

ONTARIO SCHOOL DISTRICT 8C

**INDEPENDENT AUDITORS' REPORT,  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2006





ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
June 30, 2006

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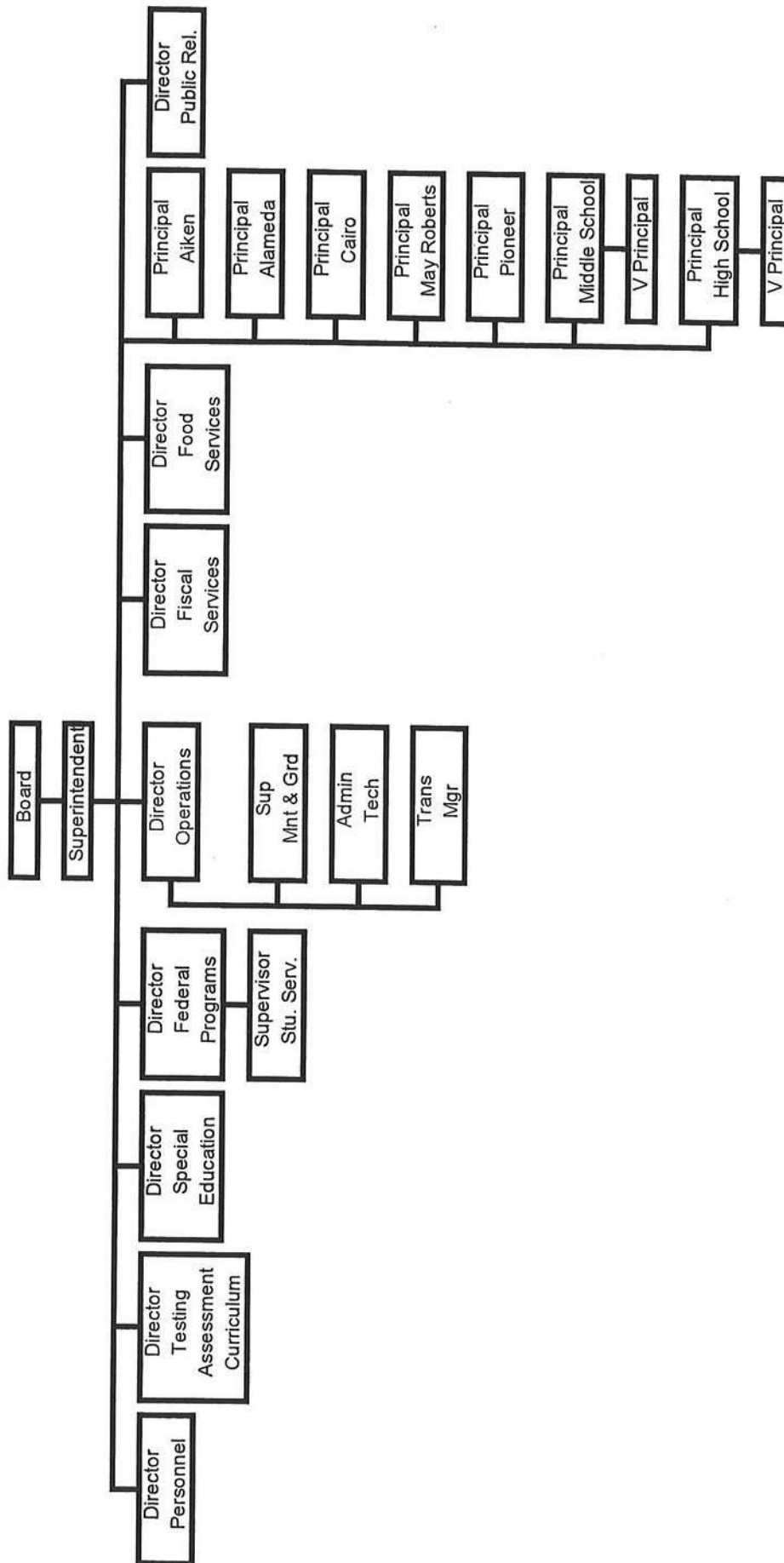
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## INTRODUCTORY SECTION

# Ontario School District Organizational Chart



ONTARIO SCHOOL DISTRICT 8C  
Ontario, Malheur County, Oregon  
**BOARD OF DIRECTORS AND OFFICIALS**  
June 30, 2006

<u>Name</u>	<u>Position</u>
John H. Phillips, M.D. Ontario, OR	Chairperson
Pamela Russell Ontario, OR	Vice-Chairperson
Evelyn Dame Ontario, OR	Director
Dr. Ann Easley-DeBisschop Ontario, OR	Director
Cliff Bentz Ontario, OR	Director

ADMINISTRATIVE STAFF

Dr. Dennis L. Carter	Superintendent
Cheri Siddoway	Fiscal Services Manager

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## FINANCIAL SECTION





Certified Public Accountants, PC

George W. Wilber, CPA, MS  
Robert M. Armstrong, CPA

Arlie W. Oster, CPA (1931-1998)  
Daniel J. Hobson, CPA

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ontario School District No. 8C as of and for the year ended June 30, 2006, which collectively comprise the district's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ontario School District No. 8C, management. Our responsibility is to express an opinion 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ontario School District No. 8C, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 13 and 19 through 22, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 8, 2006, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Ontario School District No. 8C's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules listed in the table of contents 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not required part of the basic financial statements of Ontario School District No. 8C. Such information 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.

*Oster Professional Group, CPA's, PC*

By 

Burns, Oregon  
November 8, 2006



**Ontario School District**  
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**Equal Opportunity Employer**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **For the fiscal year ended June 30, 2006**

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, 2006. 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 \$28.8MM and liabilities of \$11.4MM. Of the \$17.4 in net assets, \$6.6MM is invested in capital assets, \$8.5K is restricted for debt service, \$2.8MM is restricted for pension obligations, and \$7.9MM is unrestricted and available to meet the District's ongoing obligations.
- The District's Net Assets increased by \$1.2MM during the fiscal year.
- The District had \$24.3MM in expenses; \$5.2MM of these expenses were offset by program specific charges for services, grants or contributions. The remaining \$19.5MM is made up of General Fund revenues which consists primarily of taxes, state school support and interest.
- The District's governmental funds report combined ending fund balance of \$6.3MM. This is a \$1.2MM 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 assets and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of 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.

**ONTARIO SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the fiscal year ended June 30, 2006**

**Features of Government-Wide and Fund Financial Statements**

	<b>Government-Wide Statements</b>	<b>Fund Statements-Governmental Funds</b>
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary
Required Financial Statements	Statement of Net Assets (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 thereafter

Information is included to support and explain the data in the basic financial statements. Schedules include: Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for all Major Funds (pages 32 & 33), Combining Balance Sheet – Nonmajor Governmental Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balance-Non Major Funds.

**ONTARIO SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the fiscal year ended June 30, 2006**

**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 GASB34.

	Modified Accrual	Full Accrual
<b>Revenue</b>	<p>Available and measurable.</p> <p>Available within 60 days of year end.</p> <p>Record revenue if payment is received during year or soon after (within 60 days) and is used to pay current years liabilities</p>	<p>Earned and measurable.</p> <p>Earned is 'reasonably certain to be collected'</p>
<b>Expense</b>	<p>Recognize in the accounting period in which the fund liability is incurred, and measurable.</p> <p>Records expenditures.</p> <p>Outflow of cash, or promise to pay for goods and services that have been received.</p>	<p>Recognize in the accounting period in which the liability is incurred and measurable.</p> <p>Records expenses.</p> <p>Decreases in net assets resulting from the using up or outflows of assets in the course of operating a district and providing goods and services.</p>

**STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES**

The statement of net assets 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 years 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 assets 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



**ONTARIO SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the fiscal year ended June 30, 2006**

property tax base, reduction in state school funds, facility conditions, maintenance of effort requirements, school district enrollment, and other factors.

In the statement of net assets and the statement of activities, all District activities are classified as "Governmental Activities".

**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 2006 were the General Fund and the Federal Programs 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 year end 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 assets may serve over time as a useful indicator of a government's financial position. The districts assets exceeded liabilities by \$17.4 MM at June 30, 2006, an increase of \$1.2MM over the prior period.

The District's total assets totaled \$28.8MM. Prepaid pension contribution assets of \$12.1MM represent 42% of total assets. Capital assets net of accumulated depreciation, which consist of the District's land, buildings, building improvements, vehicles, and equipment, total \$6.6 MM and comprise 23% of total assets. The remaining assets consist mainly of investments, cash, and receivables.

The District's total liabilities totaled \$11.4MM. The largest liability is for the repayment of the OPERS Unfunded Actuarial Liability (UAL) bond. Current liabilities of \$1.6MM represent 14% of the district total liabilities. Current liabilities consist of payables on account, salaries and benefits, deferred revenue, and the current portion of long-term debt.

**ONTARIO SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the fiscal year ended June 30, 2006**

A large portion of the District's net assets (40%) 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.

<b>ONTARIO SCHOOL DISTRICT NO. 8C NET ASSETS AS OF JUNE 30, 2006</b>			
	<u>Governmental Activities</u>		
	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease) from Fiscal 2005</u>
Current Assets	\$ 9,959,352	\$ 8,770,255	\$ 1,189,097
Long-Term Assets	12,285,581	12,339,647 *	(54,066)
Capital Assets	6,615,936	6,728,060	(112,124)
Total Assets	<u>28,860,869</u>	<u>27,837,962</u>	<u>1,022,907</u>
Current Liabilities	1,631,345	1,667,990	(36,645)
Long-Term Debt	9,817,023	9,968,673	(151,650)
Total Liabilities	<u>11,448,368</u>	<u>11,636,663</u>	<u>(188,295)</u>
Net Assets:			
Invested in capital assets, net of related debt	6,615,936	6,728,060	(112,124)
Restricted for debt service	8,531	4,324	4,207
Restricted for pension obligation	2,823,171	2,751,705 *	71,466
Unrestricted	7,964,863	6,717,210	1,247,653
Total Net Assets	<u>\$ 17,412,501</u>	<u>\$ 16,201,299</u>	<u>\$ 1,211,202</u>
*Includes items restated for PERS pension asset actuarial valuation			

**REVENUES AND EXPENSES**

Key components of governmental revenues and expenses for the year ending June 30, 2006 are as follows:

- Revenue from the State School Fund comprises the largest portion of the district's revenue. The revenue for fiscal year 2006 was \$16.4MM compared to \$15.3MM in fiscal year 2005.
- Operating grants increased by \$281K as a result of an increase in federal grant awards in the Title programs.

