185
4000	Facilities acquisition and construction							
4150	Building acquisition, construction and improvement services	-	-	-	-	67,362	-	67,362
	Total 4000 facilities acquisition and construction	-	-	-	-	67,362	-	67,362
5000	Other uses							
5110	Long-term debt service	-	-	-	-	-	-	-
5120	Short-term debt retirement	-	-	-	-	-	-	-
	Total 5000 other uses	-	-	-	-	-	-	-
6000	Contingencies							
6110	Operating contingency	-	-	-	-	-	-	-
	Total 6000 contingencies	-	-	-	-	-	-	-
	Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ 290,547	\$ -	\$ 290,547

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF EXPENDITURES (BUDGET BASIS)
BUDGET VS. ACTUAL (CASH BASIS)
PROPRIETARY FUNDS
For the Year Ended
June 30, 2015

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	Total
2000 Support services							
2190 Student direction support	\$ -	\$ -	\$ -	\$ 66	\$ -	\$ -	\$ 66
Total 2000 support services	-	-	-	66	-	-	66
Total expenditures	\$ -	\$ -	\$ -	\$ 66	\$ -	\$ -	\$ 66

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF EXPENDITURES (BUDGET BASIS)
INTERNAL SERVICE FUND
For the Year Ended
June 30, 2015

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	\$ -	\$ 5,079	\$ -	\$ -	\$ -	\$ -	\$ 5,079
Total 2000 support services	<u>-</u>	<u>5,079</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,079</u>
Total expenditures	<u>\$ -</u>	<u>\$ 5,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,079</u>

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, 2015

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

	Objects 325 & 326
Function 2540	\$ 393,176
Function 2550	5,899

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

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

\$	339,289
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REPORTS REQUIRED BY OREGON
STATE REGULATIONS

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the internal service fund, each major fund, and the aggregate remaining fund information of Ontario School District No. 8C as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Ontario School District No. 8C's basic financial statements and have issued our report thereon dated December 31, 2015.

Compliance

As part of obtaining reasonable assurance about whether Ontario School District No. 8C's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

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

OAR 162-10-230 Internal Control

In planning and performing our audit of the financial statements, we considered Ontario School District No. 8C's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ontario School District No. 8C's internal control. Accordingly, we do not express an opinion on the effectiveness of Ontario School District No. 8C's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect misstatements and correct misstatements on a timely

basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the county's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

Oster Professional Group, CPA's, LLP

By   

Burns, Oregon
December 31, 2015

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
AUDIT COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON
June 30, 2015

Oregon Administration Rules 162-10-200 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the secretary of state in cooperation with the Oregon State Board of Accountancy, require certain comments and disclosures relating to the audit of fiscal affairs and compliance with legal requirements. Comments relating to significant accounting policies, organization, fund structure, cash security and investments are included in the notes to financial statements. Other required comments and disclosures relating to this audit are set forth below.

Accounting Systems and Control Structure

The organizational structure of the district provides sound accounting policies for maintaining an adequate and effective system of accountability and responsibility of funds. The accounting records are being maintained in a satisfactory manner, which offers an adequate system of reporting to interested parties and compliance with legal requirements. We noted however, that the school secretaries perform certain functions incompatible with preferred internal control procedures, such as recording revenues, signing checks and performing account reconciliations for the student body funds.

Where possible the district has maintained a plan of organization encompassing methods and measures on internal control to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and carry out board policies. We believe an adequate and effective method of internal control is maintained within the limits afforded by a small office staff.

As we have stated in the following report on compliance and on internal control over financial reporting in accordance with *Government Auditing Standards*, we do not express an opinion on the district's effectiveness in those areas. However, we did note certain matters that we reported to management in a separate letter dated December 31, 2015.

Indebtedness

Our review disclosed no conditions which we considered to be matters of noncompliance with the statutory and charter requirements relating to debt.

