

ONTARIO SCHOOL DISTRICT NO. 8C

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

For the Year Ended June 30, 2016

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
June 30, 2016

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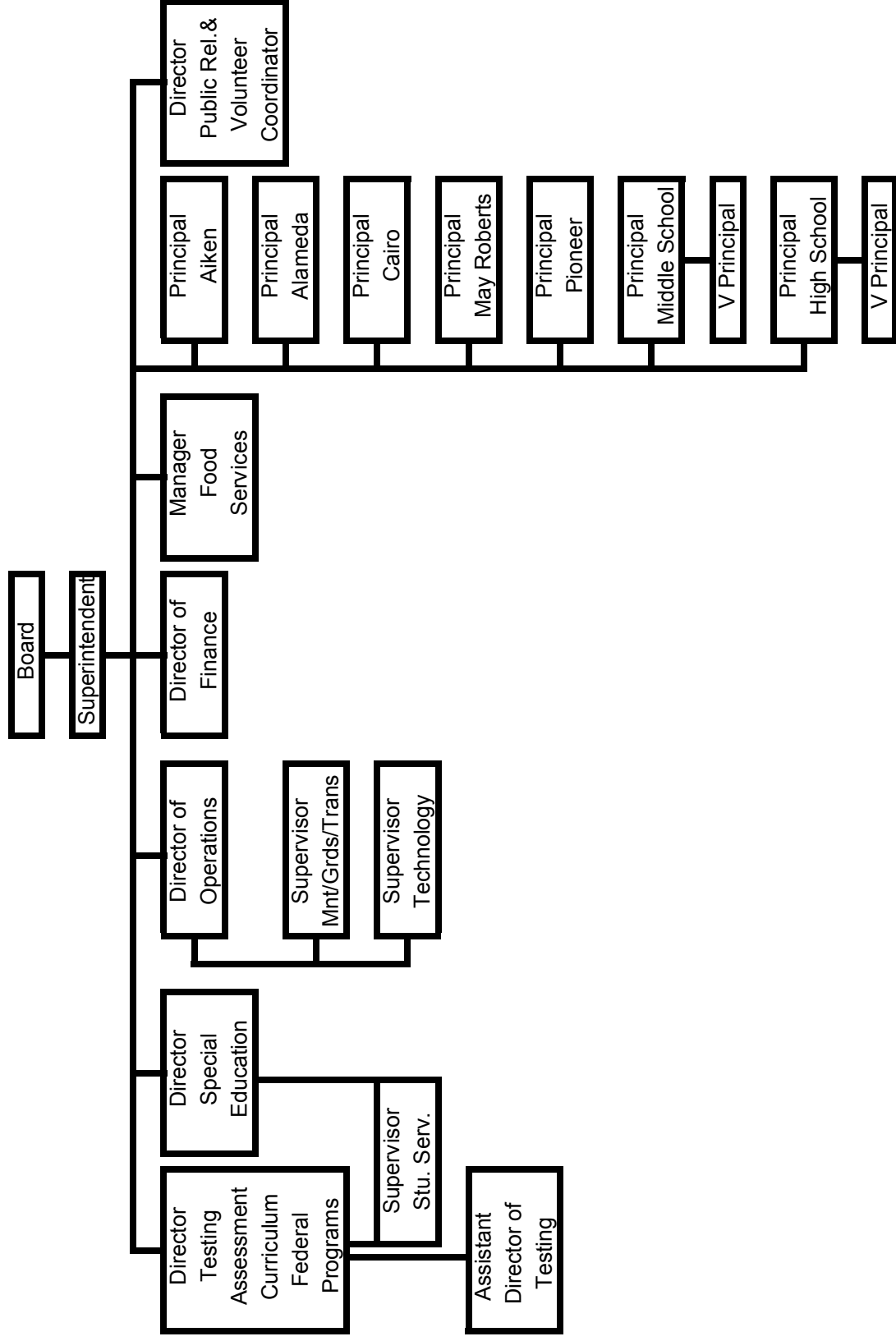
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INTRODUCTORY SECTION

Ontario School District Organizational Chart



ONTARIO SCHOOL DISTRICT 8C
Ontario, Malheur County, Oregon
BOARD OF DIRECTORS AND OFFICIALS
June 30, 2016

BOARD OF DIRECTORS

<u>Name</u>	<u>Position</u>
Mike Blackaby Ontario, OR	Chairperson
Renae Corn Ontario, OR	Vice-Chairperson
Dr. Ann Easley-DeBisschop Ontario, OR	Director
Doug Iwasa Ontario, OR	Director
Vacant	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, 2016, 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, 2016, 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.

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 Oregon Public Employees Retirement System 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 49 and 50 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 audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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

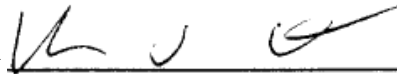
In accordance with *Government Auditing Standards*, we have issued our report dated December 31, 2016 on our consideration of Ontario School District No. 8C's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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, 2016 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, 2016

ONTARIO SCHOOL DISTRICT 8C

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2016

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, 2016. 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 \$41.3MM, deferred outflows of \$2MM, liabilities of \$39.8MM and deferred inflows of \$1.9M. Of the \$1.6MM in net position, \$7.3MM is invested in capital assets, \$5.8MM is restricted for debt service, \$1.5MM is restricted for special programs and (\$13MM) is unrestricted.
- The District's Net Position decreased by \$6.4MM during the fiscal year mostly due to the change in the net pension liability.
- The District had \$39.7MM in expenses; \$7.4MM of these expenses were offset by program specific charges for services, grants or contributions. The remaining \$32.2MM is made up of beginning balances, and General revenues which consist primarily of taxes, state school support and earnings on investments.
- The District's governmental funds report combined ending fund balance of \$12.2MM. This is a \$1.9MM increase compared to the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Features of Government-Wide and Fund Financial Statements

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

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

ONTARIO SCHOOL DISTRICT 8C

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2016

and major special revenue fund (pages 49-50), 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, 2016

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 2015-16 were the General Fund, Federal Programs Fund, and the Bond Debt Service Fund. All other funds are combined into a single, aggregated presentation.

Governmental Funds

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

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 \$6.4MM for the period ending June 30, 2016 to \$1.6MM. This decrease was attributed to the change in the net pension liability due to GASB 68.

The District's assets and deferred outflows totaled \$43.3MM. Deferred outflows of \$2MM related to pensions represent 4.7% 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 \$25.8MM and comprise 60% of total assets. The remaining assets consist mainly of investments, cash, and receivables.

The District's total liabilities and deferred inflows totaled \$41.7MM. The largest liability, \$18.5MM, is for the repayment of the Qualified School Construction bond. Current liabilities of \$2.8MM represent 6.7% 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, 2016

ONTARIO SCHOOL DISTRICT NO. 8C NET POSITION AS OF JUNE 30, 2016 and 2015						
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current Assets	\$ 15,443,314	\$ 13,412,467	\$ 8,579	\$ 4,056	\$ 15,451,893	\$ 13,416,523
Long-Term Assets	-	3,582,110	-	-	-	3,582,110
Capital Assets, net of accumulated depreciation	25,830,898	26,876,824	-	-	25,830,898	26,876,824
Total Assets	<u>41,274,212</u>	<u>43,871,401</u>	<u>8,579</u>	<u>4,056</u>	<u>41,282,791</u>	<u>43,875,457</u>
Deferred Outflows						
Prepaid pension contribution	-	-	-	-	-	-
Deferred outflows related to pensions	2,039,337	1,935,433	-	-	2,039,337	1,935,433
Total Deferred Outflows	<u>2,039,337</u>	<u>1,935,433</u>	<u>-</u>	<u>-</u>	<u>2,039,337</u>	<u>1,935,433</u>
Current Liabilities	2,780,720	2,818,943	-	-	2,780,720	2,818,943
Long-Term Debt	37,033,763	28,233,626	-	-	37,033,763	28,233,626
Total Liabilities	<u>39,814,483</u>	<u>31,052,569</u>	<u>-</u>	<u>-</u>	<u>39,814,483</u>	<u>31,052,569</u>
Deferred Inflows						
Unearned grant Income	2,485	1,425	-	-	2,485	1,425
Deferred inflows related to pensions	1,874,065	6,758,098	-	-	1,874,065	6,758,098
Total Deferred Inflows	<u>1,876,550</u>	<u>6,759,523</u>	<u>-</u>	<u>-</u>	<u>1,876,550</u>	<u>6,759,523</u>
Net Position:						
Net investment in capital assets	7,330,898	8,376,824	-	-	7,330,898	8,376,824
Restricted for debt service	5,837,144	4,686,463	-	-	5,837,144	4,686,463
Restricted for special programs	1,499,569	1,131,219	-	-	1,499,569	1,131,219
Unrestricted	(13,045,095)	(6,199,764)	8,579	4,056	(13,036,516)	(6,195,708)
Total Net Position	<u>\$ 1,622,516</u>	<u>\$ 7,994,742</u>	<u>\$ 8,579</u>	<u>\$ 4,056</u>	<u>\$ 1,631,095</u>	<u>\$ 7,998,798</u>

REVENUES AND EXPENSES

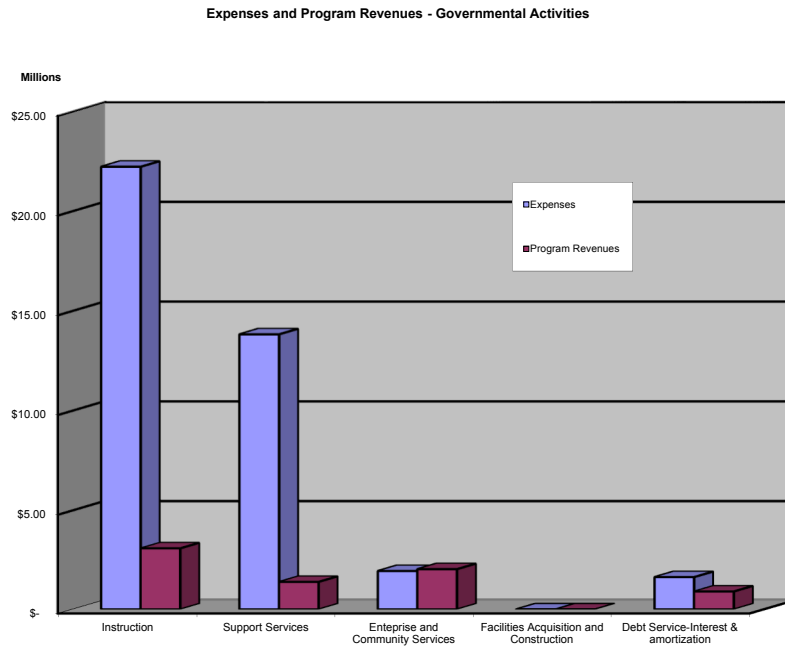
Key components of governmental revenues and expenses for the year ending June 30, 2016 are as follows:

- Revenue from the State School Fund comprises the largest portion of the District's revenue. Unrestricted revenue from the State School Fund was \$20.1MM in 2015-16 compared to \$18.8MM in fiscal year 2014-15.
- Operating grants increased by \$234K as a result of some increased grant allocations and new grant opportunities.
- Expenses for government activities increased by \$14MM or 55% over the prior year, due in part to the change in net pension liability and also increased salary and benefit amounts as a result of contractual negotiations.

ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 1,342,080	\$ 1,332,685	\$ 20,631	\$ 4,122	\$ 1,362,711	\$ 1,336,807
Operating grants and contributions	6,089,916	5,874,678	18,453	-	6,108,369	5,874,678
Capital grants and contributions	-	-	-	-	-	-
General Revenues						
Property Taxes	4,895,432	4,831,635	-	-	4,895,432	4,831,635
State School Fund - General Support	20,065,764	18,826,626	-	-	20,065,764	18,826,626
State School Fund - Restricted	14,864	15,354	-	-	14,864	15,354
Other state and local sources	298,755	268,569	-	-	298,755	268,569
Earnings on Investments	96,271	60,895	-	-	96,271	60,895
Other	473,377	463,232	-	-	473,377	463,232
Total Revenues	<u>33,276,459</u>	<u>31,673,674</u>	<u>39,084</u>	<u>4,122</u>	<u>33,315,543</u>	<u>31,677,796</u>
Expenses:						
Instruction (Regular, Special, Adult, Summer)	22,243,098	13,770,018	-	-	22,243,098	13,770,018
Support services	13,843,002	8,869,904	-	-	13,843,002	8,869,904
Enterprise and community services	1,945,675	1,422,390	-	-	1,945,675	1,422,390
Facilities acquisition and construction	-	390	-	-	-	390
Interest on long-term debt	1,636,159	1,601,250	-	-	1,636,159	1,601,250
Teen parent	-	-	1,831	66	1,831	66
Bistro	-	-	32,730	-	32,730	-
Total Expenses	<u>39,667,934</u>	<u>25,663,952</u>	<u>34,561</u>	<u>66</u>	<u>39,702,495</u>	<u>25,664,018</u>
Gain (loss on sale of capital assets)	19,249	5,283	-	-	19,249	5,283
Change in net position	(6,372,226)	6,015,005	4,523	4,056	(6,367,703)	6,019,061
Net Position - July 1, before restatement	7,994,742	19,923,263	4,056	-	7,998,798	19,923,263
Restatements for see Notes for details	-	(17,943,526)	-	-	-	(17,943,526)
Net Position - July 1, after restatement	<u>7,994,742</u>	<u>1,979,737</u>	<u>4,056</u>	<u>-</u>	<u>7,998,798</u>	<u>1,979,737</u>
Net Position - June 30	<u>\$ 1,622,516</u>	<u>\$ 7,994,742</u>	<u>\$ 8,579</u>	<u>\$ 4,056</u>	<u>\$ 1,631,095</u>	<u>\$ 7,998,798</u>

ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016



Revenue by Source - Governmental Activities

Charges for services	\$	1,342,080	4.0%
Earnings on Investments		96,271	0.3%
Operating grants and contributions		6,089,916	18.3%
Other		473,377	1.4%
Other state and local sources		298,755	0.9%
Property Taxes		4,895,432	14.7%
State School Fund		20,080,628	60.3%
	\$	<u>33,276,459</u>	

ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016

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, 2016, the District's governmental funds reported combined ending fund balance of \$12.2MM, an increase of \$2MM in comparison with the prior year. The increase is due to the required reserve in the Bond Debt Service fund and a positive state school fund support.