**ONTARIO SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the fiscal year ended June 30, 2006**

- Expenditures for government activities increased by \$2.06MM or 9.1% over the prior year, due in part to increased salaries and benefits, increased ESL staff and increased spending for capital improvements including classroom equipment and furniture.

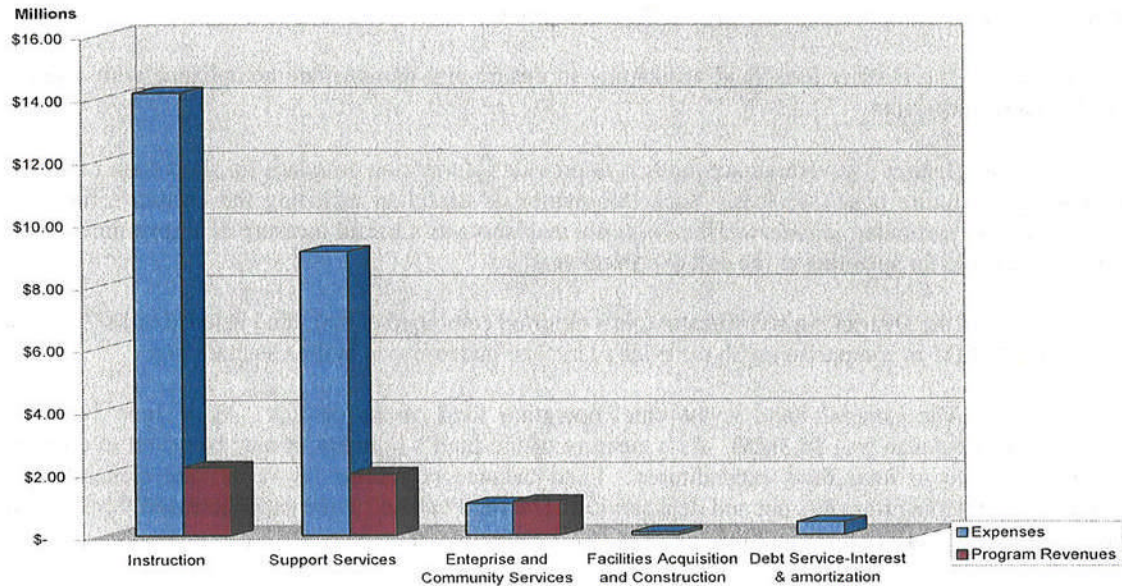
	<u>Governmental Activities</u>		<b>Increase (Decrease) from Fiscal 2005</b>
	<u>2006</u>	<u>2005</u>	
<b>Revenues:</b>			
Program Revenues:			
Charges for services	\$ 666,732	\$ 625,112	\$ 41,620
Operating grants and contributions	4,558,480	4,277,073	281,407
Capital grants and contributions	12,000	14,888	(2,888)
General Revenues			
Property Taxes	2,980,276	2,780,624	199,652
State School Fund - General Support	16,450,491	15,347,253	1,103,238
Other state and local sources	216,621	137,586	79,035
Earnings on Investments	450,926	1,779,583 *	(1,328,657)
Other	201,770	396,273	(194,503)
Total Revenues	<u>25,537,296</u>	<u>25,358,392</u>	<u>178,904</u>
<b>Expenses:</b>			
Instruction (Regular, Special, Adult, Summer)	14,152,383	12,924,780	1,227,603
Support Services	9,078,118	6,901,083 *	2,177,035
Enterprise and community services	1,016,961	910,798	106,163
Facilities acquisition and construction	94,066	164,473	(70,407)
Interest on long-term debt	404,708	401,927	2,781
Total Expenses	<u>24,746,236</u>	<u>21,303,061</u>	<u>3,443,175</u>
Increase in net assets	<u>791,060</u>	<u>4,055,331</u>	<u>(3,264,271)</u>
Net Assets - July 1	<u>13,249,624</u>	<u>12,145,968</u>	<u>1,103,656</u>
Net Assets - June 30	<u>\$ 14,040,684</u>	<u>\$ 16,201,299</u>	<u>\$ (2,160,615)</u>
*Includes restatements of PERS Pension asset valuation activity 12/31/04.			

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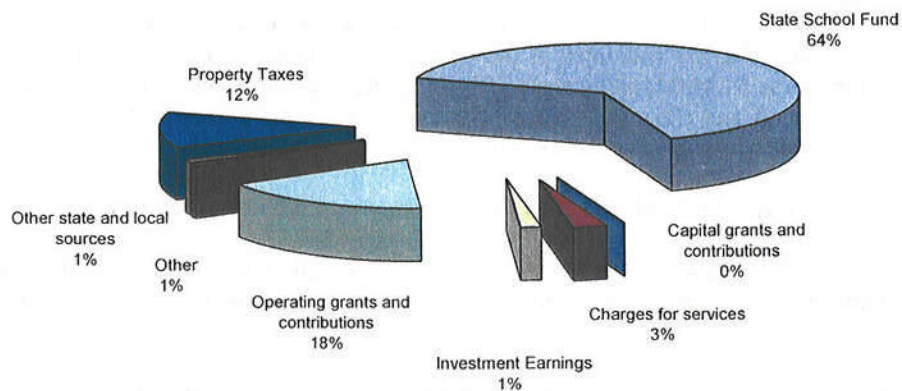


# ONTARIO SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS For the fiscal year ended June 30, 2006

**Expenses and Program Revenues - Governmental Activities**



**Revenues by Source - Governmental Activities**



# ONTARIO SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS For the fiscal year ended June 30, 2006

## 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, *unreserved 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, 2006, the District's governmental funds reported combined ending fund balance of \$8.2MM, an increase of \$1.3MM in comparison with the prior year. The increase was in the General Fund.

*General Fund.* The General Fund is the chief operating fund of the district. As of June 30, 2006, unreserved fund balance was \$6.3MM. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 33 % of total General Fund expenditures, including transfers out and debt service. The fund balance percentage increased from 27% of total General Fund expenditures in 2005.

The fund balance increased by \$1.2MM during the current fiscal year. This growth can be attributed to stronger than anticipated tax collections, and an aggressive cost saving initiative by the board and administration in light of unpredictable state revenues including cost savings realized by not filling all budgeted staff positions.

*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 a 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, 2006, the fund had deferred revenue of \$2,361 and accounts receivable of \$700K.

*Other Governmental Funds.* Food Services, State and Local Grants, Bus Replacement, Equipment Replacement, Technology, Classroom Needs Grant, Building Improvement, Alternative Education, and Debt Service are all funds that are contained in the Other Governmental Funds category. Ending fund balance for these funds was \$1.9MM, an increase of \$18K. The Food Services Fund increased by \$88K. The Bus Replacement fund and Classroom Needs Grant fund balances decreased by \$34K and \$33K, respectively, as these funds were liquidated and closed.

## 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 2005-06 fiscal year, the Board adopted one resolution that affected the general fund. This resolution transferred \$75,000 from contingency to the support services function. The transfer allowed the district to pay for the fuel spill cleanup at Pioneer Elementary School.

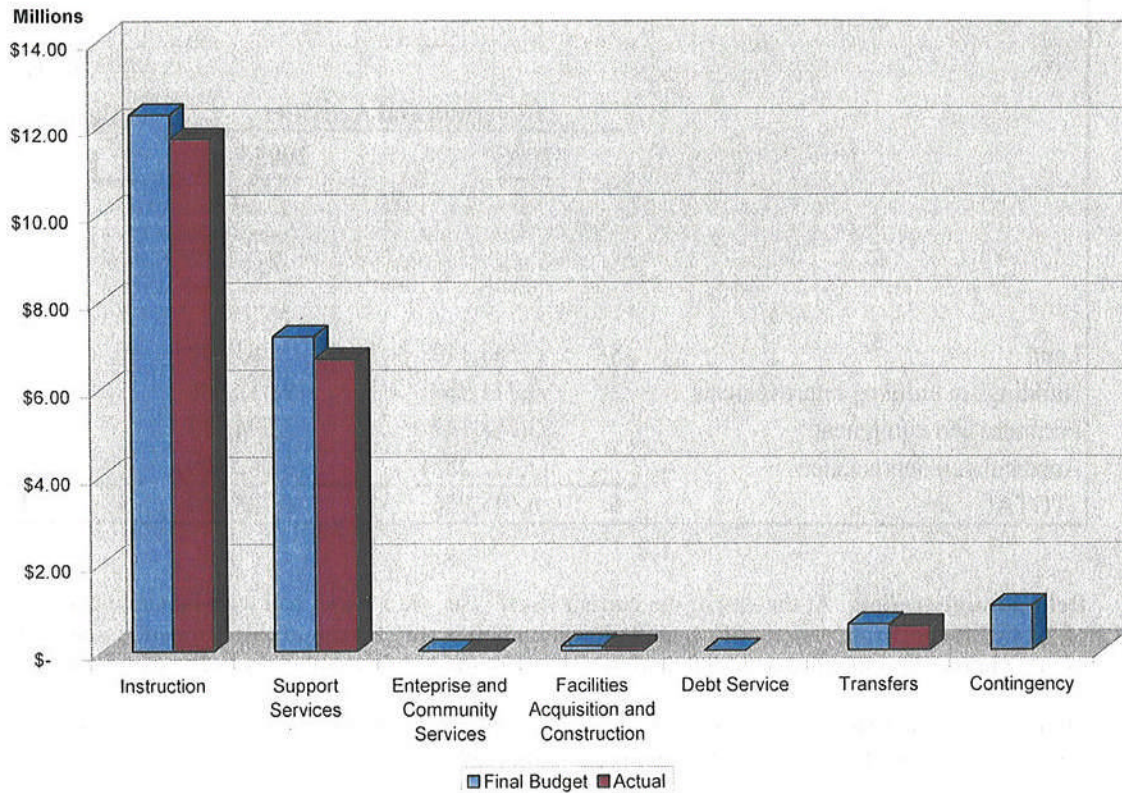
For the General Fund, the final budget revenue basis was \$19,465,704. The actual amount of revenue received was \$20,200,658.