Budgets

Our review of the 2014-15 and 2015-16 budgets indicate that the district has substantially complied with the local budget law in preparation, adoption and execution of the 2014-15 budget and the preparation and adoption of the 2015-16 budget. There was one over expenditure of budgeted appropriations for the year ended June 30, 2015 which is as follows:

Pension Bond Debt Service Fund	Debt Service	\$16,997
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Insurance and Fidelity Bond Coverage

We have examined the policies relating to insurance and fidelity bond coverage and ascertained such policies appear to be in force and that they appear to satisfy bond ordinances and other provisions. The district has complied with the provisions of Oregon statutes in respect to bonding of board members and employees. We are not competent, by training, to state whether the insurance policies in force at June 30, 2015 provide adequate coverage. We understand that the coverages are reviewed periodically with the district's agent of record and that such reviews have been made recently.

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
AUDIT COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON
June 30, 2015

Programs Funded from Outside Sources

We have audited the records and financial reports for district grants and made such tests, to the extent deemed appropriate, for the programs in which the district participates. Based on our audit, we found that for the items tested, Ontario School District No. 8C complied with the material terms and conditions of the federal and state grant contracts and agreements. Further, based on our audit, nothing came to our attention to indicate that Ontario School District No. 8C had not complied with the material terms and conditions of federal and state grant contracts and agreements which were not specifically tested. Each grant is subject to audit by the grantor agency and any adjustments may become a liability of the appropriate fund.

Public Contracts and Purchasing

Our review of district operations indicates the district complies with state statutes relating to public contracting.

Collateral

Ontario School District No. 8C bank balances of deposit at June 30, 2015, were entirely insured or collateralized with the Federal Deposit Insurance Corporation or invested in approved financial institutions. The balances throughout the year were in compliance with Oregon Revised Statute 295.

Investments

We have reviewed the district's compliance with state statutes regarding the investment of surplus public funds. Our review disclosed no conditions that we considered being matters of noncompliance.

Highway Funds

During the fiscal year ended June 30, 2015, the district did not receive state highway funds.

State School Fund

We have reviewed average daily membership and other information supplied to the State of Oregon Department of Education. We find that the district is substantially compliant with legal requirements as stated in ORS 327.013 and as further defined by the Oregon State Department of Education pertaining to the district's calculation and reporting of the factors used to compute the State School Fund distribution.

ONTARIO SCHOOL DISTRICT NO. 8C

SINGLE AUDIT

For the Year Ended June 30, 2015

ONTARIO SCHOOL DISTRICT NO. 8C
SINGLE AUDIT
June 30, 2015

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ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended
June 30, 2015