General Fund. The General Fund is the chief operating fund of the district. As of June 30, 2016, 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 16% of total General Fund expenditures, including transfers out and debt service. This fund balance percentage changed from 14% in 2014-15 and 13% in 2013-14.

The fund balance increased by \$588K 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, 2016, the fund had accounts receivable of \$2MM and deferred revenues of \$2,485.

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 \$1.4MM..

ONTARIO SCHOOL DISTRICT 8C

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2016

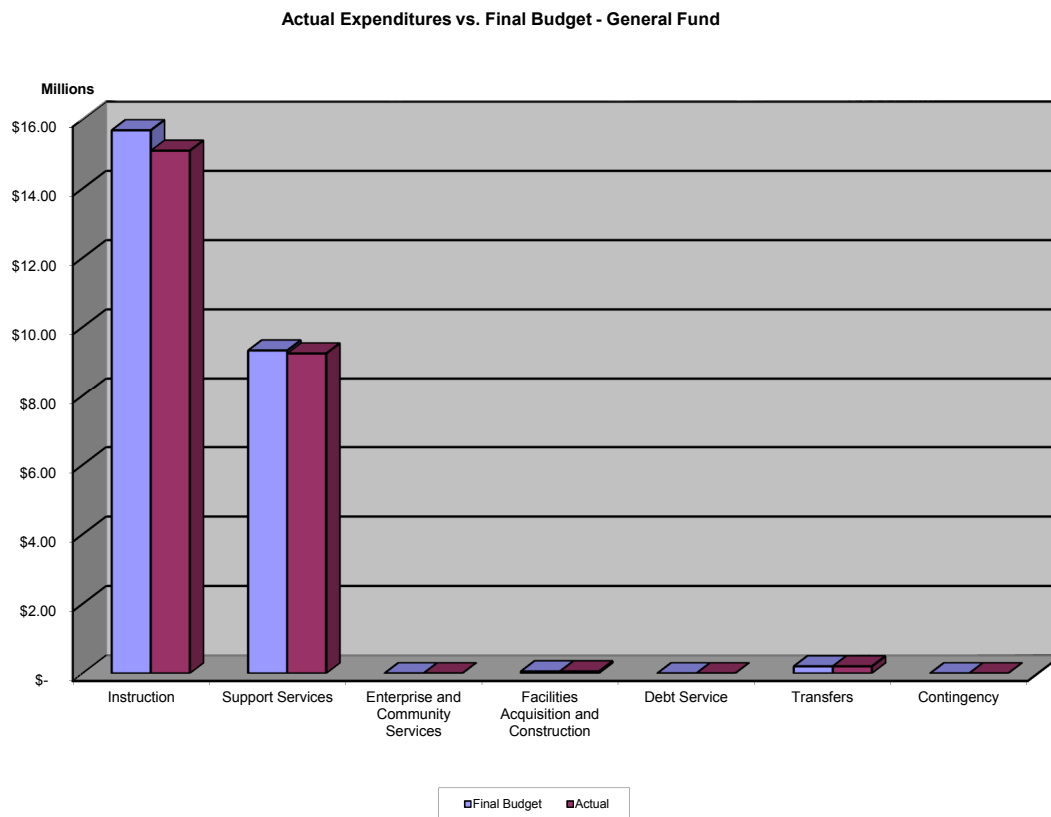
GENERAL FUND BUDGETARY HIGHLIGHTS

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 2015-16 fiscal year, the Board adopted resolutions that affected the general fund budget.

For the General Fund, the final budgeted revenue was \$24,987,443. The actual amount of revenue received was \$25,155,288.

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, 2016

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, 2016 the District had invested approximately \$25.8MM 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>2016</u>	<u>2015</u>	(Decrease) from
			<u>Fiscal 2015</u>
Land	\$ 563,110	\$ 563,110	\$ -
Contruction in progress	9,135	-	9,135
Buildings & building improvements	34,480,068	34,102,340	377,728
Vehicles, furniture and equipment	5,450,392	5,362,953	87,439
Accumulated depreciation	(14,671,807)	(13,151,579)	1,520,228
TOTAL	<u><u>\$ 25,830,898</u></u>	<u><u>\$ 26,876,824</u></u>	<u><u>\$ (1,045,926)</u></u>

Debt administration. At the end of the current fiscal year, the District had total bonded debt outstanding of \$26.4MM, 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 \$191K. 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 has become the creation of a charter high school within the district borders of Ontario. If allowed to expand as proposed approximately 16% of ADMw attributed to Ontario High School will be shifted outside the district. This will have an enormous impact on the programs and students specifically at Ontario High School, but also those enrolled in other schools within the district as the vacuum created must be filled.

In addition the State of Oregon's State School funding level remains a concern as a new biennium is entered. For the year ended June 30, 2016, the State School Fund – General Support, provided 60.3% of the District's program resources. In addition, PERS contribution rates will continue to be a factor for the district. The PERS rates currently being paid by the district are set through June 30, 2017 and will increase by at least 4.25% in the next biennium. Further, the rate will remain at this higher rate or even higher until the unfunded liability has been eliminated which will be well in the future.

Reductions in federal funding levels due to sequestration continue to 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.

**ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2016**

The district Board of Directors has approved a resolution to apply for matching state bond fund program, although ended up delaying the election until May 2017 in order to assess the needs of the district. The program is to be used by school districts across Oregon who have approved general obligation bonds through a 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 2017.

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, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and investments	\$ 6,915,215	\$ 5,724	\$ 6,920,939
Receivables			
Taxes	332,912	-	332,912
Accounts	2,610,442	2,855	2,613,297
Restricted cash	5,485,000	-	5,485,000
Prepaid insurance	1,750	-	1,750
Inventory	97,995	-	97,995
Long-term assets			
Capital assets			
Non-depreciable assets			
Land	563,110	-	563,110
Construction in progress	9,135	-	9,135
Depreciable assets			
Buildings and building improvements	34,480,068	-	34,480,068
Furniture and equipment	5,450,392	-	5,450,392
Accumulated depreciation	(14,671,807)	-	(14,671,807)
Total assets	<u>41,274,212</u>	<u>8,579</u>	<u>41,282,791</u>
DEFERRED OUTFLOWS OF RESOURCES			
PERS related deferred outflows	<u>2,039,337</u>	<u>-</u>	<u>2,039,337</u>
Total deferred outflows	<u>2,039,337</u>	<u>-</u>	<u>2,039,337</u>
LIABILITIES			
Current liabilities			
Accounts payable	178,803	-	178,803
Accrued liabilities			
Payroll, payroll taxes, insurance	2,306,574	-	2,306,574
Early retirement obligation - current portion	101,352	-	101,352
Bonds payable -Due within one year	193,991	-	193,991
Long-term liabilities			
Early retirement obligation - due in more than one year	514,304	-	514,304
Other Post Employment Benefits liability	1,367,825	-	1,367,825
Bonds payable -Due in more than one year	26,211,451	-	26,211,451
Net pension liability	<u>8,940,183</u>	<u>-</u>	<u>8,940,183</u>
Total liabilities	<u>39,814,483</u>	<u>-</u>	<u>39,814,483</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred unearned grant income	2,485	-	2,485
PERS related deferred inflows	<u>1,874,065</u>	<u>-</u>	<u>1,874,065</u>
Total deferred inflows	<u>1,876,550</u>	<u>-</u>	<u>1,876,550</u>
NET POSITION			
Net investment in capital assets	7,330,898	-	7,330,898
Restricted for debt service (expendable)	5,837,144	-	5,837,144
Restricted for special programs (expendable)	1,499,569	-	1,499,569
Unrestricted	<u>(13,045,095)</u>	<u>8,579</u>	<u>(13,036,516)</u>
Total net position	<u>\$ 1,622,516</u>	<u>\$ 8,579</u>	<u>\$ 1,631,095</u>

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expenses)	Business-Type Activities	Total
		Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Revenues and Change in Net Position		
GOVERNMENTAL ACTIVITIES							
Regular programs	\$ 12,680,880	\$ 53,176	\$ -	\$ 7,576	\$ (12,620,128)	\$ -	\$ (12,620,128)
Special programs	9,225,134	277,198	-	2,517,085	(6,430,851)	-	(6,430,851)
Summer school programs	337,084	-	-	239,867	(97,217)	-	(97,217)
Students	1,480,524	-	-	224,508	(1,256,016)	-	(1,256,016)
Instructional staff	1,254,562	-	-	211,389	(1,043,173)	-	(1,043,173)
General administration	421,482	-	-	-	(421,482)	-	(421,482)
School administration	2,691,815	-	-	-	(2,691,815)	-	(2,691,815)
Business services	4,505,230	-	-	-	(4,505,230)	-	(4,505,230)
Central activities	3,335,797	888,025	-	68,468	(2,379,304)	-	(2,379,304)
Supplemental retirement program	153,592	-	-	-	(153,592)	-	(153,592)
Enterprise & community services	1,945,675	123,681	-	1,914,807	92,813	-	92,813
Debt service-interest	1,636,159	-	-	906,216	(729,943)	-	(729,943)
Total governmental activities	39,667,934	1,342,080	-	6,089,916	(32,235,938)	-	(32,235,938)
BUSINESS-TYPE ACTIVITIES							
Teen parent program	1,831	17,320	-	18,453	-	33,942	33,942
Bistro	32,730	3,311	-	-	-	(29,419)	(29,419)
Total business-type activities	34,561	20,631	-	18,453	4,523	4,523	4,523
	<u>\$ 39,702,495</u>	<u>\$ 1,362,711</u>	<u>\$ -</u>	<u>\$ 6,108,369</u>	<u>\$ (32,231,415)</u>	<u>\$ 4,523</u>	<u>\$ (32,231,415)</u>
GENERAL REVENUES							
Property taxes for general purposes					3,743,647	-	3,743,647
Property taxes for debt service					1,151,785	-	1,151,785
State school fund-general support					20,065,764	-	20,065,764
State school fund-restricted					14,864	-	14,864
County school fund					867	-	867
Common school fund					272,302	-	272,302
Unrestricted state and local sources					25,586	-	25,586
Earnings on investments					96,271	-	96,271
Miscellaneous					473,377	-	473,377
Total general revenues					25,844,463	-	25,844,463
Gain (loss) on sale of capital assets					19,249	-	19,249
Change in net position					(6,372,226)	4,523	(6,367,703)
Net position - July 1, 2015					7,994,742	4,056	7,998,798
Total net position - June 30, 2016					\$ 1,622,516	\$ 8,579	\$ 1,631,095