# ONTARIO SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS For the fiscal year ended June 30, 2006

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

**Actual Expenditures vs. Final Budget - General Fund**



## 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, 2006 the District had invested approximately \$6.6MM in capital assets, net of depreciation, as shown in the following table.

**ONTARIO SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the fiscal year ended June 30, 2006**

<b>ONTARIO SCHOOL DISTRICT NO. 8C</b>			
<b>Capital Assets (net of depreciation)</b>			
	<b>Governmental Activities</b>		<b>Increase (Decrease) from</b>
	<u><b>2006</b></u>	<u><b>2005</b></u>	<u><b>Fiscal 2005</b></u>
Land	\$ 563,110	\$ 563,110	\$ -
Buildings & building improvements	9,711,969	9,532,946	179,023
Furniture and equipment	3,768,142	3,594,113	174,030
Accumulated depreciation	(7,427,285)	(6,962,109)	(465,176)
<b>TOTAL</b>	<b>\$ 6,615,936</b>	<b>\$ 6,728,060</b>	<b>\$ (112,123)</b>

**Debt administration.** At the end of the current fiscal year, the District had total bonded debt outstanding of \$9.4MM, consisting entirely of pension obligation bonds net of unamortized discount, issued in October of 2002 to pay the unfunded actuarial liability to the Oregon Public Employees Retirement System.

During the current fiscal year, the bonded debt decreased by \$71,466. The decrease was consistent with timely principal payments and amortization of the discount.

**CURRENT FINANCIAL ISSUES AND CONCERNS**

The most significant economic factor for the District is the State of Oregon's State School fund. For the year ended June 30, 2006, the State School Fund – General Support, provided 64% of the District's program resources.

Salaries and benefit costs are expected to increase in 2006-07, based on current contractual obligations. The PERS contribution rates are also expected to increase in July of 2007.

The District failed to pass a \$30MM bond issue in November of 2005 to build a new high school. The District is anticipating significant expenditures to perform maintenance and enhancement projects at the high school as a result of the bond failure.

District attendance is expected to increase slightly.

The District's Budget Committee and School Board considered these factors while preparing the District's budget for the 2006-07 fiscal year.

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

**ONTARIO SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the fiscal year ended June 30, 2006**

firmly in place and the District plans to continue its sound fiscal management to meet the challenges of the future.

**CONTACTING THE DISTRICTS' 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 Fiscal Services Manager at 195 SW 3<sup>rd</sup> Ave, Ontario, OR.

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## GOVERNMENT-WIDE FINANCIAL STATEMENTS



ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF NET ASSETS**  
 For the Year Ended  
 June 30, 2006

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 9,050,530
Receivables	
Taxes	197,295
Accounts	711,527
Prepaid pension contribution	12,194,791
Bond issuance costs	90,790
Capital assets	
Land	563,110
Buildings & building improvements	9,711,969
Furniture and equipment	3,768,142
Accumulated depreciation	<u>(7,427,285)</u>
 Total assets	 <u>28,860,869</u>
 <b>LIABILITIES</b>	
Accounts payable	30,795
Accrued liabilities	
Payroll, payroll taxes, insurance	1,511,247
Short-term notes payable	-
Early retirement obligation	542,987
Deferred revenue	2,361
Bonds payable, net of unamortized premium	
Due within one year	89,303
Due in more than one year	9,282,317
Unamortized original issue discount	<u>(10,642)</u>
Total liabilities	<u>11,448,368</u>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	6,615,936
Restricted for debt service	8,531
Restricted for pension obligation	2,823,171
Unrestricted (deficit)	7,964,863
 Total net assets	 <u><u>\$ 17,412,501</u></u>



ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

**STATEMENT OF ACTIVITIES**

For the Year Ended

June 30, 2006

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Assets
		Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
Regular programs	\$ 9,285,908	\$ 9,874	\$ 12,000	\$ 262,851	\$ (9,001,183)
Special programs	4,656,870	-		1,892,966	(2,763,904)
Adult/continuing education	14,917	-			(14,917)
Summer school programs	194,688	13,950		182,236	1,498
Students	822,598	-		303,985	(518,613)
Instructional staff	1,356,145	-		765,273	(590,872)
General administration	368,439	-		-	(368,439)
School administration	1,534,591	-		32,049	(1,502,542)
Business services	3,556,944	10,711		22,227	(3,524,006)
Central activities	933,513	467,948		172,883	(290,086)
Supplemental retirement program	85,746	0		-	(85,746)
Enterprise & community services	1,016,961	164,249		924,009	71,297
Facilities acquisition & construction	94,066	-		-	(94,066)
Debt service-interest & amortization	404,708	-		-	(404,708)
Total governmental activities	<u>\$ 24,326,094</u>	<u>\$ 666,732</u>	<u>\$ 12,000</u>	<u>\$ 4,558,480</u>	(19,088,882)
GENERAL REVENUE					
Property taxes for general purposes					2,980,260
Property taxes for debt service					16
State school fund-general support					16,436,302
State school fund-unrestricted					14,189
Common school fund					214,025
County school fund					2,596
Gain (loss) on sale of capital assets					6,493
Earnings on investments					450,926
Miscellaneous					195,277
Total general revenues					<u>20,300,084</u>
Change in net assets					1,211,202
Net assets - June 30, 2005 beginning					13,249,624
Restatement for pension asset valuation					2,951,675
Net assets - June 30, 2005 restated					<u>16,201,299</u>
Total net assets - June 30, 2006					<u>\$ 17,412,501</u>

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FUND FINANCIAL STATEMENTS

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2006

	General	Federal Programs	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and investments	\$ 7,502,133		\$ 1,970,674	\$ 9,472,806
Receivables				
Property tax	197,295	)		197,295
Grants		\$ 700,525		700,525
Other	11,002			11,002
Inventory				-
Prepaid insurance				-
Restricted assets				
Cash				-
Fixed assets				-
Amount available in debt service fund				-
Amount to be provided for long-term debt				-
Total assets	<u>\$ 7,710,430</u>	<u>\$ 700,525</u>	<u>\$ 1,970,674</u>	<u>\$ 10,381,629</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities</b>				
Accounts payable	\$ 18,166		\$ 12,629	\$ 30,795
Accrued liabilities	1,282,186	\$ 197,122	31,941	1,511,249
Cash deficit balance		501,042		501,042
Retainage payable				-
Deferred revenues	159,485	2,361		161,845
Due to student groups				-
Early retirement obligation				-
Obligation under installment contract				-
Capital leases				-
Total liabilities	<u>1,459,837</u>	<u>700,525</u>	<u>44,570</u>	<u>2,204,931</u>
<b>Fund equity</b>				
Investment in general fixed assets	-	-	-	-
Fund balances				
Reserved for prepaid insurance	-	-	-	-
Reserved for inventory	-	-	-	-
Reserved for debt service	-	-	-	-
Undesignated		-		-
Total fund equity	<u>6,250,594</u>	<u>(0)</u>	<u>1,926,104</u>	<u>8,176,697</u>
Total liabilities and fund equity	<u>\$ 7,710,430</u>	<u>\$ 700,525</u>	<u>\$ 1,970,674</u>	<u>\$ 10,381,629</u>

ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**RECONCILIATION OF GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO STATEMENT OF NET ASSETS**  
 For the Year Ended  
 June 30, 2006

Total fund balances		\$ 8,176,691
Capital assets are not financial resources and therefore, are not reported in the governmental funds.		
Cost	\$ 14,043,223	
Accumulated depreciation	<u>(7,427,285)</u>	6,615,938
Pension assets not included in fund financial statements		12,194,791
Certain delinquent property taxes not collected for several months after year end is not considered available revenue and is deferred in the governmental funds		159,485
The unamortized portion of issuance costs is not available to pay for current period expenditures and therefore, is not reported in the governmental funds.		90,790
The original issue discount		10,642
Internal service funds		78,766
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	(9,371,615)	
Early retirement obligation	<u>(542,987)</u>	
	-	<u>(9,914,602)</u>
Total net assets		<u>\$ 17,412,501</u>