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Subgrant Number	Receipts				Expenditures
			Reverse PY Accrual / Deferral	CY Collections	CY Accrual / Deferral	Net	
U.S. Department of Agriculture							
Passed through Oregon Department of Education							
<i>Child Nutrition Cluster</i>							
Child Nutrition Programs-Commodity Distribution	10.555	N/A	\$ -	\$ 88,952	\$ -	\$ 88,952	\$ 88,952
National School Lunch Program, School Breakfast	10.553	N/A	-	386,817	8,243	395,060	395,060
National School Lunch Program, Sec 4 and 11	10.555	N/A	-	966,559	20,376	986,935	986,935
Summer Food Service Program	10.559	N/A	(54,842)	92,769	56,802	94,729	94,729
<i>Total Child Nutrition Cluster</i>			(54,842)	1,535,097	85,421	1,565,676	1,565,676
Fresh Fruit and Vegetable Program	10.582	N/A	(5,538)	80,934	-	75,396	75,396
Total Department of Agriculture			(60,380)	1,616,031	85,421	1,641,072	1,641,072
U.S. Department of Education							
<i>Special Education Cluster</i>							
Passed through Oregon Department of Education							
Special Education - Grants to States	* 84.027	33351	-	58,003	287,778	345,781	345,781
Special Education - Grants to States	* 84.027	28524	(94,749)	186,845	-	92,096	92,096
Special Education - Grants to States	* 84.027	32190	(648)	1,887	308	1,547	1,547
Special Education - Grants to States	* 84.027	33771	(2,652)	3,215	-	563	563
Special Education - Preschool Grants	* 84.173	26334	-	2,617	-	2,617	2,617
Special Education - Preschool Grants	* 84.173	28961	-	2,842	-	2,842	2,842
Special Education - Preschool Grants	* 84.173	33512	-	1,175	-	1,175	1,175
<i>Total Special Education Cluster</i>			(98,049)	256,584	288,086	446,621	446,621
Passed through Oregon Department of Education							
Title I Grants to Local Education Agencies	* 84.010	32650	-	261,768	746,760	1,008,528	1,008,528
Title I Grants to Local Education Agencies	* 84.010	28192	(441,730)	653,774	16,169	228,213	228,213
Title I Grants to Local Education Agencies	* 84.010	25312	(18,997)	26,233	-	7,236	7,236
<i>Total Title I</i>			(460,727)	941,775	762,929	1,243,977	1,243,977
Migrant Education - State Grant Program	84.011	31064	(829)	115,620	-	114,791	114,791
Migrant Education - State Grant Program	84.011	85111	-	-	1,624	1,624	1,624
Migrant Education - State Grant Program	84.011	25385	(7,126)	8,271	-	1,145	1,145
Migrant Education - State Grant Program	84.011	33606	-	61,599	132,486	194,085	194,085
Migrant Education - State Grant Program	84.011	29965	(67,448)	133,597	13,304	79,453	79,453
Migrant Education - State Grant Program	84.011	29984	(349)	26,180	-	25,831	25,831
Migrant Education - State Grant Program	84.011	33578	-	-	80	80	80
<i>Total Migrant Education</i>			(75,752)	345,267	147,494	417,009	417,009
Elementary and Secondary Education Act-Migrant Education	84.144	31064	(1,505)	3,406	-	1,901	1,901
Special Education - State Personnel Development Grant	84.323	32727	-	11,531	(1,247)	10,284	10,284
Special Education - State Personnel Development Grant	84.323	27766	(6,000)	6,000	-	-	-
Special Education - State Personnel Development Grant	84.323	33052	(2,962)	8,184	-	5,222	5,222
<i>Total State Personnel Development Grant</i>			(8,962)	25,715	(1,247)	15,506	15,506
Elementary and Secondary Education Act-Title VI, Part B, Rural Education Act	84.358	29941	(172)	43,304	(178)	42,954	42,954
Elementary and Secondary Education Act-Title VI, Part B, Rural Education Act	84.358	33862	-	-	3,981	3,981	3,981
<i>Total Rural Education Act</i>			(172)	43,304	3,803	46,935	46,935
English Language Acquisition Grant	84.365	32352	-	10,098	595	10,693	10,693
English Language Acquisition Grant	84.365	30037	(294)	25,199	7,929	32,834	32,834
English Language Acquisition Grant	84.365	25151	(2,433)	7,259	-	4,826	4,826
<i>Total English Language Acquisition Grant</i>			(2,727)	42,556	8,524	48,353	48,353
Improving Teacher Quality State Grants	* 84.367	28710	(50,611)	81,196	4,561	35,146	35,146
Improving Teacher Quality State Grants	* 84.367	25540	(545)	12,527	-	11,982	11,982
Improving Teacher Quality State Grants	* 84.367	32974	-	25,088	97,114	122,202	122,202
<i>Total Improving Teacher Quality State Grants</i>			(51,156)	118,811	101,675	169,330	169,330
<i>School Improvement Grants Cluster</i>							
School Improvement Grants	84.377	24896	(55,538)	95,753	-	40,215	40,215
<i>Total School Improvements Grants Cluster</i>			(55,538)	95,753	-	40,215	40,215
Passed through Wallowa County ESD							
Elementary and Secondary Education Act, Title IIB	84.366	N/A	(10,290)	17,044	12,676	19,430	19,430
Total Department of Education			(764,878)	1,890,215	1,323,940	2,449,277	2,449,277
U.S. Department of Health and Human Services							
Passed through Oregon Department of Education							
Child Care and Development Block Grant	93.575		(12,959)	12,959	-	-	-
Social Services Block Grant	93.667		-	42,420	31,206	73,626	73,626
Total Department of Health and Human Services			(12,959)	55,379	31,206	73,626	73,626
Total federal assistance			\$ (838,217)	\$ 3,561,625	\$ 1,440,567	\$ 4,163,975	\$ 4,163,975

* Denotes program tested as major program

ONTARIO SCHOOL DISTRICT NO.8C
Ontario, Malheur County, Oregon
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended
June 30, 2015

Note A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Ontario School District No. 8C, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note B. Interest Subsidy of Interest on Qualified School Construction Bonds

The Internal Revenue Service pays a portion of the interest due on the Qualified School Construction Bonds. This amount is considered federal revenue; however, it does not have a CFDA number and therefore, is not included on the Schedule of Expenditures of Federal Awards. The amount of revenue and corresponding interest for the fiscal year ending June 30, 2015 is \$903,779.