GOVERNMENTAL FUND
FINANCIAL STATEMENTS

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General	Federal Programs	Bond Debt Service	Nonmajor Governmental Funds	Total
ASSETS AND DEFERRED OUTFLOWS					
Assets					
Cash and investments	\$ 3,909,885	\$ 1,792	\$ 51,532	\$ 2,523,131	\$ 6,486,340
Receivables					
Property tax	256,326	-	76,586	-	332,912
Grants	405,651	2,001,825	-	202,966	2,610,442
Interfund loan receivable	2,052,474	-	-	-	2,052,474
Prepaid insurance	1,750	-	-	-	1,750
Restricted assets					
Cash	-	-	5,485,000	-	5,485,000
Total assets	<u>6,626,086</u>	<u>2,003,617</u>	<u>5,613,118</u>	<u>2,726,097</u>	<u>16,968,918</u>
Deferred outflows	-	-	-	-	-
Total assets and deferred outflows	<u>\$ 6,626,086</u>	<u>\$ 2,003,617</u>	<u>\$ 5,613,118</u>	<u>\$ 2,726,097</u>	<u>\$ 16,968,918</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 157,412	\$ 19,518	\$ -	\$ 1,873	\$ 178,803
Accrued liabilities	2,306,574	-	-	-	2,306,574
Interfund loan payable	-	1,981,614	-	70,860	2,052,474
Total liabilities	<u>2,463,986</u>	<u>2,001,132</u>	<u>-</u>	<u>72,733</u>	<u>4,537,851</u>
Deferred inflows					
Unearned grant revenue	-	2,485	-	-	2,485
Deferred property tax revenues	211,216	-	63,801	-	275,017
Total deferred inflows	<u>211,216</u>	<u>2,485</u>	<u>63,801</u>	<u>-</u>	<u>277,502</u>
Fund balances					
Nonspendable	2,054,224	-	-	-	2,054,224
Spendable					
Restricted	-	-	5,549,317	1,787,396	7,336,713
Committed	-	-	-	854,319	854,319
Assigned	-	-	-	11,649	11,649
Unassigned	1,896,660	-	-	-	1,896,660
Total fund balances	<u>3,950,884</u>	<u>-</u>	<u>5,549,317</u>	<u>2,653,364</u>	<u>12,153,565</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,626,086</u>	<u>\$ 2,003,617</u>	<u>\$ 5,613,118</u>	<u>\$ 2,726,097</u>	<u>\$ 16,968,918</u>

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2016

Total fund balances		\$ 12,153,565
Capital assets are not financial resources and therefore, are not reported in the governmental funds.		
Cost	\$ 40,502,705	
Accumulated depreciation	<u>(14,671,807)</u>	25,830,898
Certain delinquent property taxes not collected for several months after year end is not considered available revenue and is deferred in the governmental funds.		275,017
Internal service funds		428,875
Inventory not consumed within sixty days is not included in the fund financial statements.		97,995
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	(26,405,442)	
Early retirement obligation	(615,656)	
Net pension liability	(8,940,183)	
Other Post Employment Benefits liability	<u>(1,367,825)</u>	(37,329,106)
Current year PERS contributions are deferred outflows of resources that will be a recognized expense in the subsequent period.		1,364,191
District's differences between expected and actual experience will be amortized over the next five years.		482,100
District's proportionate share of difference between employer contributions and proportionate share of contributions that will be amortized over the next five years.		172,427
District's changes in proportionate share will be amortized over the next five years.		20,619
District's proportionate share of net differences between projected and actual earnings on investments that will be amortized over the next 5 years.		<u>(1,874,065)</u>
Total net position		<u><u>\$ 1,622,516</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, 2016

	General	Federal Programs	Bond Debt Service	Nonmajor Governmental Funds	Total
Revenues					
Taxes	\$ 3,726,729	\$ -	\$ 1,144,398	\$ -	\$ 4,871,127
Local sources	449,300	-	36,747	1,451,472	1,937,519
Intermediate sources	632,051	-	-	-	632,051
State sources	20,338,579	-	-	39,899	20,378,478
Federal sources	8,629	2,644,665	906,216	1,873,671	5,433,181
Total revenues	25,155,288	2,644,665	2,087,361	3,365,042	33,252,355
Expenditures					
Current					
Instruction					
Regular programs	9,747,879	-	-	10,169	9,758,049
Special programs	5,332,763	1,905,169	-	266,543	7,504,475
Summer school programs	9,997	208,040	-	-	218,037
Support services					
Students	880,732	224,508	-	3,359	1,108,598
Improvement of instruction	737,029	202,245	-	62,254	1,001,528
General administration	354,731	-	-	-	354,731
School administration	2,058,403	-	-	-	2,058,403
Business services	3,911,753	-	126	20,524	3,932,402
Central activities	1,200,530	68,467	-	63,371	1,332,369
Supplemental retirement program	92,997	-	-	-	92,997
Food services	-	-	-	1,719,430	1,719,430
Community services	-	36,236	-	-	36,236
Facilities acquisition and construction	57,619	-	-	314,417	372,036
Debt service					
Principal	-	-	-	190,953	190,953
Interest	-	-	1,033,040	603,119	1,636,159
Total expenditures	24,384,433	2,644,665	1,033,166	3,254,139	31,316,402
Excess of revenues over (under) expenditures	770,855	-	1,054,195	110,903	1,935,953
Sale of assets	19,249	-	-	-	19,249
Transfers in (out)	(201,821)	-	-	201,821	-
Total other financing sources (uses)	(182,572)	-	-	201,821	19,249
Net change in fund balances	588,283	-	1,054,195	312,724	1,955,202
Available fund balances, July 1	3,362,601	-	4,495,122	2,340,640	10,198,363
Available fund balances, June 30	<u>\$ 3,950,884</u>	<u>\$ -</u>	<u>\$ 5,549,317</u>	<u>\$ 2,653,364</u>	<u>\$ 12,153,565</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, 2016

Net change in fund balances	\$ 1,955,202
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	\$ 726,576	
Less current year depreciation	<u>(1,772,502)</u>	(1,045,926)

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	190,953
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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.	(58,786)
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Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.	24,102
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Inventory not consumed within sixty days is not included in the fund financial statements.	18,225
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Changes in net pension liability, the related changes in deferred outflows and deferred inflows of resources are not recognized as expenses in governmental funds.	(7,454,585)
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Internal service funds are used by the district to charge the costs of unemployment insurance to individual funds. The net activity of the internal service funds is reported with governmental activities.

Internal service fund expense	<u>(1,411)</u>
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CHANGE IN NET POSITION	<u><u>\$ (6,372,226)</u></u>
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PROPRIETARY FUND
FINANCIAL STATEMENTS

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
STATEMENT OF FUND NET POSITION
Proprietary Funds
June 30, 2016

	OHS Bistro Fund	OHS Teen Parent Program	Totals June 30, 2016	Internal Service Funds
ASSETS				
Current assets				
Cash and investments	\$ 3,684	\$ 2,040	\$ 5,724	\$ 428,875
Receivables				
Accounts	-	2,855	2,855	-
Total assets	<u>3,684</u>	<u>4,895</u>	<u>8,579</u>	<u>428,875</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current liabilities				
Accounts payable	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Unrestricted	3,684	4,895	8,579	428,875
Total net position	<u>\$ 3,684</u>	<u>\$ 4,895</u>	<u>\$ 8,579</u>	<u>\$ 428,875</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, 2016

	OHS Bistro Fund	OHS Teen Parent Program	Totals June 30, 2016	Internal Service Funds
Operating revenue				
Charges for services	\$ 3,311	\$ 17,320	\$ 20,631	\$ -
Operating grants	-	18,453	18,453	-
Total operating revenue	<u>3,311</u>	<u>35,773</u>	<u>39,084</u>	<u>-</u>
Operating expenses				
Payroll	-	26,890	26,890	-
Employee benefits	-	-	-	1,411
Supplies	1,831	4,206	6,037	-
Dues and fees	-	621	621	-
Travel	-	1,013	1,013	-
Total operating expenses	<u>1,831</u>	<u>32,730</u>	<u>34,561</u>	<u>1,411</u>
Changes in net position	1,480	3,043	4,523	(1,411)
Total net position - beginning	<u>2,204</u>	<u>1,852</u>	<u>4,056</u>	<u>430,286</u>
Total net position- ending	<u><u>\$ 3,684</u></u>	<u><u>\$ 4,895</u></u>	<u><u>\$ 8,579</u></u>	<u><u>\$ 428,875</u></u>

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

STATEMENT OF CASH FLOWS

Proprietary Funds

June 30, 2016

	OHS Bistro Fund	OHS Teen Parent Program	Totals June 30, 2016	Internal Service Funds
Cash flows from operating activities				
Cash received from customers	\$ 3,311	\$ 17,320	\$ 20,631	\$ -
Cash received from grantors	-	15,598	15,598	-
Cash paid to employees	-	(26,890)	(26,890)	-
Cash paid to suppliers	(1,831)	(5,840)	(7,671)	-
Payments for employee benefits	-	-	-	(4,207)
Net cash provided(used) by operating activities	<u>1,480</u>	<u>188</u>	<u>1,668</u>	<u>(4,207)</u>
Net increase in cash and cash equivalents	1,480	188	1,668	(4,207)
Cash and cash equivalents - beginning	2,204	1,852	4,056	433,082
Cash and cash equivalents - ending	<u>\$ 3,684</u>	<u>\$ 2,040</u>	<u>\$ 5,724</u>	<u>\$ 428,875</u>

Reconciliation of operating income to net cash provided by operating activities

Operating income	\$ 1,480	\$ 3,043	\$ 4,523	\$ (1,411)
Increase (decrease) in accounts payable	-	-	-	(2,796)
(Increase) decrease in accounts receivable	-	(2,855)	(2,855)	-
Net cash provided(used) by operating activities	<u>\$ 1,480</u>	<u>\$ 188</u>	<u>\$ 1,668</u>	<u>\$ (4,207)</u>

NOTES TO THE BASIC
FINANCIAL STATEMENTS

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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

The Statement of Activities presents a comparison between direct expenses and program revenues for 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
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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 position 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, 2016:

Medicaid Reimbursement Fund	Support services	\$1,293
OHS Teen Parent Program	Support services	13

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. The value of inventories at June 30, 2016 is \$97,995.

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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/Inflows of Resources

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The district has one item that qualifies for reporting in this category. It is the deferred amounts relating to pensions. This amount of \$2,039,337 is deferred and recognized as an outflow of resources in the period when the district recognizes pension expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position.

In addition to liabilities, the statement of financial position will a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The district has three items that qualify for reporting in this category. Unavailable revenue from property taxes is reported in the governmental funds balance sheet in the amount of \$275,017. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available. The district also reports deferred amounts related to pensions and unearned grant revenues. These amounts are deferred and recognized as an inflow of resources in the period when the district recognizes pension income or grant income. Deferred inflows are included in the government-wide Statement of Net Position. The district had \$2,485 of unearned grant income and \$1,874,065 of PERS related deferred inflows at June 30, 2016.

N. Statements of Cash Flows

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

O. Use of Estimates

The 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

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reported amounts of revenues and expenses during the reporting period. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Actual results could differ from those estimates.

P. Pensions

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

Q. Fund Balances

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

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

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

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

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

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Note 2. Retirement Plan - Public Employees Retirement System (PERS)

PERS

General Information about the Pension Plan

Plan Description

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

Benefits Provided

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

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

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

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

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

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Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes

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

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits

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

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

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

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

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3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

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

Death Benefits

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

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015. Employer contributions for the year ended June 30, 2016 were \$1,364,191, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2016 were 13.09 percent for Tier One/Tier Two General Service Member, 8.4 percent for OPSRP Pension Program General Service Members, and 6 percent for OPSRP Individual Account Program.

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

At June 30, 2016, the District reported a liability of \$8,940,183 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013, rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the District's proportion was 0.1557 percent, which was increased from its proportion of 0.1545 percent measured as of June 30, 2014.

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For the year ended June 30, 2016, the District's recognized pension expense (income) of \$7,454,585. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 482,100	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	-	1,874,065
Changes in proportion	20,619	-
Differences between employer contributions and proportionate share of contributions	172,427	-
Total (prior to post-MD contributions)	675,146	1,874,065
Contributions subsequent to the MD	1,364,191	-
Total	\$ 2,039,337	\$ 1,874,065

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

Deferred Outflows		Deferred Inflows	
Amortization Period		Amortization Period	
FY2017	\$ 1,523,533	FY2017	\$ 894,181
FY2018	159,342	FY2018	894,181
FY2019	159,342	FY2019	894,181
FY2020	146,362	FY2020	(808,478)
FY2021	50,758	FY2021	-
Total	\$ 2,039,337	Total	\$ 1,874,065

Actuarial Assumptions

The employer contribution rates effective July 1, 2013, through June 30, 2015 and effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount

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for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2013
Measurement Date	June 30, 2015
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Long-Term Expected Rate of Return	7.75 percent
Discount Rate	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA
Mortality	<p>Health retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 statistic combined disabled mortality sex-distinct table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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Asset Class/Strategy	Assumed Asset Allocation		
	Low Range	High Range	Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate -Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equities	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	<u>1.25%</u>	6.07%
Total	<u>100.00%</u>	

Assumed Inflation - Mean

2.75%

Depletion Date Projection

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

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

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

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

Discount Rate

The discount rate used to measure the total pension liability was 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 the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 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:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability (asset)	\$ 21,576,798	\$ 8,940,183	\$ (1,709,164)

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

The district reported payables of legally required contributions to the pension plan in the amount of \$488,188 at June 30, 2016.

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Changes in Plan Provisions During the Measurement Period

The Oregon Supreme Court on April 30, 2015, ruled 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 was 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. OPERS will make restoration payments to those benefit recipients.

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

This change in benefit terms were reflected in the current valuation.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2015 measurement date.