See notes to basic financial statements



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, 2006

	General	Federal Programs	Other Governmental Funds	Total
<b>Revenues</b>				
Taxes	\$ 3,059,712	\$ -	\$ 16	\$ 3,059,728
Local sources	526,715	-	792,861	1,319,576
Intermediate sources	14,096	-	5,449	19,545
State sources	16,653,382	-	23,120	16,676,502
Federal sources	-	3,583,442	924,009	4,507,451
Other sources	-	-	-	-
<b>Total revenues</b>	<u>20,253,905</u>	<u>3,583,442</u>	<u>1,745,455</u>	<u>25,582,802</u>
<b>Expenditures</b>				
Instruction				
Regular programs	8,980,846	234,754	105,126	9,320,725
Special programs	2,743,742	1,870,035	43,093	4,656,870
Summer school programs	-	182,236	27,370	209,605
Supporting services				-
Students	499,032	303,985	19,581	822,598
Improvement of instruction	571,873	765,273	19,000	1,356,145
General administration	368,439	-	-	368,439
School administration	1,499,783	32,049	2,759	1,534,591
Business services	2,989,518	22,227	175,505	3,187,250
Central activities	582,558	172,883	179,639	935,080
Supplemental retirement program	150,928	-	-	150,928
Community services	-	-	1,032,641	1,032,641
Facilities acquisition and construction	97,174	-	187,715	284,889
<b>Total expenditures</b>	<u>18,483,892</u>	<u>3,583,442</u>	<u>1,792,428</u>	<u>23,859,763</u>
Excess of revenues over (under) expenditures	<u>1,770,013</u>	<u>-</u>	<u>(46,973)</u>	<u>1,723,039</u>
Other financing sources (uses)				
Debt service	-	-	(471,633)	(471,633)
Grant indirect charges	-	-	-	-
Sale of assets	6,493	-	-	6,493
Transfers in (out)	(537,489)	-	537,489	-
<b>Total other financing sources (uses)</b>	<u>(530,997)</u>	<u>-</u>	<u>65,857</u>	<u>(465,140)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>1,239,016</u>	<u>-</u>	<u>18,884</u>	<u>1,257,899</u>
Available fund balance, July 1	<u>5,011,578</u>	<u>(0)</u>	<u>1,907,220</u>	<u>6,918,792</u>
Available fund balance, June 30	<u>\$ 6,250,594</u>	<u>\$ (0)</u>	<u>\$ 1,926,104</u>	<u>\$ 8,176,691</u>

See notes to financial statements.

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

For the Year Ended  
 June 30, 2006

Net change in fund balance	\$ 1,257,899
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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	419,037	
Less current year depreciation	<u>(529,161)</u>	(110,124)

The fund financial statements report early retirement obligations as expended, however the statement of activities reflects only the net change in early retirement obligations.	65,182
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Long-term debt proceeds are reported as other financing sources in governmental funds. In the statement of Net Assets, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets. This is the amount by which proceeds exceeded repayments.

Debt issued	-	
Debt principal repaid	71,466	71,466

Governmental funds report the effect of issuance costs, premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences.

Amortization of issuance costs on bonds issued.	(4,535)
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Internal service funds are used by the district to charge the costs of unemployment insurance to individual funds. The net revenue of the internal service funds is reported with governmental activities.

12,765

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.

(81,452)

CHANGE IN NET ASSETS

\$ 1,211,201

ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF NET ASSETS**  
 Proprietary Funds  
 June 30, 2006

	Governmental Activities <u>Internal Service Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 78,766
Receivables	
Taxes	-
Accounts	-
Total assets	<u>78,766</u>
<b>LIABILITIES</b>	
Accounts payable	-
Total liabilities	<u>-</u>
<b>NET ASSETS</b>	
Unrestricted (deficit)	78,766
Total net assets	<u><u>\$ 78,766</u></u>



ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET ASSETS**

Proprietary Funds  
 For the year ended June 30, 2006

	Governmental Activities <u>Internal Service Funds</u>
Operating Revenue	
Charges for services	\$ 24,167
Operating expenses	
Employee benefits	<u>14,691</u>
Total operating expenses	<u>14,691</u>
Operating income	9,476
Nonoperating income	
Earnings on investments	<u>3,288</u>
Total nonoperating income	<u>3,288</u>
Income (loss) before transfers	<u>12,764</u>
Transfer In	<u>-</u>
Change in net assets	<u>12,764</u>
Total net assets - beginning	66,002
Total net assets - ending	<u><u>\$ 78,766</u></u>

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

**STATEMENT OF CASH FLOWS**

Proprietary Funds

For the year ended June 30, 2006

	Governmental Activities <u>Internal Service Funds</u>
Cash flows from operating activities	
Receipts from interfund services provided	\$ 24,167
Payments for employee benefits	(14,691)
Net cash provided by operating activities	<u>9,476</u>
Cash flows from noncapital financing activities	
Transfer in to pay employee benefits	-
Cash flows from investing activities	
Interest received	3,289
Net increase in cash and cash equivalents	<u>12,765</u>
Cash and cash equivalents - beginning	66,001
Cash and cash equivalents - ending	<u>\$ 78,766</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 9,476
Net cash provided by operating activities	<u>\$ 9,476</u>

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2006

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 business manager.

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 Assets 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 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 Activities. Program revenues include: (1) charges to students or other for tuition, fees, rentals, material, 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, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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



ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2006

**Fund Financial Statements**

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

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 - Special revenue funds are 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.

Additionally, the district reports the following fund types:

Debt Service Funds - The debt service funds account for the payment of principal and interest on the district's bonds used for major construction projects, and financing of unfunded actuarial liability pension debt. The principal source of revenue is property taxes and 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 Fund - This fund accounts for the acquisition of fixed assets or construction of major capital projects. Principal revenue sources are interest earnings and transfers from the general fund.

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

Trust and Agency Funds - Agency funds are used to account for assets held by the district as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The student body funds are the only agency funds on the district. Trust funds are used to account for assets held by the district in a trustee capacity. This type of fund is generally governed by a legal trust document. The district is currently not administering any trust funds.

**C. Measurement Focus and Basis of Accounting**

Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the district gives (or



ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2006

receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. 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 to 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. The district considers property taxes as available if they are collected within 60 days after year end. A one year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general 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 general long-term debt and acquisitions under capital leases are reported as other financing sources.

**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, supporting 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.



ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2006

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

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

F. Fixed 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 three years. Interest incurred during construction is not capitalized. 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

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2006

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

Inventories are valued at cost. The costs of inventories in governmental fund types are recorded as expenditures when purchased; therefore, the inventory asset amount is not available for appropriation. No physical inventory of supplies was taken during the year.

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

**Plan Description** - The district contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the district's contribution for qualifying employees who were hired before August 20, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program and defined benefit portion of the plan, applies to qualifying district employees hired after August 20, 2003, and to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, post employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which established the Public Employees retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

**Funding Policy** - Members of PERS are required to contribute 6% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. Per negotiated contract the district "picks up" the employee portion. The district is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan,



ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2006

and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2006 and 2005 were .64% and 8.04% respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

**Annual Pension Cost** – The district's contribution to PERS for the years ending June 30, 2004, 2005, and 2006 were \$1,374,900, \$2,124,425 and \$2,297,437 respectively, which equaled the required contribution for the year. During the 2002-03, the district issued limited tax pension bonds, the proceeds of which were used to finance a portion of its estimated unfunded actuarial liability.

**Pension Asset** – The pension asset is the result of the transfer of the district's pension bond proceeds to PERS to cover a portion of the district's share of the cost sharing plan's unfunded actuarial liability. This pension asset is being used to pay a portion of the district's annual required contribution. For the 2005-06 fiscal year, changes in the pension asset were not available from PERS. The balance as of the last available valuation December 31, 2004 was \$12,194,791, being held in a side account at PERS.

Note 3. Capital Assets

Capital assets activity for the year was as follows:

	Balance July 1, 2005	Restatements	Increases	Decreases	Balance June 30, 2006
Capital assets not being depreciated					
Land	\$ 563,110	\$ -	\$ -	\$ -	\$ 563,110
Total capital assets not being depreciated	563,110	-	-	-	563,110
Capital assets being depreciated					
Buildings and improvements	9,532,946		179,023		9,711,969
Equipment	1,423,539	(21,455)	88,245	21,473	1,468,856
Vehicles	2,170,574	21,455	155,552	48,295	2,299,286
Total capital assets being depreciated	13,127,059	-	422,820	69,768	13,480,111
Less accumulated depreciation	(6,962,109)		(530,329)	(65,153)	(7,427,285)
Total capital assets being depreciated, net	6,164,950	-	(107,509)	4,615	6,052,826
Total capital assets, net	\$ 6,728,060	\$ -	\$ (107,509)	\$ 4,615	\$ 6,615,936

Depreciation expense for the year was charged to the following programs:  
Central activities \$530,329



ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2006

Note 4. Deposits and Investments

Deposits

At June 30, 2006 the carrying amount of the district's deposits (cash and certificates of deposit) was \$4,845,782 and the bank balance was \$5,602,016. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal depository insurance (FDIC) of \$100,000 applies to the deposits in each depository. Where balances continually exceed \$100,000, ORS 295.025 requires the depositor to obtain certificates of participation (COPS) in the amount of the excess deposit from its pool manager. ORS 295.005 provides that the pool manager can be the Oregon State Treasury, an insured bank or trust company, the Federal Reserve Bank, or the Federal Home Loan Bank. Depository banks must pledge securities with a value of at least 24% of the COP, and the securities are held by a custodian for the benefit of the district. The pool manager ensures that the value of the securities pledged is at least 25% of the COP.

Investments

At June 30, 2006, the district held \$4,392,263 of investments, which is all classified as cash equivalents on the Statement of Net Assets. The district has no policy for managing interest rate risk or credit risk.

The district invests in the Local Government Investment Pool, (LGIP) which has regulatory oversight from Oregon Short Term Fund Board and approved by the Oregon Investment Council. The Oregon Short Term Fund is the LGIP for local governments and was established by the Oregon State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations.

The Oregon Local Government Investment Pool is an external investment pool as defined in GASB Statement No. 31. The pool is governed by the Oregon Revised Statutes and the Oregon Investment Council and is not registered as an investment company with the Securities and Exchange Commission. The Local Government Investment Pool holds certain derivatives to enhance return while managing the overall risk of the fund. These derivatives include asset-backed securities and floating rate notes of U. S. government securities. Securities held by the pool are not specifically identified to the district and are not categorized for risk purposes.