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

In our independent auditor's report for Ontario School District No. 8C, our opinion was unmodified.

Internal control over financial reporting:

Our audit of the financial statements did not identify any material weaknesses in internal control.

Our audit of the financial statements did not identify any significant deficiencies not considered to be material weaknesses.

Our audit of the financial statements did not disclose any noncompliance which is material to the financial statements.

Federal Awards

We have issued an unmodified opinion on compliance with requirements applicable to each major federal program.

Internal control over major program compliance:

Our audit of the financial statements did not identify any material weaknesses in internal control over major federal programs.

Our audit of the financial statements did not identify any significant deficiencies not considered to be material weaknesses in internal control over major federal programs.

Our audit of the financial statements did not disclose any audit findings that are required to be reported in accordance with U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, Non-Profit Organizations*, Section.510(a).

Identification of Major Programs

U.S. Department of Education		
Title I Grants to Local Education Agencies	84.010	\$1,243,977
U.S. Department of Education		
Special Education Cluster	84.027, 84.173	446,621
U.S. Department of Education		
Improve Teacher Quality State Grants	84.367	169,330

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

Dollar Threshold Used to Distinguish Between Type A and Type B Programs

Type A programs are the programs with total program expended funds of \$300,000 or more.

Risk Classification of Auditee

We have determined that Ontario School District No. 8C qualifies as a low-risk auditee.

FINANCIAL STATEMENT FINDINGS

Current Year Findings

Our audit did not disclose any findings required to be reported in accordance with *Government Auditing Standards*.

Prior Year Findings

The audit for the year ended June 30, 2014 did not disclose any findings required to be reported in accordance with *Government Auditing Standards*.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Current Year Findings

Our audit did not disclose any findings and questioned costs as defined by OMB Circular A-133 for the year ended June 30, 2015.

Prior Year Findings

The audit for the year ended June 30, 2014 did not report any findings and questioned costs.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the internal service fund, each major fund, and the aggregate remaining fund information of Ontario School District No. 8C as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Ontario School District No. 8C's basic financial statements and have issued our report thereon dated December 31, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ontario School District No. 8C's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ontario School District No. 8C's internal control. Accordingly, we do not express an opinion on the effectiveness of Ontario School District No. 8C's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect misstatements and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the county's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

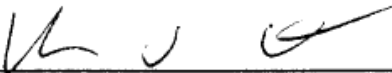
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ontario School District No. 8C's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Restriction of Use

This report is intended for the information of the board of commissioners, management and others within the district and federal and state regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Oster Professional Group, CPA's, LLP

By 

Burns, Oregon
December 31, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the compliance of Ontario School District No. 8C with the types of compliance requirements described in the U.S. *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Ontario School District No. 8C's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Ontario School District No. 8C's management.

Auditor's Responsibility

Our responsibility is to express an opinion on Ontario School District No. 8C's compliance for each of the district's major federal programs based on the types of compliance requirements.

We conducted our compliance audit 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; U.S. OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and 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. Those standards and OMB Circular A-133 require that we plan and perform the compliance 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. A compliance audit includes examining, on a test basis, evidence about Ontario School District No. 8C's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our compliance audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Ontario School District No. 8C's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Ontario School District No. 8C complied, in all material respects, with the 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, 2015.

Report on Internal Control over Compliance

The management of Ontario School District No. 8C is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs 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. In planning and performing our audit, we considered Ontario School District No. 8C's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Ontario School District No. 8C's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, 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 would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Restricted Use

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Oster Professional Group, CPA's, LLP

By 

Burns, Oregon
December 31, 2015