Note 3. Accounts Receivable

Accounts receivable are comprised of the following at June 30, 2016:

Fund	Revenue Source	Amount
General Fund	Property Taxes	\$ 256,326
General Fund	Common school fund	163,381
General Fund	Miscellaneous	242,270
Federal Programs	Federal grants	2,001,825
Debt Service Fund	Property Taxes	76,586
Non major funds	Grants	202,966
Total Accounts Receivable		<u><u>\$ 2,943,354</u></u>

Note 4. Interfund Transfers and Loans

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

From	To	Amount	Reason
General fund	Nonmajor fund	\$ 2,000	To pay for the district's share of SMILE expenses
General fund	Nonmajor fund	63,000	To fund future technological needs
General fund	Nonmajor fund	60,000	To fund future building improvements
General fund	Nonmajor fund	76,821	To fund future maintenance equipment needs
Total		<u><u>\$ 201,821</u></u>	

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Interfund loan receivables and payables consist of the following at June 30, 2016:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Federal Programs Fund	\$ 1,981,614
General Fund	Nonmajor Funds	70,860
Total		<u>\$ 2,052,474</u>

The above loans will be paid back when the grant reimbursements are received.

Note 5. Capital Assets

Capital assets activity for the year was as follows:

Governmental Activities

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets not being depreciated				
Land	\$ 563,110	\$ -	\$ -	\$ 563,110
Construction in progress	-	9,135	-	9,135
Total capital assets not being depreciated	<u>563,110</u>	<u>9,135</u>	<u>-</u>	<u>572,245</u>
Capital assets being depreciated				
Buildings and improvements	34,102,340	377,728	-	34,480,068
Equipment	2,659,973	105,444	(105,984)	2,659,433
Vehicles	2,702,980	234,269	(146,290)	2,790,959
Total capital assets being depreciated	<u>39,465,293</u>	<u>717,441</u>	<u>(252,274)</u>	<u>39,930,460</u>
Less accumulated depreciation	(13,151,579)	(1,772,502)	252,274	(14,671,807)
Total capital assets being depreciated, net	<u>26,313,714</u>	<u>(1,055,061)</u>	<u>-</u>	<u>25,258,653</u>
Total capital assets, net	<u>\$ 26,876,824</u>	<u>\$ (1,045,926)</u>	<u>\$ -</u>	<u>\$ 25,830,898</u>

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

Central activities \$1,772,502

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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, 2016:

Deposits with banks	\$ 1,177,509
Investments	11,226,960
Cash on hand	1,470
	<u>\$ 12,405,939</u>

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

Statement of Net Position

Cash and investments	\$ 12,405,939
	<u>\$ 12,405,939</u>

As of June 30, 2016, the district held the following investments and maturities:

Investment Type	Fair Value	% of Investment Portfolio
Local Government Investment Pool	\$ 11,226,960	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, 2016. 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, 2016 the carrying amount of the district's deposits (cash and certificates of deposit) in various financial institutions was \$1,177,509 and the bank balances were \$1,408,483. 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

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on the banks level of capitalization. At June 30, 2016 and for the year then ended, the district's deposits were in compliance with the requirements of ORS 295.018.

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

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

Investments

At June 30, 2016, the district held \$11,226,960 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 2016. 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

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certificates of deposit, certain commercial paper, and the Oregon Local Government Investment Pool (LGIP). As of June 30, 2016 and for the year then ended, the district was in compliance with the aforementioned Oregon statutes.

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.

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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.

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, 2016, the obligation is as follows:

	June 30, 2016	June 30, 2015
Determination of Annual Required Contribution		
(1) Normal Cost at year end	\$ 30,316	\$ 30,316
(2) Amortization of UAAL	326,784	340,278
(3) Annual Required Contribution (ARC)	<u>357,100</u>	<u>370,594</u>
Determination of Net OPEB Obligation		
(4) Annual Required Contribution (ARC)	357,100	370,594
(5) Interest on prior year Net OPEB Obligation	22,548	23,911
(6) Adjustment to ARC	<u>(339,115)</u>	<u>(359,616)</u>
(7) Annual Pension Cost	<u>40,533</u>	<u>34,889</u>
Less		
(8) Expected Stipend Payments	<u>69,098</u>	<u>73,834</u>
(9) Increase in Net OPEB Obligation	<u>(28,565)</u>	<u>(38,945)</u>
(10) Net OPEB Obligation - beginning	<u>644,221</u>	<u>683,166</u>
(11) Net OPEB Obligation - ending	<u><u>\$ 615,656</u></u>	<u><u>\$ 644,221</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, 2014	\$ 101,796	81%	\$ 683,166
June 30, 2015	34,889	212%	644,221
June 30, 2016	40,533	170%	615,656

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,

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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 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, 2016	June 30, 2015
Determination of Annual Required Contribution		
(1) Normal Cost at year end	\$ 128,139	\$ 120,658
(2) Amortization of UAAL	245,485	247,520
(3) Annual Required Contribution (ARC)	<u>373,624</u>	<u>368,178</u>
Determination of Net OPEB Obligation		
(4) Annual Required Contribution (ARC)	373,624	368,178
(5) Interest on prior year Net OPEB Obligation	44,817	42,278
(6) Adjustment to ARC	<u>(153,966)</u>	<u>(145,243)</u>
(7) Annual Pension Cost	<u>264,475</u>	<u>265,213</u>
Less		
(8) Explicit Benefit Payments	-	-
(9) Implied Benefit Payments	<u>177,124</u>	<u>192,672</u>
(9) Increase in Net OPEB Obligation	<u>87,351</u>	<u>72,541</u>
(10) Net OPEB Obligation - beginning	<u>1,280,474</u>	<u>1,207,933</u>
(11) Net OPEB Obligation - ending	<u><u>\$ 1,367,825</u></u>	<u><u>\$ 1,280,474</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, 2014	\$ 342,561	77%	\$ 1,207,933
June 30, 2015	265,213	73%	1,280,474
June 30, 2016	264,475	67%	1,367,825

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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 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, 2016 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 7/1/15	\$ 644,221
Additions	59,654
Payments & deletions	<u>(88,219)</u>
Balance 6/30/16	<u><u>\$ 615,656</u></u>

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<u>Amounts Payable in Fiscal Year:</u>	<u>Early Retirement Obligations</u>
2016-17	\$ 101,352
2017-18	78,638
2018-19	62,975
2019-2020	55,117
2020-2021	46,666
2022 and thereafter	270,908
Total	<u>\$ 615,656</u>

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.

	<u>PERS UAL Bonds Payable</u>
Balance 7/1/15	\$ 7,431,395
Additions	-
Payments & deletions	<u>(190,953)</u>
Balance 6/30/16	<u>\$ 7,240,442</u>
 Current portion	 \$ 193,991

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

Fiscal Year Ending June 30,	Principal	Interest	Interest Rate
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	-	356,708	5.48%
2022-2026	4,595,000	1,334,687	5.48% to 5.55%
2027-2028	1,850,000	135,420	5.55%
Total	<u>\$ 7,240,442</u>	<u>\$ 4,667,904</u>	

Interest expense for the year ended June 30, 2016 was \$575,754.

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 \$665,000 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
2017	\$ -	\$ 27,365	4.12%
2018	-	27,365	4.12%
2019	-	27,365	4.12%
2020	-	27,365	4.12%
2021	665,000	27,365	4.12%
Total	<u>\$ 665,000</u>	<u>\$ 136,825</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, 2016 are as follows:

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Fiscal Year Ending June 30,	Deposit Requirement	Interest	Federal Subsidy for Interest	Total
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	1,150,000	1,033,040	(974,950)	1,208,090
2022-2026	6,215,000	5,165,200	(4,874,750)	6,505,450
2026-2027	1,340,000	1,033,040	(974,950)	1,398,090
Total	<u>\$ 13,015,000</u>	<u>\$ 11,363,440</u>	<u>\$ (10,724,450)</u>	<u>\$ 13,653,990</u>

Interest expense for the year ended June 30, 2016 was \$1,033,040.

At June 30, 2016, the Local Government Investment Pool account dedicated for the deposit of the set aside requirements had a balance of \$5,598,725. The required balance to be reserved was \$5,485,000.

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:

Equipment leased	Length of lease	Payment	Date ending
Kyocera 8000i	60 months	\$ 1,197	April, 2017
Pitney Bowes postage machine	60 months	709	December, 2016

Future minimum lease payments are as follows:

Fiscal Year Ending June 30,	Total Future Minimum Lease Payments
2017	\$ 18,253
Total	<u>\$ 18,253</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Note 13. Fund Balance Classifications

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

Fund Balances	General Fund	Bond Debt Service	Nonmajor Funds	Total
<u>Nonspendable</u>				
Interfund receivables	\$ 2,052,474	\$ -	\$ -	\$ 2,052,474
Prepaid items	1,750	-	-	1,750
	<u>2,054,224</u>	<u>-</u>	<u>-</u>	<u>2,054,224</u>
<u>Restricted</u>				
Education - Grants	-	-	84,569	84,569
Debt Service	-	5,549,317	287,827	5,837,144
Food Service	-	-	1,415,000	1,415,000
	<u>-</u>	<u>5,549,317</u>	<u>1,787,396</u>	<u>7,336,713</u>
<u>Committed to:</u>				
Building repairs and maint.	-	-	587,215	587,215
Equipment reserve	-	-	96,403	96,403
Technological equipment	-	-	312	312
Student body use	-	-	170,389	170,389
	<u>-</u>	<u>-</u>	<u>854,319</u>	<u>854,319</u>
<u>Assigned to:</u>				
Program training and expenses	-	-	11,649	11,649
	<u>-</u>	<u>-</u>	<u>11,649</u>	<u>11,649</u>
<u>Unassigned</u>	<u>1,896,660</u>	<u>-</u>		<u>1,896,660</u>
TOTAL FUND BALANCES	<u>\$ 3,950,884</u>	<u>\$ 5,549,317</u>	<u>\$ 2,653,364</u>	<u>\$ 12,153,565</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 22, 2016. Commitments of fund balances must be made prior to the end of the fiscal year.

REQUIRED SUPPLEMENTARY
INFORMATION

ONTARIO SCHOOL DISTRICT NO. 8C
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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
For the Year Ended
June 30, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Taxes	\$ 3,910,000	\$ 3,910,000	\$ 3,726,729	\$ (183,271)
Local sources	287,600	287,600	449,300	161,700
Intermediate sources	710,000	710,000	632,051	(77,949)
State sources	20,079,843	20,079,843	20,338,579	258,736
Federal sources	-	-	8,629	8,629
Total revenues	24,987,443	24,987,443	25,155,288	167,845
Expenditures				
Instruction				
Regular programs	10,137,424	10,132,119	9,747,879	384,240
Special programs	5,404,623	5,548,623	5,332,763	215,860
Summer school programs	-	-	9,997	(9,997)
Support services				
Students	884,552	884,552	880,732	3,820
Improvement of instruction	717,291	717,291	737,029	(19,738)
General administration	412,694	412,694	354,731	57,963
School administration	2,071,688	2,071,688	2,058,403	13,285
Business services	4,133,532	3,920,397	3,911,753	8,644
Central activities	1,201,306	1,201,306	1,200,530	776
Supplemental retirement program	113,986	113,986	92,997	20,989
Facilities acquisition and construction	60,000	57,619	57,619	-
Total expenditures	25,137,096	25,060,275	24,384,433	675,842
Excess of revenues over (under) expenditures	(149,653)	(72,832)	770,855	843,687
Other financing sources (uses)				
Sale of assets	1,000	1,000	19,249	18,249
Transfers in (out)	(125,000)	(201,821)	(201,821)	-
Total other financing sources (uses)	(124,000)	(200,821)	(182,572)	18,249
Net change in fund balance	(273,653)	(273,653)	588,283	861,936
Available fund balance, July 1	3,000,000	3,000,000	3,362,601	362,601
Available fund balance, June 30	\$ 2,726,347	\$ 2,726,347	\$ 3,950,884	\$ 1,224,537

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, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Federal sources	\$ 3,230,098	\$ 3,305,097	\$ 2,644,665	\$ (660,432)
Total revenues	3,230,098	3,305,097	2,644,665	(660,432)
Expenditures				
Instruction				
Regular programs	294,327	45,441	-	45,441
Special programs	2,040,076	2,164,373	1,905,169	259,204
Summer school programs	246,060	435,650	208,040	227,610
Support services				
Students	349,945	265,375	224,508	40,867
Improvement of instruction	233,755	301,333	202,245	99,088
School administration	1,450	5,633	-	5,633
Business services	3,000	-	-	-
Central activities	24,145	46,145	68,467	(22,322)
Community services	37,340	41,147	36,236	4,911
Total expenditures	3,230,098	3,305,097	2,644,665	660,432
Net change in fund balance	-	-	-	-
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ -	\$ -

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

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

Year Ended June 30,	(a) District's proportion of the net pension liability (asset)	(b) District's proportionate share of the net pension liability (asset)	(c) District's covered payroll	(b/c) District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.15571267%	\$ 8,940,183	\$ 12,565,430	71.15%	91.90%
2015	0.15451174%	(3,502,340)	12,337,039	-28.39%	103.60%
2014	0.15451174%	2,367,774	12,036,139	19.67%	91.97%

SCHEDULE OF DISTRICT CONTRIBUTIONS

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) District's covered payroll	(b/c) Contributions as a percent of covered payroll
2016	\$ 1,364,191	\$ 1,364,191	\$ -	\$ 13,498,920	10.11%
2015	1,786,148	1,786,148	-	12,565,430	14.21%
2014	1,737,762	1,737,762	-	12,337,039	14.09%

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

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

ONTARIO SCHOOL DISTRICT No. 8C
Ontario, Malheur County, Oregon
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

BUDGETARY REPORTING

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, 2016, there were no General Fund or major special revenue fund expenditures that exceeded budget at the legal level of budgetary control.