Note 5. Early Retirement Plan

The district has established an early retirement plan. The plan is a single employer defined benefit pension plan available to teachers and administrators. Teachers must be at least fifty-five years of age and have completed twenty years of teaching, twelve of which must have been served with the district. Administrators must qualify to retire under PERS and have completed seven consecutive years of continuous, full-time service in any capacity with the district. The plan pays a monthly stipend for seven consecutive years determined as follows:

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2006

Fiscal Year of Retirement	Licensed Staff: Amount of Monthly Stipend	Administrative Staff; Amount of Monthly Stipend
1987-1990	\$200	N/A
1990-1996	\$250	\$300

Employees have the option of taking the entire stipend or applying all or part of the stipend to purchase medical and/or dental insurance. The total early retirement expenditure for the fiscal year ended June 30, 2006 was \$144,750. The total early retirement obligation at June 30, 2006 was \$542,987.

The district plans to cover this obligation through annual appropriations. The actuarial present value of plan benefits is not available. There were 45 certified employees and 11 administrative employees on the plan at June 30, 2006.

	Early Retirement Obligations
Balance 7/1/05	\$ 608,169
Additions	125,089
Payments & deletions	190,271
Balance 6/30/06	<u>\$ 542,987</u>

Note 6. 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.

Amounts Payable in Fiscal Year:	Early Retirement Obligations (1)
2006-07	\$149,311
2007-08	124,120
2008-09	109,103
2009-10	85,097
2010-11	42,683
2011-12	21,799
2012-13	10,873
Total	<u>\$ 542,987</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.

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2006

Note 7. Leases

The government's future minimum rental commitments for the copier machines at the middle school and the high school, accounted for as operating leases at June 30, 2006, are as follows:

Year Ending June 30	Minimum Lease Payments
2007	\$ 24,336
2008	17,616
2009	17,616
2010	17,616
Total	<u>\$ 68,376</u>

Note 8. 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. The debt service requirements to maturity on June 30, 2028 are as follows

Fiscal Year	Principal	Interest
2007	\$ 89,303	\$ 407,330
2008	108,161	418,472
2009	124,577	432,056
2010	138,113	448,520
2011	148,905	467,728
2012-2016	887,122	2,736,041
2017-2021	1,430,441	3,232,721
2022-2026	4,595,000	1,334,737
2027-2028	1,850,000	135,420
Total	<u>\$ 9,371,621</u>	<u>\$ 9,613,024</u>

Note 9. Restatements

The district has restated the beginning net assets to reflect the actual amounts held by PERS in a side account. The actuarial valuation for the restricted pension assets as of 12/31/04 was made available in June 2006.

Increase of prepaid pension asset	\$2,951,675
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ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (CASH BASIS)**  
 For the Year Ended  
 June 30, 2006

	General Fund			Variance
	Adopted	Final	Actual	Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 2,715,000	\$ 2,715,000	\$ 3,071,946	\$ 356,946
Local sources	213,300	213,300	454,741	241,441
Intermediate sources	5,000	5,000	14,096	9,096
State sources	16,527,404	16,527,404	16,653,382	125,978
Federal sources			-	-
Other sources	5,000	5,000	6,493	1,493
<b>Total revenues</b>	<b>19,465,704</b>	<b>19,465,704</b>	<b>20,200,658</b>	<b>734,954</b>
<b>Expenditures</b>				
Instruction				
Regular programs	9,467,804	9,467,804	8,980,846	486,958
Special programs	2,823,749	2,823,749	2,743,742	80,007
Summer school programs				-
Supporting services				
Students	548,044	548,044	499,032	49,012
Instructional staff	677,822	677,822	571,873	105,949
General administration	385,795	385,795	368,439	17,356
School administration	1,588,095	1,588,095	1,499,783	88,312
Business services	3,183,797	3,258,797	3,001,317	257,480
Central activities	652,604	652,604	582,558	70,046
Supplemental retirement program	158,283	158,283	150,928	7,355
Community services	4,000	4,000	-	4,000
Facilities acquisition and construction	112,300	112,300	85,375	26,925
Operating contingency	1,000,000	925,000		925,000
Reserve for next year				-
<b>Total expenditures</b>	<b>20,602,293</b>	<b>20,602,293</b>	<b>18,483,892</b>	<b>2,118,401</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,136,589)</b>	<b>(1,136,589)</b>	<b>1,716,765</b>	<b>2,853,354</b>
<b>Other financing sources (uses)</b>				
Debt service	(500)	(500)		500
Grant indirect charges	125,000	125,000	71,974	(53,026)
Transfers in (out)	(581,500)	(581,500)	(537,489)	44,011
<b>Total other financing sources (uses)</b>	<b>(457,000)</b>	<b>(457,000)</b>	<b>(465,516)</b>	<b>(8,516)</b>
<b>Excess of revenues and other financing sources over (under) expenditures and other financing (uses)</b>	<b>(1,593,589)</b>	<b>(1,593,589)</b>	<b>1,251,249</b>	<b>2,844,838</b>
Available fund balance, July 1	3,500,000	3,500,000	4,961,532	1,461,532
<b>Available fund balance, June 30</b>	<b>\$ 1,906,411</b>	<b>\$ 1,906,411</b>	<b>\$ 6,212,781</b>	<b>\$ 4,306,370</b>



Federal Programs

Adopted	Final	Actual	Variance Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
3,983,000	4,519,463	3,583,442	(936,021)
-	-	-	-
3,983,000	4,519,463	3,583,442	(936,021)
253,495	286,395	234,754	51,641
1,928,426	2,191,299	1,870,035	321,264
165,450	165,450	182,236	(16,786)
-	-	-	-
327,791	427,563	303,985	123,578
941,873	1,058,848	765,273	293,575
-	-	-	-
113,009	113,009	32,049	80,960
18,973	18,973	22,227	(3,254)
233,983	257,926	172,883	85,043
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
3,983,000	4,519,463	3,583,442	936,021
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**BUDGETARY COMPARISON SCHEDULE - BUDGET TO GAAP RECONCILIATION**  
Required Supplementary Information  
For the Year Ended  
June 30, 2006

	Cash Basis			Accrual Adjustments	Modified Accrual Basis
	General Fund	Federal Programs	Non Major Funds	Total	
<b>Revenues</b>					
Taxes	\$ 3,071,946	\$ -	\$ 16	\$3,071,962	\$ 3,109,775
Local sources	454,741		792,861	1,247,602	1,247,602
Intermediate sources	14,096		5,449	19,545	19,545
State sources	16,653,382		23,120	16,676,502	16,676,502
Federal sources		3,583,442	924,009	4,507,451	4,507,451
Other sources	6,493			6,493	6,493
<b>Total revenues</b>	<b>20,200,658</b>	<b>3,583,442</b>	<b>1,745,456</b>	<b>25,529,556</b>	<b>25,567,369</b>
<b>Expenditures</b>					
Instruction					
Regular programs	8,980,846	234,754	105,126	9,320,726	9,320,726
Special programs	2,743,742	1,870,035	43,093	4,656,870	4,656,870
Adult education programs		182,236	27,370	209,605	209,605
Summer school programs				-	-
Supporting services				-	-
Students	499,033	303,985	19,581	822,599	822,599
Instructional staff	571,873	765,273	19,000	1,356,146	1,356,146
General administration	368,439			368,439	368,439
School administration	1,499,783	32,049	2,759	1,534,591	1,534,591
Business services	3,001,317	22,227	175,505	3,199,049	3,199,049
Central activities	582,558	172,883	179,639	935,080	935,080
Supplemental retirement program	150,928			150,928	150,928
Community services			1,032,641	1,032,641	1,032,641
Facilities acquisition and construction	85,375		187,715	273,090	273,090
Operating contingency				-	-
Reserve for next year				-	-
<b>Total expenditures</b>	<b>18,483,894</b>	<b>3,583,442</b>	<b>1,792,428</b>	<b>23,859,765</b>	<b>23,859,765</b>
Excess of revenues over (under) expenditures	<u>1,716,764</u>	<u>-</u>	<u>(46,973)</u>	<u>1,669,791</u>	<u>1,707,604</u>
Other financing sources (uses)					
Debt service			(471,633)	(471,633)	(471,633)
Grant indirect charges	71,974			71,974	71,974
Sale of assets				-	-
Transfers in (out)	(537,489)		537,489	-	-
<b>Total other financing sources (uses)</b>	<b>(465,516)</b>	<b>-</b>	<b>65,857</b>	<b>(399,659)</b>	<b>(399,659)</b>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>1,251,248</u>	<u>-</u>	<u>18,884</u>	<u>1,270,132</u>	<u>1,307,945</u>
Available fund balance, July 1	4,961,532	-	1,907,220	6,868,746	6,918,792
<b>Available fund balance, June 30</b>	<b>\$ 6,212,781</b>	<b>\$ -</b>	<b>\$1,926,104</b>	<b>\$8,138,879</b>	<b>\$ 8,176,691</b>

## SUPPLEMENTAL SCHEDULES

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**COMBINING BALANCE SHEET**  
**NON MAJOR GOVERNMENTAL FUNDS**  
June 30, 2006

	Debt Service Pension	Response to Intervention	National Geographic Grant	Ford Family Foundation	Girls after School	Smile
<b>ASSETS</b>						
Cash	\$ 8,531	\$ -	\$ -	\$ 22,405	\$ -	\$ 676
Receivables						
Other						
Taxes						
Inventory						
Total assets	<u>\$ 8,531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,405</u>	<u>\$ -</u>	<u>\$ 676</u>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 952	\$ -	\$ 423
Cash deficit balance	-	-	-	-	-	-
Early retirement obligation						
Deferred revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>952</u>	<u>-</u>	<u>423</u>
<b>Fund equity</b>						
Fund balance						
Reserved for inventory	-	-	-	-	-	-
Undesignated	8,531			21,454		254
Total fund equity	<u>8,531</u>	<u>-</u>	<u>-</u>	<u>21,454</u>	<u>-</u>	<u>254</u>
Total liabilities and fund equity	<u>\$ 8,531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,405</u>	<u>\$ -</u>	<u>\$ 676</u>



<u>SB 622</u>	<u>Bus Replacement</u>	<u>Equipment Replacement</u>
\$ 51,405	\$ -	\$ 125,644

<u>\$ 51,405</u>	<u>\$ -</u>	<u>\$ 125,644</u>
------------------	-------------	-------------------

\$ -	\$ -	\$ -
-	-	-

<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>

-	-	-
<u>51,405</u>	<u>-</u>	<u>125,644</u>
<u>51,405</u>	<u>-</u>	<u>125,644</u>
<u>\$ 51,405</u>	<u>\$ -</u>	<u>\$ 125,644</u>

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Alternative Education	Technology	Classroom Needs Grant	Food Services	Building Improvement	Debt Service General	Totals June 30, 2006
\$ 3,702	\$ 13,992	\$ -	\$ 477,985	\$ 1,266,333	\$ -	\$ 1,970,674
						-
						-
						-
						-
<u>\$ 3,702</u>	<u>\$ 13,992</u>	<u>\$ -</u>	<u>\$ 477,985</u>	<u>\$ 1,266,333</u>	<u>\$ -</u>	<u>\$ 1,970,674</u>
\$ -	\$ -	\$ -	\$ 31,741	\$ 11,452	\$ -	\$ 44,568
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>31,741</u>	<u>11,452</u>	<u>-</u>	<u>44,568</u>
-	-	-	-	-	-	-
3,702	13,992	-	446,243	1,254,881	-	1,926,106
3,702	13,992	-	446,243	1,254,881	-	1,926,106
<u>\$ 3,702</u>	<u>\$ 13,992</u>	<u>\$ -</u>	<u>\$ 477,985</u>	<u>\$ 1,266,333</u>	<u>\$ -</u>	<u>\$ 1,970,674</u>

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**  
**NON MAJOR FUNDS**  
For the Year Ended  
June 30, 2006

	Debt Service Pension	Response to Intervention	National Geographic Grant	Ford Family Foundation	Girls after School	Smile
<b>Revenues</b>						
Local sources	\$ 476,117	\$ 19,000	\$ (23)	\$ 2,500	\$ -	\$ -
Intermediate sources					5,449	
State sources						8,931
Federal sources						
<b>Total revenues</b>	<b>476,117</b>	<b>19,000</b>	<b>(23)</b>	<b>2,500</b>	<b>5,449</b>	<b>8,931</b>
<b>Expenditures</b>						
1000 Instruction						
100 Salaries				5,862	759	10,480
200 Associated payroll costs				1,584	151	2,833
300 Purchased services				19,079	2,207	2,043
400 Supplies and materials			538	15,322	2,332	875
500 Capital outlay						
600 Other objects						
<b>Total instruction</b>	<b>-</b>	<b>-</b>	<b>538</b>	<b>41,847</b>	<b>5,449</b>	<b>16,231</b>
2000 Support services						
100 Salaries		5,295		12,143		
200 Associated payroll costs		1,273		3,370		
300 Purchased services	121	5,119		10,157		
400 Supplies and materials		7,313		12,421		
500 Capital outlay						
600 Other objects						
<b>Total support services</b>	<b>121</b>	<b>19,000</b>	<b>-</b>	<b>38,091</b>	<b>-</b>	<b>-</b>
3000 Community services						
100 Salaries	-	-	-	-	-	-
200 Associated payroll costs	-	-	-	-	-	-
300 Purchased services	-	-	-	-	-	-
400 Supplies and materials	-	-	-	-	-	-
500 Capital outlay	-	-	-	-	-	-
600 Other objects	-	-	-	-	-	-
<b>Total community services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4000 Facilities acquisition and construction						
300 Purchased services						
500 Capital outlay	-	-	-	-	-	-
<b>Total facilities acquisition and construction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
6000 Contingency	-	-	-	-	-	-
<b>Total expenditures</b>	<b>121</b>	<b>19,000</b>	<b>538</b>	<b>79,938</b>	<b>5,449</b>	<b>16,231</b>
<b>Excess of revenues over (under) expenditures</b>	<b>475,996</b>	<b>-</b>	<b>(561)</b>	<b>(77,438)</b>	<b>-</b>	<b>(7,300)</b>
<b>Other financing sources and (uses)</b>						
Transfers in (out)						4,514
Compensation from disposal of capital assets						
Debt servicing	(471,633)					
<b>Total other financing sources</b>	<b>(471,633)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,514</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>4,364</b>		<b>(561)</b>	<b>(77,438)</b>	<b>-</b>	<b>(2,786)</b>
Available fund balance, July 1	4,167		561	98,892	-	3,039
<b>Available fund balance, June 30</b>	<b>\$ 8,531</b>	<b>\$ -</b>	<b>\$ (0)</b>	<b>\$ 21,454</b>	<b>\$ -</b>	<b>\$ 253</b>



<u>SB 622</u>	<u>Bus Replacement</u>	<u>Equipment Replacement</u>
\$ -	\$ 4,972	\$ 12,000
<u>-</u>	<u>4,972</u>	<u>12,000</u>
		41,276
		24,560
<u>-</u>	<u>-</u>	<u>65,837</u>
		6,998
	155,551	15,714
<u>-</u>	<u>155,551</u>	<u>22,712</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
-	-	-
-	-	-
-	155,551	88,549
-	(150,579)	(76,549)
	116,481	91,671
<u>-</u>	<u>116,481</u>	<u>91,671</u>
-	(34,098)	15,122
51,405	34,098	110,522
<u>\$ 51,405</u>	<u>\$ -</u>	<u>\$ 125,644</u>

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Alternative Education	Technology	Classroom Needs Grant	Building Improvement	Food Services	Debt Service General	Totals June 30, 2006
\$ 13,950	\$ -	\$ -	\$ 81,784	\$ 182,558	\$ 20	\$ 792,878
						5,449
				14,189		23,120
				924,009		924,009
13,950	-	-	81,784	1,120,756	20	1,745,456
9,618						26,719
2,835						7,403
		33,234				23,329
						93,577
						24,560
						-
12,453	-	33,234	-	-	-	175,588
						17,438
						4,643
						15,397
	138,098					164,830
	22,910					194,175
						-
-	161,008	-	-	-	-	396,483
-	-	-	-	325,485	-	325,485
-	-	-	-	163,372	-	163,372
-	-	-	-	19,901	-	19,901
-	-	-	-	494,523	-	494,523
-	-	-	-	29,360	-	29,360
-	-	-	-	-	-	-
-	-	-	-	1,032,641	-	1,032,641
			58,978			58,978
-	-	-	128,737	-	-	128,737
-	-	-	187,715	-	-	187,715
-	-	-	-	-	-	-
12,453	161,008	33,234	187,715	1,032,641	-	1,792,427
1,497	(161,008)	(33,234)	(105,930)	88,114	20	(46,971)
	175,000		150,000		(177)	537,489
						-
						(471,633)
-	175,000	-	150,000	-	(177)	65,857
1,497	13,992	(33,234)	44,070	88,114	(156)	18,885
2,205		33,234	1,210,811	358,129	156	1,907,219
\$ 3,702	\$ 13,992	\$ (0)	\$ 1,254,881	\$ 446,243	\$ -	\$ 1,926,105

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - PENSION BOND DEBT (CASH BASIS)**

For the Year Ended

June 30, 2006

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources				
1510 Interest earned on investments	\$ 2,000	\$ 2,000	\$ 8,169	\$ 6,169
1970 Miscellaneous	509,989	509,989	467,948	(42,041)
Total local sources	511,989	511,989	476,117	(35,872)
5110 Bond Proceeds	-	-	-	-
Total revenues	511,989	511,989	476,117	(35,872)
Expenditures				
Supporting services				
2600 Central activities	-	-	121	(121)
Other expenditures				
5110 Principal	71,500	71,500	71,466	34
5110 Interest	400,200	400,200	400,166	34
Total expenditures	471,700	471,700	471,753	(53)
Excess of revenues over (under) expenditures	40,289	40,289	4,363	(35,819)
Other financing sources and uses				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Excess of revenues and other sources over (under) expenditures & other uses	40,289	40,289	4,363	(35,926)
Available fund balance, July 1	-	-	4,167	4,167
Available fund balance, June 30	\$ 40,289	\$ 40,289	\$ 8,531	\$ (31,758)



ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - RESPONSE TO INTERVENTION (CASH BASIS)**  
 For the Year Ended  
 June 30, 2006

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources				
1990 Miscellaneous revenue	\$ -	\$ -	\$ 19,000	\$ 19,000
Total local revenue	-	-	19,000	19,000
Federal sources				
4500 Restricted federal revenue	-	19,000	-	(19,000)
Total federal sources	-	19,000	-	(19,000)
Total revenues	-	19,000	19,000	-
Expenditures				
2000 Support services				
2240 Instructional staff development				
100 Salaries		6,600	5,295	1,305
200 Associated payroll costs		400	1,273	(873)
300 Purchased services		6,000	5,119	881
400 Supplies and materials		6,000	7,313	(1,313)
Total expenditures	-	19,000	19,000	-
Excess of revenues over (under) expenditures	-	-	-	-
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ -	\$ -

ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - NATIONAL GEOGRAPHIC (CASH BASIS)**  
 For the Year Ended  
 June 30, 2006