OREGON PUBLIC RETIREMENT SYSTEM INFORMATION

Changes in Benefit Terms

The Oregon Supreme Court on April 30, 2015, ruled 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 was 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. OPERS will make restoration payments to those benefit recipients.

OPERS 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 was not included in the net pension liability (asset) proportionate shares provided by OPERS for the years ending June 30, 2015 and June 30, 2014.

Changes of Assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2012 and 2014 Experience Study for the System, which were published on September 18, 2013 and September 23, 2015. These reports can be found at: http://www.oregon.gov/pers/Pages/section/financial_reports/mercereports.aspx.

OTHER SUPPLEMENTARY INFORMATION

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

		Debt	Special Revenue Funds	
		Service	Response	Professional
		Pension	to	Learning Teams
		Bond	Intervention	Grant
		Debt Service		
ASSETS				
Cash		\$ 287,827	\$ -	\$ -
Receivables				
Other		-	68,016	3,200
Total assets		<u>\$ 287,827</u>	<u>\$ 68,016</u>	<u>\$ 3,200</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable		\$ -	\$ 155	\$ -
Interfund payable		-	56,212	3,200
Total liabilities		<u>-</u>	<u>56,367</u>	<u>3,200</u>
Fund balances				
Spendable				
Restricted		287,827	-	-
Committed		-	-	-
Assigned		-	11,649	-
Total fund balances		<u>287,827</u>	<u>11,649</u>	<u>-</u>
Total liabilities and fund balances		<u>\$ 287,827</u>	<u>\$ 68,016</u>	<u>\$ 3,200</u>

See accompanying independent auditor's report.

Special Revenue Funds

Smile Grant	ASPIRE Grant	SB 622 School Technology
\$ 2,340	\$ 8,417	\$ -
-	-	-
<u>\$ 2,340</u>	<u>\$ 8,417</u>	<u>\$ -</u>
-	-	-
-	-	-
-	-	-
2,340	8,417	-
-	-	-
-	-	-
<u>2,340</u>	<u>8,417</u>	<u>-</u>
<u>\$ 2,340</u>	<u>\$ 8,417</u>	<u>\$ -</u>

Special Revenue Funds		
Challenge Day	Goldman Sachs Philanthropic	NW Health Foundation Grant
\$ -	\$ 705	\$ 870
-	-	-
<u>\$ -</u>	<u>\$ 705</u>	<u>\$ 870</u>
\$ -	\$ -	\$ -
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	705	870
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	705	870
<u>\$ -</u>	<u>\$ 705</u>	<u>\$ 870</u>

Special Revenue Funds

Maybelle Clark McDonald Grant	Classroom Take Charge Grant	CTE Pathways Grant
\$ 1,912	\$ -	\$ -
-	500	7,576
<u>\$ 1,912</u>	<u>\$ 500</u>	<u>\$ 7,576</u>
\$ -	\$ -	\$ 25
-	500	7,551
-	500	7,576
1,912	-	-
-	-	-
-	-	-
<u>1,912</u>	<u>-</u>	<u>-</u>
<u>\$ 1,912</u>	<u>\$ 500</u>	<u>\$ 7,576</u>

Special Revenue Funds		
Aiken PBIS Incentive	Medicaid Reimbursement	Student Body
\$ -	\$ 27,942	\$ 173,786
3,400	38,983	-
<u>\$ 3,400</u>	<u>\$ 66,925</u>	<u>\$ 173,786</u>
\$ -	\$ -	\$ -
-	-	3,397
-	-	3,397
3,400	66,925	-
-	-	170,389
-	-	-
<u>3,400</u>	<u>66,925</u>	<u>170,389</u>
<u>\$ 3,400</u>	<u>\$ 66,925</u>	<u>\$ 173,786</u>

Special Revenue Fund	Capital Project Funds				
Food Services	Equipment Replacement	Technology	Building Improvement	Totals June 30, 2016	
\$ 1,335,402	\$ 96,403	\$ 312	\$ 587,215	\$ 2,523,131	
81,291	-	-	-	202,966	
<u>\$ 1,416,693</u>	<u>\$ 96,403</u>	<u>\$ 312</u>	<u>\$ 587,215</u>	<u>\$ 2,726,097</u>	
\$ 1,693	\$ -	\$ -	\$ -	\$ 1,873	
-	-	-	-	70,860	
<u>1,693</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,733</u>	
1,415,000	-	-	-	1,787,396	
-	96,403	312	587,215	854,319	
-	-	-	-	11,649	
<u>1,415,000</u>	<u>96,403</u>	<u>312</u>	<u>587,215</u>	<u>2,653,364</u>	
<u>\$ 1,416,693</u>	<u>\$ 96,403</u>	<u>\$ 312</u>	<u>\$ 587,215</u>	<u>\$ 2,726,097</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, 2016

	Debt Service	Special Revenue Funds	
	Pension Bond Debt Service	Response to Intervention	Professional Learning Teams Grant
Revenues			
Local sources	\$ 890,679	\$ 68,616	\$ -
State sources	-	-	-
Federal sources	-	-	-
Total revenues	<u>890,679</u>	<u>68,616</u>	<u>-</u>
Expenditures			
Current			
Instruction			
Regular programs	-	-	-
Special programs	-	-	-
Support services			
Students	-	-	-
Improvement of instruction	-	59,830	-
Business services	-	-	-
Central activities	121	-	-
Food services	-	-	-
Facilities acquisition and construction	-	-	-
Debt service			
Principal	190,953	-	-
Interest	603,119	-	-
Total expenditures	<u>794,193</u>	<u>59,830</u>	<u>-</u>
Excess of revenues over (under) expenditures	96,486	8,786	-
Other financing sources (uses)			
Transfers in (out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	96,486	8,786	-
Available fund balances, July 1	191,341	2,863	-
Available fund balance, June 30	<u><u>\$ 287,827</u></u>	<u><u>\$ 11,649</u></u>	<u><u>\$ -</u></u>

See accompanying independent auditor's report.

Special Revenue Funds		
Smile Grant	ASPIRE Grant	SB 622 School Technology
\$ -	\$ -	\$ -
9,559	3,000	-
-	-	-
9,559	3,000	-
-	-	-
-	294	-
12,557	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
12,557	294	-
(2,998)	2,706	-
2,000	-	-
2,000	-	-
(998)	2,706	-
3,338	5,711	-
\$ 2,340	\$ 8,417	\$ -

Special Revenue Funds

Challenge Day	Goldman Sachs Philanthropic	NW Health Foundation Grant
\$ -	\$ -	\$ 3,000
-	-	-
-	-	-
-	-	3,000
-	-	-
-	-	-
-	-	-
-	-	-
-	-	5,130
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	5,130
-	-	(2,130)
-	-	-
-	-	-
-	-	(2,130)
-	705	3,000
\$ -	\$ 705	\$ 870

Special Revenue Funds

Maybelle Clark McDonald Grant	Classroom Take Charge Grant	CTE Pathways Grant
\$ -	\$ 2,789	\$ -
-	-	7,576
-	-	-
-	2,789	7,576
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
8,088	2,299	7,576
-	-	-
-	490	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
8,088	2,789	7,576
(8,088)	-	-
-	-	-
-	-	-
(8,088)	-	-
10,000	-	-
\$ 1,912	\$ -	\$ -

Special Revenue Funds		
Aiken PBIS Incentive	Medicaid Reimbursement	Student Body
\$ 3,400	\$ 72,218	\$ 277,198
-	-	-
-	-	-
3,400	72,218	277,198
-	-	-
-	-	245,898
-	3,359	-
-	1,934	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	5,293	245,898
3,400	66,925	31,300
-	-	-
-	-	-
3,400	66,925	31,300
-	-	139,089
\$ 3,400	\$ 66,925	\$ 170,389

Special Revenue Funds	Capital Project Funds			Totals June 30, 2016
Food Service	Equipment Replacement	Technology	Building Improvement	
\$ 132,530	\$ -	\$ -	\$ 1,042	\$ 1,451,472
19,764	-	-	-	39,899
1,873,671	-	-	-	1,873,671
2,025,965	-	-	1,042	3,365,042
-	-	-	-	10,169
-	-	-	-	266,543
-	-	-	-	3,359
-	-	-	-	62,254
-	15,394	-	-	20,524
-	-	63,250	-	63,371
1,719,430	-	-	-	1,719,430
-	-	-	314,417	314,417
-	-	-	-	190,953
-	-	-	-	603,119
1,719,430	15,394	63,250	314,417	3,254,139
306,535	(15,394)	(63,250)	(313,375)	110,903
-	76,821	63,000	60,000	201,821
-	76,821	63,000	60,000	201,821
306,535	61,427	(250)	(253,375)	312,724
1,108,465	34,976	562	840,590	2,340,640
\$ 1,415,000	\$ 96,403	\$ 312	\$ 587,215	\$ 2,653,364

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, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 829,122	\$ 829,122	\$ 890,679	\$ 61,557
Total revenues	<u>829,122</u>	<u>829,122</u>	<u>890,679</u>	<u>61,557</u>
Expenditures				
Support services				
Central activities	125	125	121	4
Debt service				
Principal	190,953	190,953	190,953	-
Interest	<u>638,044</u>	<u>638,044</u>	<u>603,119</u>	<u>34,925</u>
Total expenditures	<u>829,122</u>	<u>829,122</u>	<u>794,193</u>	<u>34,929</u>
Net change in fund balance	-	-	96,486	96,486
Available fund balance, July 1	<u>-</u>	<u>-</u>	<u>191,341</u>	<u>191,341</u>
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 287,827</u>	<u>\$ 287,827</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, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 63,405	\$ 63,405	\$ 68,616	\$ 5,211
Total revenues	63,405	63,405	68,616	5,211
Expenditures				
Support services				
Improvement of instruction	63,405	63,405	59,830	3,575
Total expenditures	63,405	63,405	59,830	3,575
Net change in fund balance	-	-	8,786	8,786
Available fund balance, July 1	-	-	2,863	2,863
Available fund balance, June 30	\$ -	\$ -	\$ 11,649	\$ 11,649

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
For the Year Ended
June 30, 2016

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

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SMILE GRANT FUND (BUDGET BASIS)
For the Year Ended
June 30, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
State sources	\$ 5,983	\$ 5,983	\$ 9,559	\$ 3,576
Total revenues	<u>5,983</u>	<u>5,983</u>	<u>9,559</u>	<u>3,576</u>
Expenditures				
Instruction				
Special programs	<u>7,983</u>	<u>7,983</u>	<u>12,557</u>	<u>(4,574)</u>
Total expenditures	<u>7,983</u>	<u>7,983</u>	<u>12,557</u>	<u>(4,574)</u>
Excess of revenues over (under) expenditures	(2,000)	(2,000)	(2,998)	(998)
Other financing sources (uses)				
Transfers in (out)	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Total other financing sources (uses)	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Net change in fund balance	-	-	(998)	(998)
Available fund balance, July 1	<u>-</u>	<u>-</u>	<u>3,338</u>	<u>3,338</u>
Available fund balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,340</u></u>	<u><u>\$ 2,340</u></u>

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, 2016

	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>9,200</u>	<u>9,200</u>	<u>294</u>	<u>8,906</u>
Total expenditures	<u>9,200</u>	<u>9,200</u>	<u>294</u>	<u>8,906</u>
Net change in fund balance	(6,200)	(6,200)	2,706	8,906
Available fund balance, July 1	<u>6,200</u>	<u>6,200</u>	<u>5,711</u>	<u>(489)</u>
Available fund balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,417</u></u>	<u><u>\$ 8,417</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, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Support services				
Central activities	8,438	8,438	-	8,438
Total expenditures	8,438	8,438	-	8,438
Net change in fund balance	(8,438)	(8,438)	-	8,438
Available fund balance, July 1	8,438	8,438		(8,438)
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, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 7,000	\$ 7,000	\$ -	\$ (7,000)
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>(7,000)</u>
Expenditures				
Instruction				
Regular programs	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Total expenditures	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>7,000</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, 2016