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources				
1920 Miscellaneous revenue	\$ -	\$ -	\$ (23)	\$ (23)
Total local revenue	-	-	(23)	(23)
Total revenues	-	-	(23)	(23)
Expenditures				
1000 Instruction				
1111 Primary , K-3				
400 Supplies and materials			538	(538)
Total instruction	-	-	538	(538)
Total expenditures	-	-	538	(538)
Excess of revenues over (under) expenditures	-	-	(561)	(561)
Available fund balance, July 1	-	-	561	561
Available fund balance, June 30	\$ -	\$ -	\$ -	\$ -

ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - FORD FAMILY FOUNDATION PROJECT (CASH BASIS)**  
 For the Year Ended  
 June 30, 2006

	<u>Adopted</u>	<u>Final</u>	<u>Actual</u>	Variance Final Budget Positive (Negative)
<b>Revenues</b>				
Local sources				
1920 Miscellaneous revenue	\$ 90,000	\$ 90,000	\$ 2,500	\$ (87,500)
Total local revenue	<u>90,000</u>	<u>90,000</u>	<u>2,500</u>	<u>(87,500)</u>
Total revenues	<u>90,000</u>	<u>90,000</u>	<u>2,500</u>	<u>(87,500)</u>
<b>Expenditures</b>				
1000 Instruction				
1121 Middle and junior high school programs				
400 Supplies and materials	-	-	68	(68)
1299 Other programs				
100 Salaries			5,862	(5,862)
200 Associated payroll costs			1,584	(1,584)
300 Purchased services	10,600	10,600	5,945	4,655
400 Supplies and materials	20,725	20,725	13,471	7,254
1300 Adult continuing education programs				-
300 Purchased services	45,681	45,681	13,134	32,547
400 Supplies and materials	7,000	7,000	1,782	5,218
Total Instruction	<u>84,006</u>	<u>84,006</u>	<u>41,847</u>	<u>49,673</u>
2000 Support services				
2190 Service direction				
100 Salaries			12,143	(12,143)
200 Associated payroll costs			3,370	(3,370)
300 Purchased services	48,994	48,994	4,068	44,926
2559 Other student transportation				-
300 Purchased services	2,000	2,000	-	2,000
2630 Information services				
300 Purchased services			6,089	(6,089)
400 Supplies and materials			12,421	(12,421)
Total support services	<u>50,994</u>	<u>50,994</u>	<u>38,091</u>	<u>12,903</u>
Total expenditures	<u>135,000</u>	<u>135,000</u>	<u>79,938</u>	<u>62,575</u>
Excess of revenues over (under) expenditures	<u>(45,000)</u>	<u>(45,000)</u>	<u>(77,438)</u>	<u>(32,438)</u>
Available fund balance, July 1	<u>45,000</u>	<u>45,000</u>	<u>98,892</u>	<u>53,892</u>
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,453</u>	<u>\$ 21,453</u>

ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GIRLS AFTER SCHOOL PROGRAM (CASH BASIS)**  
 For the Year Ended  
 June 30, 2006

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
<b>Revenues</b>				
Intermediate sources				
2200 Miscellaneous county funds	\$ 4,000	\$ 4,000	\$ 5,449	\$ 1,449
Total intermediate sources	4,000	4,000	5,449	1,449
Total revenues	4,000	4,000	5,449	1,449
<b>Expenditures</b>				
1000 Instruction				
1121 Middle/junior high programs				
100 Salaries	-	-	759	(759)
200 Associated payroll costs	-	-	151	(151)
300 Purchased services			2,207	(2,207)
400 Supplies and materials	4,000	4,000	2,332	1,668
600 Other objects	-	-	-	-
Total instruction	4,000	4,000	5,449	(1,449)
Total expenditures	4,000	4,000	5,449	(1,449)
Excess of revenues over (under) expenditures	-	-	-	-
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ -	\$ -



ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - SMILE (CASH BASIS)**  
 For the Year Ended  
 June 30, 2006

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
3299 Restricted state grant in aid	\$ 11,000	\$ 11,000	\$ 8,931	\$ (2,069)
Total revenues	11,000	11,000	8,931	(2,069)
Expenditures				
1000 Instruction				
1299 Other programs				
100 Salaries	9,600	9,600	10,480	(880)
200 Associated payroll costs	2,742	2,742	2,833	(91)
300 Purchased services	3,425	3,425	2,043	1,382
400 Supplies and materials	3,433	3,433	875	2,558
Total instruction	19,200	19,200	16,231	2,969
Total support services	-	-	-	-
Total expenditures	19,200	19,200	16,231	2,969
Excess of revenues over (under) expenditures	(8,200)	(8,200)	(7,300)	900
Other financing sources				
Transfers in	6,000	6,000	4,514	(1,486)
Total other financing sources	6,000	6,000	4,514	(1,486)
Excess of revenues and other sources over (under) expenditures & other uses	(2,200)	(2,200)	(2,786)	(586)
Available fund balance, July 1	2,200	2,200	3,039	839
Available fund balance, June 30	\$ -	\$ -	\$ 254	\$ 254

ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - SB622 SCHOOL TECHNOLOGY (CASH BASIS)**  
 For the Year Ended  
 June 30, 2006

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Federal sources				
3299 Restricted state grants in aid	\$ -	\$ -	\$ -	\$ -
Total federal sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
2000 Support services				
2240 Instructional staff development				
100 Salaries				-
200 Associated payroll costs				-
2660 Technology services				-
300 Purchased services	4,000	4,000	-	4,000
400 Supplies and materials	34,000	34,000		34,000
500 Capital outlay	15,000	15,000		15,000
600 Other objects	-	-	-	-
Total expenditures	53,000	53,000	-	53,000
Excess of revenues over (under) expenditures	(53,000)	(53,000)	-	53,000
Available fund balance, July 1	53,000	53,000	51,405	(1,595)
Available fund balance, June 30	\$ -	\$ -	\$ 51,405	\$ 51,405

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - BUS REPLACEMENT FUND (CASH BASIS)**  
For the Year Ended  
June 30, 2006

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources				
1510 Interest on investments	\$ 500	\$ 500	\$ 4,972	\$ 4,472
Total sources	500	500	4,972	4,472
Total revenues	500	500	4,972	4,472
Expenditures				
2000 Support services				
2240 Instructional staff development				
500 Capital outlay	156,000	156,000	155,552	448
Total support services	156,000	156,000	155,552	448
Total expenditures	156,000	156,000	155,552	448
Excess of revenues over (under) expenditures	(155,500)	(155,500)	(150,580)	4,024
Other financing sources				
Transfers in	125,500	125,500	116,481	\$ (9,019)
Total other financing sources	125,500	125,500	116,481	(9,019)
Excess of revenues and other sources over (under) expenditures & other uses	(30,000)	(30,000)	(34,099)	(4,099)
Available fund balance, July 1	30,000	30,000	34,099	4,099
Available fund balance, June 30	\$ -	\$ -	\$ -	\$ 0

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

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

For the Year Ended

June 30, 2005

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources				
1920 Donation	\$ -	\$ -	\$ 12,000	\$ 12,000
Total local sources	-	-	12,000	12,000
Total revenues	-	-	12,000	12,000
Expenditures				
1000 Instruction				
1111 Primary K-3				
400 Supplies and materials	25,055	25,055	13,415	11,640
500 Capital outlay			7,490	(7,490)
1112 Intermediate programs				
400 Supplies and materials	25,060	25,060	6,020	19,040
500 Capital outlay			5,566	(5,566)
1121 Middle and junior high school programs				
400 Supplies and materials	30,000	30,000	10,422	19,578
500 Capital outlay			11,504	(11,504)
1131 High school programs				
400 Supplies and materials	10,000	10,000	11,420	(1,420)
500 Capital outlay			2,759	(2,759)
1132 High school co-curricular programs				
400 Supplies and materials				-
500 Capital outlay				-
Total instruction	90,115	90,115	68,596	21,519
2000 Support services				
2410 Office of the principal services				
400 Supplies and materials	-	-	2,759	(2,759)
2521 Service area direction fiscal services				
400 Supplies and materials	50,000	50,000	-	50,000
500 Capital outlay	73,385	73,385	15,714	57,671
2542 Care and upkeep of buildings				
400 Supplies and materials	1,500	1,500	4,239	(2,739)
Total support services	124,885	124,885	19,953	104,932
Total expenditures	215,000	215,000	88,549	159,864
Excess of revenues over (under) expenditures	(215,000)	(215,000)	(76,549)	138,451
Other financing sources				
Transfers in	125,000	125,000	91,671	(33,329)
Total other financing sources	125,000	125,000	91,671	(33,329)
Excess of revenues and other sources over (under) expenditures & other uses	(90,000)	(90,000)	15,122	105,122
Available fund balance, July 1	90,000	90,000	110,522	20,522
Available fund balance, June 30	\$ -	\$ -	\$ 125,644	\$ 125,644



ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - ALTERNATIVE EDUCATION FUND (CASH BASIS)**  
 For the Year Ended  
 June 30, 2006

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources				
1330 Summer school tuition	\$ 10,000	\$ 10,000	\$ 13,950	\$ 3,950
Total local sources	10,000	10,000	13,950	3,950
Total revenues	10,000	10,000	13,950	3,950
Expenditures				
1000 Instruction				
1430 High school summer school				
100 Salaries	5,763	5,763	9,618	(3,855)
200 Associated payroll costs	1,645	1,645	2,835	(1,190)
300 Purchased services	4,797	4,797		4,797
400 Supplies and materials				-
Total expenditures	12,205	12,205	12,453	(248)
Excess of revenues over (under) expenditures	(2,205)	(2,205)	1,497	3,702
Excess of revenues and other sources over (under) expenditures & other uses	(2,205)	(2,205)	1,497	3,702
Available fund balance, July 1	2,205	2,205	2,205	-
Available fund balance, June 30	\$ -	\$ -	\$ 3,702	\$ 3,702