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

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, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ -	\$ -	\$ 3,000	\$ 3,000
Total revenues	-	-	3,000	3,000
Expenditures				
Instruction				
Special programs	10,000	10,000	-	10,000
Business services	-	-	5,130	(5,130)
Total expenditures	10,000	10,000	5,130	4,870
Net change in fund balance	(10,000)	(10,000)	(2,130)	7,870
Available fund balance, July 1	10,000	10,000	3,000	(7,000)
Available fund balance, June 30	\$ -	\$ -	\$ 870	\$ 870

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, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Instruction				
Special programs	-	-	8,088	(8,088)
Support services				
Business services	3,000	3,000	-	3,000
Total expenditures	3,000	3,000	8,088	(5,088)
Net change in fund balance	(3,000)	(3,000)	(8,088)	(5,088)
Available fund balance, July 1	3,000	3,000	10,000	7,000
Available fund balance, June 30	\$ -	\$ -	\$ 1,912	\$ 1,912

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CLASSROOM TAKE CHARGE GRANT FUND (BUDGET BASIS)**

For the Year Ended

June 30, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ -	\$ -	\$ 2,789	\$ 2,789
Total revenues	-	-	2,789	2,789
Expenditures				
Instruction				
Regular programs	-	-	2,299	(2,299)
Support services				
Improvement of instruction	-	-	490	(490)
Total expenditures	-	-	2,789	(2,789)
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 - CTE PATHWAYS GRANT FUND (BUDGET BASIS)**

For the Year Ended

June 30, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
State sources	\$ -	\$ -	\$ 7,576	\$ 7,576
Total revenues	-	-	7,576	7,576
Expenditures				
Instruction				
Regular programs	-	-	7,576	(7,576)
Total expenditures	-	-	7,576	(7,576)
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 - AIKEN PBIS INCENTIVE FUND (BUDGET BASIS)**

For the Year Ended

June 30, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ -	\$ -	\$ 3,400	\$ 3,400
Total revenues	-	-	3,400	3,400
Expenditures				
Instruction				
Regular programs	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	3,400	3,400
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ 3,400	\$ 3,400

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, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 10,000	\$ 10,000	\$ 72,218	\$ 62,218
Total revenues	10,000	10,000	72,218	62,218
Expenditures				
Instruction				
Special programs	10,000	10,000	-	10,000
Support services				
Students	4,000	4,000	3,359	641
Improvement of instruction	-	-	1,934	(1,934)
Total expenditures	14,000	14,000	5,293	8,707
Net change in fund balance	(4,000)	(4,000)	66,925	70,925
Available fund balance, July 1	4,000	4,000	-	(4,000)
Available fund balance, June 30	\$ -	\$ -	\$ 66,925	\$ 66,925

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, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 295,765	\$ 295,765	\$ 277,198	\$ (18,567)
Total revenues	<u>295,765</u>	<u>295,765</u>	<u>277,198</u>	<u>(18,567)</u>
Expenditures				
Instruction				
Special programs	296,665	296,665	245,898	50,767
Total expenditures	<u>296,665</u>	<u>296,665</u>	<u>245,898</u>	<u>50,767</u>
Net change in fund balance	(900)	(900)	31,300	32,200
Available fund balance, July 1	<u>100,900</u>	<u>100,900</u>	<u>139,089</u>	<u>38,189</u>
Available fund balance, June 30	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 170,389</u>	<u>\$ 70,389</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, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 120,000	\$ 120,000	\$ 132,530	\$ 12,530
State sources	16,000	16,000	19,764	3,764
Federal sources	1,375,000	1,375,000	1,873,671	498,671
Total revenues	<u>1,511,000</u>	<u>1,511,000</u>	<u>2,025,965</u>	<u>514,965</u>
Expenditures				
Food services	<u>1,911,000</u>	<u>1,911,000</u>	<u>1,719,430</u>	<u>191,570</u>
Total expenditures	<u>1,911,000</u>	<u>1,911,000</u>	<u>1,719,430</u>	<u>191,570</u>
Net change in fund balance	(400,000)	(400,000)	306,535	706,535
Available fund balance, July 1	<u>850,000</u>	<u>850,000</u>	<u>1,108,465</u>	<u>258,465</u>
Available fund balance, June 30	<u><u>\$ 450,000</u></u>	<u><u>\$ 450,000</u></u>	<u><u>\$ 1,415,000</u></u>	<u><u>\$ 965,000</u></u>

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, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 25	\$ 25	\$ -	\$ (25)
Total revenues	25	25	-	(25)
Expenditures				
Support services				
Business services	30,400	30,400	15,394	15,006
Total expenditures	30,400	30,400	15,394	15,006
Excess of revenues over (under) expenditures	(30,375)	(30,375)	(15,394)	14,981
Other financing sources (uses)				
Transfers in (out)	-	-	76,821	76,821
Total other financing sources (uses)	-	-	76,821	76,821
Net change in fund balance	(30,375)	(30,375)	61,427	91,802
Available fund balance, July 1	30,375	30,375	34,976	4,601
Available fund balance, June 30	\$ -	\$ -	\$ 96,403	\$ 96,403

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, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 250	\$ 250	\$ -	\$ (250)
Total revenues	250	250	-	(250)
Expenditures				
Supporting services				
Central activities	63,250	63,250	63,250	-
Total expenditures	63,250	63,250	63,250	-
Excess of revenues over (under) expenditures	(63,000)	(63,000)	(63,250)	(250)
Other financing sources (uses)				
Transfers in (out)	63,000	63,000	63,000	-
Total other financing sources (uses)	63,000	63,000	63,000	-
Net change in fund balance	-	-	(250)	(250)
Available fund balance, July 1			562	562
Available fund balance, June 30	\$ -	\$ -	\$ 312	\$ 312

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, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 3,000	\$ 3,000	\$ 1,042	\$ (1,958)
Total revenues	3,000	3,000	1,042	(1,958)
Expenditures				
Facilities acquisition and construction	889,330	889,330	314,417	574,913
Total expenditures	889,330	889,330	314,417	574,913
Excess of revenues over (under) expenditures	(886,330)	(886,330)	(313,375)	572,955
Other financing sources (uses)				
Transfers in (out)	60,000	60,000	60,000	-
Total other financing sources (uses)	60,000	60,000	60,000	-
Net change in fund balance	(826,330)	(826,330)	(253,375)	572,955
Available fund balance, July 1	826,330	826,330	840,590	14,260
Available fund balance, June 30	\$ -	\$ -	\$ 587,215	\$ 587,215

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, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Taxes	\$ 1,154,055	\$ 1,154,055	\$ 1,144,398	\$ (9,657)
Local sources	16,240	16,240	36,747	20,507
Federal sources	927,995	927,995	906,216	(21,779)
Total revenues	<u>2,098,290</u>	<u>2,098,290</u>	<u>2,087,361</u>	<u>(10,929)</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	1,065,100	1,065,100	1,054,195	(10,905)
Available fund balance, July 1	<u>4,419,900</u>	<u>4,419,900</u>	<u>4,495,122</u>	<u>75,222</u>
Available fund balance, June 30	<u><u>\$ 5,485,000</u></u>	<u><u>\$ 5,485,000</u></u>	<u><u>\$ 5,549,317</u></u>	<u><u>\$ 64,317</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, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 15,000	\$ 15,000	\$ 3,311	\$ (11,689)
Total revenues	15,000	15,000	3,311	(11,689)
Expenditures				
Instruction				
Special programs	19,000	19,000	1,831	17,169
Supporting services				
Students	1,000	1,000	-	1,000
Total expenditures	20,000	20,000	1,831	18,169
Net change in fund balance	(5,000)	(5,000)	1,480	6,480
Available fund balance, July 1	5,000	5,000	2,204	(2,796)
Available fund balance, June 30	\$ -	\$ -	\$ 3,684	\$ 3,684

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, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources	\$ 35,000	\$ 35,000	\$ 17,320	\$ (17,680)
Federal sources	-	-	18,453	18,453
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>35,773</u>	<u>773</u>
Expenditures				
Instruction				
Special programs	39,000	39,000	31,717	7,283
Supporting services				
Students	<u>1,000</u>	<u>1,000</u>	<u>1,013</u>	<u>(13)</u>
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>32,730</u>	<u>7,270</u>
Net change in fund balance	(5,000)	(5,000)	3,043	8,043
Available fund balance, July 1	<u>5,000</u>	<u>5,000</u>	<u>1,852</u>	<u>(3,148)</u>
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,895</u>	<u>\$ 4,895</u>

OTHER FINANCIAL SCHEDULES

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF CASH, CASH ITEMS, INVESTMENTS, AND COLLATERAL SECURITY
June 30, 2016

	All Funds	Total
Cash and cash items		
Umpqua Bank		
Demand accounts	\$ 1,129,814	
Total Umpqua Bank		\$ 1,129,814
Washington Federal		
Demand accounts	36,848	
Total Washington Federal		36,848
JP Morgan Chase Bank		
Demand accounts	6,060	
Total JP Morgan Chase Bank		6,060
U.S. Bank, N.A.		
Demand accounts	4,787	
Total U.S. Bank, N.A.		4,787
Total cash with banks		1,177,509
Cash-on-hand		1,470
Total cash and cash items		1,178,979
Investments		
Oregon State Treasury Local Government Investment Pool***		11,226,960
Total net investments		11,226,960
Total cash, cash items and investments		\$ 12,405,939
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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FEDERAL PROGRAMS**

For the Year Ended

June 30, 2016

	Migrant Title IC	Migrant Summer School	Migrant Preschool Program	Title IA Grant
Revenues				
Federal sources	\$ 347,431	\$ 102,692	\$ 25,609	\$ 1,436,177
Total revenues	<u>347,431</u>	<u>102,692</u>	<u>25,609</u>	<u>1,436,177</u>
Expenditures				
<i>Current</i>				
Instruction				
Special programs	112,776	-	23,115	1,306,776
Summer school programs	-	102,692	2,494	61,698
Support services				
Students	198,940	-	-	24,504
Improvement of instruction	5,824	-	-	-
Central activities	5,002	-	-	33,142
Community services	24,889	-	-	10,057
Total expenditures	<u>347,431</u>	<u>102,692</u>	<u>25,609</u>	<u>1,436,177</u>
Net change in fund balances	-	-	-	-
Available fund balances, July 1	-	-	-	-
Available fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

Title III	IDEA	Effective Behavioral & Instructional Support Systems
\$ 37,820	\$ 433,470	\$ 18,700
37,820	433,470	18,700
31,565	430,937	-
-	-	-
-	190	-
6,255	2,343	18,700
-	-	-
-	-	-
37,820	433,470	18,700
-	-	-
-	-	-
\$ -	\$ -	\$ -

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Title VI (B) Innovative Rural Ed	Title II A	Title III Immigrant Grant	Title II B	Totals
\$ 63,589	\$ 175,905	\$ 874	\$ 2,398	\$ 2,644,665
63,589	175,905	874	2,398	2,644,665
-	-	-	-	1,905,169
41,156	-	-	-	208,040
-	-	874	-	224,508
1,106	165,619	-	2,398	202,245
21,327	8,996	-	-	68,467
-	1,290	-	-	36,236
63,589	175,905	874	2,398	2,644,665
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
CONTINUING DISCLOSURE REQUIREMENTS FOR BONDED DEBT
For the Year Ended
June 30, 2016

2015-15 Assessed valuation of taxable property \$ 1,024,160,359

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
2015-16	\$ 190,953	\$ 1,636,158	\$ 1,827,111	\$ 24,586,254	7.43%

Ratio of net bonded debt to assessed value:

	Assessed Valuation	Net Bonded Debt (1)	Ratio of Net Bonded Debt to Assessed Value
2015-2016	\$ 1,024,160,359	\$ 20,568,298	2.01%

(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	\$ 101,892,473	9.95%
Americold Realty Inc	12,270,110	1.20%
Walmart Real Est Business Trs	9,240,740	0.90%
Murakami Farms Inc	9,378,466	0.92%
HIE Ontario LLC	6,040,000	0.59%
Fry Foods Inc	22,391,270	2.19%
Baker Packing Company	6,106,418	0.60%
HD Development of Maryland, Inc	5,653,215	0.55%
Public utilities		
Idaho Power Co.	41,709,197	4.51%
Union Pacific Railroad Co.	7,081,001	0.77%
All other taxpayers	802,397,469	78.35%
Total assessed value	<u>\$ 1,024,160,359</u>	<u>100.00%</u>

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
CONTINUING DISCLOSURE REQUIREMENTS FOR BONDED DEBT
 For the Year Ended
 June 30, 2016

Summary of General Fund state revenue

	State Sources	State Sources as % of Total Revenues	Total Revenues
2014-2015	\$ 20,338,579	80.85%	\$ 25,155,288

Computation of Legal Debt Margin:

Real market value	\$ 1,131,082,020
Allowable proportion	<u>0.0795</u>
Debt limit: 7.95% of real market value (1)	<u>89,921,021</u>
Amount of debt applicable to debt limit:	
Bonded debt	\$ 26,405,442
Less: amount available in debt service funds	<u>(5,837,144)</u>
Amount of debt applicable to debt limit	<u>20,568,298</u>
Legal debt margin	<u><u>\$ 69,352,723</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, 2016

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600
Revenue from Local Sources						
1110 Ad Valorem Taxes	\$ 3,726,729	\$ -	\$ 1,144,336	\$ -	\$ -	\$ -
1120 Local Option Taxes	-	-	-	-	-	-
1190 Penalties and Interest	203	-	62	-	-	-
1200 Revenue from Local Government Other Than District	-	-	-	-	-	-
1310 Regular Tuition	1,477	-	-	-	-	-
1320 Adult/Continuing Ed Tuition	-	-	-	-	-	-
1330 Summer School Tuition	-	-	-	-	-	-
1400 Transportation Fees	24,109	-	-	-	-	-
1500 Earnings on Investments	56,871	-	39,400	-	-	-
1600 Food Services	-	123,681	-	-	-	-
1700 Extracurricular Activities	53,176	277,198	-	-	-	-
1800 Community Services Activities	-	-	-	-	-	-
1910 Rentals	7,879	-	-	-	-	-
1920 Contributions and Donations	-	3,000	-	-	-	-
1930 Rental or Lease Payments from Private Contractors	-	-	-	-	-	-
1940 Services Provided Other LEAs	-	-	-	-	-	-
1950 Textbook Sales and Rentals	-	-	-	-	-	-
1960 Recovery of Prior Years' Expenditures	-	-	-	-	-	-
1970 Services Provided Other Funds	10,759	-	888,026	-	-	-
1980 Fees Charged to Grants	228,960	-	-	-	-	-
1990 Miscellaneous	65,866	155,872	-	1,042	20,631	-
Total Revenue from Local Sources	4,176,029	559,751	2,071,824	1,042	20,631	-
Revenue from Intermediate Sources						
2101 County School Funds	867	-	-	-	-	-
2102 ESD Apportionment	-	-	-	-	-	-
2105 Natural Gas, Oil and Mineral Receipts	-	-	-	-	-	-
2199 Other Intermediate Sources	-	-	-	-	-	-
2200 Restricted Revenue Intermediate Sources	631,184	-	-	-	-	-
2800 Revenue in Lieu of Taxes	-	-	-	-	-	-
2900 Revenue for/on Behalf of District	-	-	-	-	-	-
Total Revenue from Intermediate Sources	632,051	-	-	-	-	-
Revenue from State Sources						
3101 State School Fund - General Support	20,065,764	-	-	-	-	-
3102 State School Fund - Lunch Match	-	14,864	-	-	-	-
3103 Common School Fund	272,302	-	-	-	-	-
3104 State Managed Timber	-	-	-	-	-	-
3199 Other Unrestricted Grants - State	-	-	-	-	-	-
3204 Driver Education	-	-	-	-	-	-
3222 SSSF Transportation	-	-	-	-	-	-
3299 Other Restricted Grants - State	513	25,035	-	-	-	-
3800 State Revenue in Lieu of Taxes	-	-	-	-	-	-
3900 State Revenue for/on Behalf of District	-	-	-	-	-	-
Total Revenue from State Sources	20,338,579	39,899	-	-	-	-
Revenue from Federal Sources						
4300 Restricted Revenue Direct from Federal Government	-	-	-	-	-	-
4500 Restricted Revenue from Federal Government Through the State	8,629	4,360,089	906,216	-	18,453	-
4900 Revenue for/on Behalf of the District	-	158,247	-	-	-	-
Total Revenue from Federal Sources	8,629	4,518,336	906,216	-	18,453	-
Revenue from Other Sources						
5100 Long-term Debt Financing	-	-	-	-	-	-
5200 Interfund Transfers	-	2,000	-	199,821	-	-
5300 Sale of or Compensation for Loss of Capital Assets	19,249	-	-	-	-	-
5400 Beginning Fund Balance	3,362,601	1,273,171	4,686,463	876,128	4,056	430,286
Total Revenue from Other Sources	3,381,850	1,275,170	4,686,463	1,075,949	4,056	430,286
Grand Totals	\$ 28,537,138	\$ 6,393,156	\$ 7,664,503	\$ 1,076,991	\$ 43,140	\$ 430,286

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF EXPENDITURES (BUDGET BASIS)
GENERAL FUND
For the Year Ended
June 30, 2016

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	\$ 3,201,338	\$ 1,577,045	\$ 43,866	\$ 290,384	\$ -	\$ -	\$ -	\$ 5,112,633
1113 Elementary extracurricular	-	-	-	-	-	-	-	-
1121 Middle and junior high programs	902,731	418,056	9,561	23,416	-	-	-	1,353,764
1122 Middle and junior high school extracurricular	82,386	23,016	7,120	14,790	-	-	-	127,312
1131 High school programs	1,725,468	800,119	40,675	168,627	-	1,906	-	2,736,795
1132 High school extracurricular	228,905	60,425	73,339	42,251	-	12,455	-	417,375
1210 Programs for talented and gifted	4,573	1,101	-	1,442	-	-	-	7,116
1226 Home instruction	-	-	-	-	-	-	-	-
1233 Other designated programs	-	-	-	-	-	-	-	-
1250 Resource rooms	1,244,856	615,285	591,866	28,174	-	-	-	2,480,181
1271 Remediation	-	-	-	-	-	-	-	-
1272 Title 1A/D	-	-	-	-	-	-	-	-
1283 District alternative programs	161,231	88,231	-	9,197	-	-	-	258,659
1288 Charter School	-	-	2,106,740	-	-	-	-	2,106,740
1291 English second language programs	291,247	152,790	7,483	27,622	-	-	-	479,142
1292 Teen parent programs	690	235	-	-	-	-	-	925
1299 Other programs	-	-	-	-	-	-	-	-
1430 High school summer school programs	7,590	2,407	-	-	-	-	-	9,997
Total 1000 instruction	7,851,015	3,738,710	2,880,650	605,903	-	14,361	-	15,090,639
2000 Support services								
2110 Attendance and social work services	-	-	-	-	-	-	-	-
2113 Social work service	-	-	-	-	-	-	-	-
2115 Student safety	1,008	100	125,107	-	-	-	-	126,215
2117 Identification and recruitment of migrant children	-	-	-	-	-	-	-	-
2119 Other attendance and social work services	34,057	21,064	-	-	-	-	-	55,121
2122 Counseling services	288,126	149,444	799	4,254	-	270	-	442,893
2134 Nurse services	-	-	48,285	37	-	-	-	48,322
2139 Other health services	-	-	-	1,047	-	-	-	1,047
2190 Student direction support	136,442	57,005	13,437	250	-	-	-	207,134
2213 Curriculum development	8,587	1,946	6,831	1,006	-	-	-	18,370
2219 Other improvement of instruction services	-	-	-	-	-	-	-	-
2222 Library media center	128,912	97,852	300	12,113	-	-	-	239,177
2223 Multimedia services	-	-	401	882	-	-	-	1,283
2230 Assessment and testing	138,820	76,641	4,641	1,995	-	-	-	222,097
2240 Instructional staff development	157,981	51,128	39,503	7,490	-	-	-	256,102
2310 Board of education	-	-	44,649	7,737	-	18,299	-	70,685
2321 Office of the superintendent services	188,240	89,280	2,313	3,573	-	640	-	284,046
2410 Office of the principal	1,103,621	548,585	36,424	32,294	-	10,128	-	1,731,052
2490 Other support services-school administration	221,395	105,956	-	-	-	-	-	327,351
2521 Fiscal services	95,694	39,462	37,739	11,027	-	2,608	-	186,530
2524 Payroll services	63,405	30,450	-	-	-	-	-	93,855
2525 Financial accounting services	32,807	18,636	-	-	-	-	-	51,443
2541 Operation and maintenance of plant services	78,746	43,213	-	-	-	-	-	121,959
2542 Care and upkeep of building services	687,001	403,368	641,044	155,953	9,587	162,328	-	2,059,281
2543 Care and upkeep of grounds	79,945	47,066	5,586	34,139	-	864	-	167,600
2551 Student transportation services	95,531	55,277	-	-	-	-	-	150,808
2552 Vehicle operation services	401,413	233,722	28,100	104,420	238,541	32,646	-	1,038,842
2559 Other student transportation services	-	-	5,260	-	-	-	-	5,260
2573 Warehouse and distribution	22,135	14,040	-	-	-	-	-	36,175
2620 Planning, research, development services	-	-	-	-	-	-	-	-
2626 Grant writing	-	-	-	-	-	-	-	-
2630 Information services	71,085	44,291	7,989	463	-	-	-	123,828
2633 Public information services	3,000	761	2,981	42	-	-	-	6,784
2640 Staff services	-	-	1,199	-	-	-	-	1,199
2641 Staff services-service area direction	138,330	68,440	5,572	3,189	-	3,036	-	218,567
2660 Technology services	290,059	163,579	47,974	252,586	95,579	375	-	850,152
2700 Supplemental retirement program	88,153	4,844	-	-	-	-	-	92,997
Total 2000 support services	4,554,493	2,366,150	1,106,134	634,497	343,707	231,194	-	9,236,175
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	-	-	46,490	11,129	-	-	-	57,619
Total 4000 facilities acquisition and construction	-	-	46,490	11,129	-	-	-	57,619
5000 Other uses								
5110 Long-term debt service	-	-	-	-	-	-	-	-
5120 Short-term debt retirement	-	-	-	-	-	-	-	-
5200 Transfer of funds	-	-	-	-	-	-	201,821	201,821
Total 5000 other uses	-	-	-	-	-	-	201,821	201,821
6000 Contingencies								
6110 Operating contingency	-	-	-	-	-	-	-	-
Total 6000 contingencies	-	-	-	-	-	-	-	-
Total expenditures	\$ 12,405,508	\$ 6,104,860	\$ 4,033,274	\$ 1,251,529	\$ 343,707	\$ 245,555	\$ 201,821	\$ 24,586,254

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF EXPENDITURES (BUDGET BASIS)
SPECIAL REVENUE FUNDS
For the Year Ended
June 30, 2016

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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1113 Elementary extracurricular	-	-	-	-	-	-	-	-
1121 Middle and junior high programs	-	-	-	-	-	-	-	-
1122 Middle and junior high school extracurricular	-	-	-	-	-	-	-	-
1131 High school programs	1,342	456	593	7,778	-	-	-	10,169
1132 High school extracurricular	-	-	-	-	-	-	-	-
1140 Pre-Kindergarten programs	-	-	-	-	-	-	-	-
1210 Programs for talented and gifted	-	-	-	-	-	-	-	-
1226 Home instruction	-	-	-	-	-	-	-	-
1233 Other designated programs	-	-	-	-	-	-	-	-
1250 Resource rooms	228,976	174,966	3,141	-	-	23,854	-	430,937
1271 Remedial programs	-	-	-	-	-	-	-	-
1272 Title I	747,825	370,467	21,762	21,150	-	78,159	-	1,239,363
1283 District alternative programs	4,067	3,931	-	90	-	-	-	8,088
1288 Charter school	-	-	67,414	-	-	-	-	67,414
1291 English second language programs	12,401	4,168	13,669	898	-	428	-	31,564
1292 Teen parent programs	-	-	-	-	-	-	-	-
1293 Migrant	39,146	10,991	55,007	9,855	-	20,892	-	135,891
1299 Other programs	9,214	2,572	-	246,669	-	-	-	258,455
1300 Adult Education	-	-	-	-	-	-	-	-
1400 Summer school	135,690	38,065	11,983	2,832	-	54	-	188,624
1410 Elementary school	64	22	4,791	3,520	-	2,628	-	11,025
1420 Middle school	-	-	-	-	-	-	-	-
1430 High school	-	-	-	-	-	-	-	-
1440 Primary, K-3 program	-	-	2,494	-	-	5,897	-	8,391
Total 1000 instruction	1,178,725	605,638	180,854	292,792	-	123,387	-	2,389,921
2000 Support services								
2110 Social services	10,381	6,595	872	6,096	-	-	-	23,944
2117 Identification and recruitment	89,530	50,390	4,762	-	-	-	-	144,682
2119 Other attendance and social work services	-	-	-	-	-	-	-	-
2122 Counseling services	104	89	-	-	-	-	-	193
2130 Health services	-	-	-	-	-	-	-	-
2132 Medical services	-	-	-	-	-	-	-	-
2139 Other health services	-	-	-	-	-	-	-	-
2190 Student direction support	35,506	16,294	4,241	2,959	-	48	-	59,048
2213 Curriculum development	-	-	-	-	-	-	-	-
2219 Improvement of instruction services	90,309	47,264	8,182	300	-	1,958	-	148,013
2222 Library media center	-	-	-	-	-	-	-	-
2230 Assessment and testing	-	-	-	-	-	-	-	-
2240 Instructional staff development	31,320	6,104	64,796	3,559	-	10,707	-	116,486
2410 Office of the principal	-	-	-	-	-	-	-	-
2490 Other support services - school administration	-	-	-	-	-	-	-	-
2541 Service area direction	-	-	-	-	-	-	-	-
2542 Care and upkeep of building services	-	-	-	5,130	-	-	-	5,130
2551 Service area direction	-	-	-	-	-	-	-	-
2552 Vehicle operation services	-	-	-	-	-	-	-	-
2626 Grant writing	-	-	-	-	-	-	-	-
2630 Parent center coordinator	25,687	12,996	9,920	9,624	-	1,244	-	59,471
2640 Staff services	-	-	8,470	526	-	-	-	8,996
2660 Technology services	-	-	-	-	-	-	-	-
2700 Supplemental retirement program	-	-	-	-	-	-	-	-
Total 2000 support services	282,839	139,733	101,243	28,194	-	13,957	-	565,963
3000 Enterprise and community services								
3110 Food services director	90,835	48,416	1,940	-	-	65	-	141,256
3120 Food preparation	335,318	186,738	17,778	853,916	62,999	83,088	-	1,539,837
3130 Food delivery	22,823	14,135	1,379	-	-	-	-	38,337
3300 Community services	16,207	5,175	1,523	13,331	-	-	-	36,236
Total 3000 enterprise and community	465,183	254,464	22,620	867,247	62,999	83,153	-	1,755,666
Total expenditures	\$ 1,926,747	\$ 999,835	\$ 304,717	\$ 1,188,234	\$ 62,999	\$ 220,497	\$ -	\$ 4,711,550

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF EXPENDITURES (BUDGET BASIS)
DEBT SERVICE FUNDS
For the Year Ended
June 30, 2016

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	-	-	-	-	-	1,827,112	-	1,827,112
Total 5000 other uses	-	-	-	-	-	1,827,112	-	1,827,112
Total expenditures	\$ -	\$ -	\$ 121	\$ -	\$ -	\$ 1,827,238	\$ -	\$ 1,827,359

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, 2016

Function		100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	Total
2521	Service area direction	\$ -	\$ -	\$ -	\$ -	\$ 738	\$ -	\$ 738
2542	Care and upkeep of building services	-	-	-	-	14,656	-	14,656
2660	Technology services	-	-	-	-	63,250	-	63,250
	Total 2000 support services	-	-	-	-	78,644	-	78,644
4000	Facilities acquisition and construction							
4150	Building acquisition, construction and improvement services	-	-	13,441	-	300,976	-	314,417
	Total 4000 facilities acquisition and construction	-	-	13,441	-	300,976	-	314,417
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	\$ -	\$ -	\$ 13,441	\$ -	\$ 379,620	\$ -	\$ 393,061

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, 2016

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	Total
1000 Instruction							
1283 District alternative programs	\$ -	\$ -	\$ -	\$ 1,831	\$ -	\$ -	\$ 1,831
1292 Teen parent programs	22,023	4,867	-	4,206	-	621	31,717
Total 1000 instruction	<u>22,023</u>	<u>4,867</u>	<u>-</u>	<u>6,037</u>	<u>-</u>	<u>621</u>	<u>33,548</u>
2000 Support services							
2190 Student direction support	-	-	1,013	-	-	-	1,013
Total 2000 support services	<u>-</u>	<u>-</u>	<u>1,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,013</u>
Total expenditures	<u>\$ 22,023</u>	<u>\$ 4,867</u>	<u>\$ 1,013</u>	<u>\$ 6,037</u>	<u>\$ -</u>	<u>\$ 621</u>	<u>\$ 34,561</u>

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
SCHEDULE OF EXPENDITURES (BUDGET BASIS)
INTERNAL SERVICE FUND
 For the Year Ended
 June 30, 2016

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	\$ -	\$ 1,411	\$ -	\$ -	\$ -	\$ -	\$ 1,411
Total 2000 support services	<u>-</u>	<u>1,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,411</u>
Total expenditures	<u>\$ -</u>	<u>\$ 1,411</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,411</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, 2016

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

	Objects 325 & 326
Function 2540	\$ 382,324
Function 2550	5,591

- 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

\$ 69,511

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, 2016, 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, 2016.

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 except as follows:

1. The district did not fully comply with ORS 294.456(6). Expenditures exceeded budgeted appropriations for the year ended June 30, 2016 as follows:

Medicaid Reimbursement Fund	Support services	\$1,293
OHS Teen Parent Program	Support services	13

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.

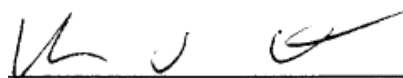
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and 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, 2016

ONTARIO SCHOOL DISTRICT NO. 8C

SINGLE AUDIT

For the Year Ended June 30, 2016

ONTARIO SCHOOL DISTRICT NO. 8C
SINGLE AUDIT
June 30, 2016

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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, 2016

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>							
National School Lunch Program, School Breakfast	* 10.553	N/A	\$ (8,243)	\$ 447,208	\$ -	\$ 438,965	\$ 438,965
National School Lunch Program, Sec 4 and 11	* 10.555	N/A	(20,376)	1,096,132	-	1,075,756	1,075,756
Child Nutrition Programs-Commodity Distribution	* 10.555	N/A	-	157,427	-	157,427	157,427
Summer Food Service Program	* 10.559	N/A	(56,802)	105,694	62,639	111,531	111,531
Child Nutrition Programs-Commodity Distribution	* 10.559	N/A	-	819	-	819	819
<i>Total Child Nutrition Cluster</i>			(85,421)	1,807,280	62,639	1,784,498	1,784,498
Fresh Fruit and Vegetable Program	10.582	N/A	-	82,982	3,042	86,024	86,024
State Administrative Expenses for Child Nutrition	10.560	N/A	-	-	3,149	3,149	3,149
Total Department of Agriculture			(85,421)	1,890,262	68,830	1,873,671	1,873,671
U.S. Department of Education							
<i>Special Education Cluster</i>							
Passed through Oregon Department of Education							
Special Education - Grants to States	84.027	38138	-	-	5,800	5,800	5,800
Special Education - Grants to States	84.027	38727	-	-	2,829	2,829	2,829
Special Education - Grants to States	84.027	36939	-	-	308,034	308,034	308,034
Special Education - Grants to States	84.027	33351	(287,778)	287,778	119,250	119,250	119,250
Special Education - Grants to States	84.027	32190	(308)	308	201	201	201
Special Education - Grants to States	84.027	38396	-	-	2,343	2,343	2,343
Special Education - Grants to States	84.027	35788	-	-	900	900	900
Special Education - Preschool Grants	84.173	33512	-	-	2,497	2,497	2,497
Special Education - Preschool Grants	84.173	37231	-	-	246	246	246
Passed through Malheur County Education Service District							
Special Education - Grants to States	84.027	N/A	-	693	(693)	-	-
<i>Total Special Education Cluster</i>			(288,086)	288,779	441,407	442,100	442,100
Passed through Oregon Department of Education							
Title I Grants to Local Education Agencies	84.010	32650	(746,760)	965,478	71,066	289,784	289,784
Title I Grants to Local Education Agencies	84.010	28192	(16,169)	107,368	-	91,199	91,199
Title I Grants to Local Education Agencies	84.010	36041	-	-	1,055,193	1,055,193	1,055,193
<i>Total Title I</i>			(762,929)	1,072,846	1,126,259	1,436,176	1,436,176
Migrant Education - State Grant Program	84.011	35111	(1,624)	103,334	-	101,710	101,710
Migrant Education - State Grant Program	84.011	37724	-	-	192,765	192,765	192,765
Migrant Education - State Grant Program	84.011	33606	(132,486)	205,603	42,171	115,288	115,288
Migrant Education - State Grant Program	84.011	29965	(13,304)	52,681	-	39,377	39,377
Migrant Education - State Grant Program	84.011	29984	-	-	54	54	54
Migrant Education - State Grant Program	84.011	33578	(80)	25,635	-	25,555	25,555
Migrant Education - State Grant Program	84.011	40020	-	-	982	982	982
<i>Total Migrant Education</i>			(147,494)	387,253	235,972	475,731	475,731
Special Education - State Personnel Development Grant	84.323	37329	-	-	12,779	12,779	12,779
Special Education - State Personnel Development Grant	84.323	37397	-	-	2,078	2,078	2,078
Special Education - State Personnel Development Grant	84.323	32727	-	3,844	-	3,844	3,844
<i>Total State Personnel Development Grant</i>			-	3,844	14,857	18,701	18,701
Elementary and Secondary Education Act-Title VI, Part B, Rural Education Act	84.358	29941	178	-	-	178	178
Elementary and Secondary Education Act-Title VI, Part B, Rural Education Act	84.358	33862	(3,981)	44,959	-	40,978	40,978
Elementary and Secondary Education Act-Title VI, Part B, Rural Education Act	84.358	37772	-	-	22,433	22,433	22,433
<i>Total Rural Education Act</i>			(3,803)	44,959	22,433	63,589	63,589
English Language Acquisition Grant	84.365	32352	(595)	13,390	7,854	20,649	20,649
English Language Acquisition Grant	84.365	30037	(294)	5,393	-	5,099	5,099
English Language Acquisition Grant	84.365	32829	-	2,666	(1,792)	874	874
English Language Acquisition Grant	84.365	36351	-	-	12,072	12,072	12,072
<i>Total English Language Acquisition Grant</i>			(889)	21,449	18,134	38,694	38,694
Improving Teacher Quality State Grants	84.367	28710	(4,561)	12,439	-	7,878	7,878
Improving Teacher Quality State Grants	84.367	25540	(545)	545	-	-	-
Improving Teacher Quality State Grants	84.367	36238	-	-	138,006	138,006	138,006
Improving Teacher Quality State Grants	84.367	32974	(97,114)	114,988	12,147	30,021	30,021
<i>Total Improving Teacher Quality State Grants</i>			(102,220)	127,972	150,153	175,905	175,905
Passed through Wallowa County ESD							
Elementary and Secondary Education Act, Title IIB	84.366	N/A	(12,676)	15,074	-	2,398	2,398
Total Department of Education			(1,318,097)	1,962,176	2,009,215	2,653,294	2,653,294
U.S. Department of Health and Human Services							
Passed through Oregon Department of Education							
Child Care and Development Block Grant	93.575	N/A	-	18,453	-	18,453	18,453
Total Department of Health and Human Services			-	18,453	-	18,453	18,453
Total federal assistance			\$ (1,403,518)	\$ 3,870,891	\$ 2,078,045	\$ 4,545,418	\$ 4,545,418

* 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, 2016

Note A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Ontario School District No. 8c under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the district, it is not intended to and does not present the net position, changes in net position, or cash flows of the district.

Note B. Summary of Significant Accounting Policies

Expenditures and receipts reported on the schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or not be allowable or may be limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The district has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C. Subrecipients

The district did not pass any federal funds to subrecipients for the fiscal year ended June 30, 2016.

Note D. 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, 2016 is \$906,216.

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2016

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 2 CFR 200.516(a).

Identification of Major Programs

U.S. Department of Agriculture

Child Nutrition Cluster

National School Lunch - School Lunch	10.555	\$1,233,183
National School Lunch – Breakfast	10.553	438,965
Summer Food Service Program	10.559	112,350

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

Type A programs are the programs with total program expended funds of \$750,000 or more.

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2016

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 for the year ending June 30, 2016 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, 2015 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 2 CFR 200.516(a) for the year ended June 30, 2016.

Prior Year Findings

The audit for the year ended June 30, 2015 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, 2016, 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, 2016.

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.

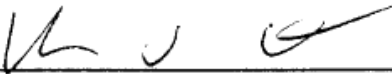
Compliance and Other Matters

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*.

Purpose of this Report

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, 2016



Certified Public Accountants, PC

George W. Wilber, CR.FA, CPA
Kari J. Ott, CPA
Cara R. Wilber, CPA

Robert M. Armstrong, CPA
Jessica A. Knowles, CPA
Mitch T. Saul, CPA
Amy K. Walker, CPA
Anna K. Bass

Arlie W. Oster, CPA (1931-1998)
Deborah A. Arntz, MBA, EA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

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

We have audited the compliance of Ontario School District No. 8C with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Ontario School District No. 8C's major federal programs for the year ended June 30, 2016. 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

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Ontario School District No. 8C's major federal programs based on our audit of the types of compliance requirements referred to above. 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; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 the Uniform Guidance 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. An 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 audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Ontario School District No. 8C's compliance.

Opinion on Each Major Federal Program

In our opinion, Ontario School District No. 8C complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of Ontario School District No. 8C is responsible for establishing and maintaining effective internal control over compliance with requirements referred to above. In planning and performing our audit, we considered Ontario School District No. 8C's internal control over compliance with the types requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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

Oster Professional Group, CPA's, LLP

By 

Burns, Oregon
December 31, 2016