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - TECHNOLOGY FUND (CASH BASIS)**  
For the Year Ended  
June 30, 2006

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Intermediate sources				
2200 Miscellaneous county funds	\$ -	\$ -	\$ -	\$ -
Total intermediate sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
2000 Support services				
2660 Technology services				
300 Purchased services	2,000	2,000	-	2,000
400 Supplies and materials	153,000	153,000	160,129	(7,129)
500 Capital outlay	50,000	50,000	879	49,121
Total expenditures	205,000	205,000	161,008	43,992
Excess of revenues over (under) expenditures	(205,000)	(205,000)	(161,008)	(43,992)
Other financing sources				
Transfers in	175,000	175,000	175,000	-
Total other financing sources	175,000	175,000	175,000	-
Excess of revenues and other sources over (under) expenditures & other uses	(30,000)	(30,000)	13,992	43,992
Available fund balance, July 1	30,000	30,000	-	(30,000)
Available fund balance, June 30	\$ -	\$ -	\$ 13,992	\$ 13,992

ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - CLASSROOM NEEDS GRANT (CASH BASIS)**  
 For the Year Ended  
 June 30, 2006

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
1000 Instruction				
1111 Primary K-3				
400 Supplies and materials	-	-	21,928	21,928
500 Capital outlay	33,234	33,234	-	(33,234)
1121 Middle and junior high school programs				-
400 Supplies and materials			6,938	6,938
1131 High school programs				-
400 Supplies and materials			4,368	4,368
Total expenditures	33,234	33,234	33,234	0
Excess of revenues over (under) expenditures	(33,234)	(33,234)	(33,234)	(0)
Other financing sources				
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Excess of revenues and other sources over (under) expenditures & other uses	(33,234)	(33,234)	(33,234)	(0)
Available fund balance, July 1	33,234	33,234	33,234	-
Available fund balance, June 30	\$ -	\$ -	\$ -	\$ (0)

ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - BUILDING IMPROVEMENT FUND (CASH BASIS)**  
 For the Year Ended  
 June 30, 2006

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
1500 Investment earnings	\$ 4,000	\$ 4,000	\$ 50,919	\$ 46,919
1920 Miscellaneous	-	-	30,865	30,865
Total revenues	4,000	4,000	81,784	77,784
Expenditures				
4000 Facilities acquisition and construction				
4150 Building acquisition, construction and improvement				
300 Purchased services	74,000	74,000	81,696	(7,696)
500 Capital outlay	1,400,000	1,400,000	106,019	1,293,981
Total facilities acquisition, construction and improvement	1,474,000	1,474,000	187,715	1,286,285
Total expenditures	1,474,000	1,474,000	187,715	1,286,285
Excess of revenues over (under) expenditures	(1,470,000)	(1,470,000)	(105,930)	(1,208,501)
Other financing sources				
Transfers in	1,150,000	1,150,000	150,000	(1,000,000)
Transfers out	(1,000,000)	(1,000,000)	-	(1,000,000)
Total other financing sources	150,000	150,000	150,000	(2,000,000)
Excess of revenues and other sources over (under) expenditures & other uses	(1,320,000)	(1,320,000)	44,070	1,364,070
Available fund balance, July 1	1,320,000	1,320,000	1,210,811	(109,189)
Available fund balance, June 30	\$ -	\$ -	\$ 1,254,881	\$ 1,254,881



ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - FOOD SERVICE FUND (CASH BASIS)**  
 For the Year Ended  
 June 30, 2006

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
<b>Revenues</b>				
Local sources				
1600 Food service	\$ 157,500	\$ 157,500	\$ 164,249	\$ 6,749
1990 Miscellaneous	10,000	10,000	18,309	8,309
Total local sources	167,500	167,500	182,558	15,058
State Sources				
3102 State school lunch match	12,000	12,000	14,189	2,189
Total state sources	12,000	12,000	14,189	2,189
Federal sources				
4500 Restricted federal revenue	704,000	704,000	867,424	163,424
4900 Commodity distribution	50,000	50,000	56,585	6,585
Total federal sources	754,000	754,000	924,009	170,009
Total revenues	933,500	933,500	1,120,756	187,256
<b>Expenditures</b>				
3000 Enterprise and community services				
3110 Service area direction				
100 Salaries	41,831	41,831	52,403	(10,572)
200 Associated payroll costs	20,575	20,575	27,094	(6,519)
300 Purchased services	3,150	3,150	1,768	1,382
400 Supplies and materials			-	-
500 Capital outlay				-
600 Other objects	150	150		150
3120 Food preparation and dispensing services				
100 Salaries	254,797	254,797	258,222	(3,425)
200 Associated payroll costs	136,799	136,799	128,728	8,071
300 Purchased services	12,650	12,650	18,133	(5,483)
400 Supplies and materials	606,490	606,490	491,223	115,267
500 Capital outlay	30,000	30,000	29,360	640
600 Other objects				-
3130 Food delivery services				
100 Salaries	14,616	14,616	14,860	(244)
200 Associated payroll costs	6,942	6,942	7,550	(608)
300 Purchased services	2,500	2,500		2,500
400 Supplies and materials	3,000	3,000	3,293	(293)
500 Capital outlay				-
600 Other objects				-
Total enterprise and community services	1,133,500	1,133,500	1,032,633	100,867
Total expenditures	1,133,500	1,133,500	1,032,633	100,867
Excess of revenues over (under) expenditures	(200,000)	(200,000)	88,122	288,122
Available fund balance, July 1	200,000	200,000	358,121	158,121
Available fund balance, June 30	\$ -	\$ -	\$ 446,243	\$ 446,243

ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - DEBT SERVICE FUND (CASH BASIS)**  
 For the Year Ended  
 June 30, 2006

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources				
1112 Prior year taxes	\$ 25	\$ 25	\$ 16	\$ (9)
1510 Interest earned on investments	10	10	4	(6)
Total local sources	35	35	20	(15)
Total revenues	35	35	20	(15)
Expenditures				
Reserve for next year			-	100
Total expenditures	-	-	-	100
Excess of revenues over (under) expenditures	35	35	20	(115)
Other financing sources				
Transfers in	-	-	-	-
Transfers out	195	195	177	100
Total other financing sources	195	195	177	100
Excess of revenues and other sources over (under) expenditures & other uses	(160)	(160)	(156)	4
Available fund balance, July 1	160	160	156	(4)
Available fund balance, June 30	\$ -	\$ -	\$ -	\$ -

ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 STUDENT BODY FUNDS**  
 June 30, 2006

	Balance July 1, 2005	Receipts	Disbursements	Balance June 30, 2006
<b>Ontario High School</b>				
Assets				
Cash	\$ 46,395	\$ 254,624	\$ 245,151	\$ 55,867
Liabilities				
Due to student groups	\$ 46,395	\$ 254,624	\$ 245,151	\$ 55,867
<b>Middle School</b>				
Assets				
Cash	\$ 100,366	\$ 78,589	\$ 67,822	\$ 111,133
Liabilities				
Due to student groups	\$ 100,366	\$ 78,589	\$ 67,822	\$ 111,133
<b>Aiken Elementary School</b>				
Assets				
Cash	\$ 3,467	\$ 8,631	\$ 9,929	\$ 2,168
Liabilities				
Due to student groups	\$ 3,467	\$ 8,631	\$ 9,929	\$ 2,168
<b>Alameda Elementary School</b>				
Assets				
Cash	\$ 2,261	\$ 11,781	\$ 11,251	\$ 2,791
Liabilities				
Due to student groups	\$ 2,261	\$ 11,781	\$ 11,251	\$ 2,791
<b>Cairo Elementary School</b>				
Assets				
Cash	\$ 3,090	\$ 2,819	\$ 3,900	\$ 2,009
Liabilities				
Due to student groups	\$ 3,090	\$ 2,819	\$ 3,900	\$ 2,009
<b>May Roberts Elementary School</b>				
Assets				
Cash	\$ 11,509	\$ 17,378	\$ 16,717	\$ 12,170
Liabilities				
Due to student groups	\$ 11,509	\$ 17,378	\$ 16,717	\$ 12,170
<b>Pioneer Elementary School</b>				
Assets				
Cash	\$ 1,542	\$ 6,277	\$ 6,440	\$ 1,379
Liabilities				
Due to student groups	\$ 1,542	\$ 6,277	\$ 6,440	\$ 1,379
<b>Totals</b>				
Assets				
Cash	\$ 168,629	\$ 380,099	\$ 361,210	\$ 187,518
Liabilities				
Due to student groups	\$ 168,629	\$ 380,099	\$ 361,210	\$ 187,518

ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF CASH, CASH ITEMS, INVESTMENTS, AND COLLATERAL SECURITY**  
 June 30, 2006

	<u>All Funds</u>	<u>Total</u>
Cash and cash items		
FirstBank, F.S.B.		
Demand accounts	\$ (394,845)	
Non demand account	20,000	
Total FirstBank, F.S.B.		<u>\$ (374,845)</u>
Bank of the West		
Demand accounts	2,000	
Total Bank of the West		<u>2,000</u>
Bank of America		
Demand accounts	111,133	
Total Bank of America		<u>111,133</u>
Washington Mutual Bank		
Demand accounts	12,170	
Total Washington Mutual Bank		<u>12,170</u>
U.S. Bank, N.A.		
Demand accounts	4,177	
Certificate of deposits	5,089,976	
Total U.S. Bank, N.A.		<u>5,094,154</u>
Total cash with banks		4,844,612
Cash-on-hand		<u>1,170</u>
Total cash and cash items		<u>4,845,782</u>
Investments		
Oregon State Treasury Local Government Investment Pool		4,392,266
Malheur County Treasurer		<u>156</u>
Total investments		4,392,422
Less trust funds not included in statement of net assets		<u>(187,674)</u>
Total cash, cash items and investments		<u><u>\$ 9,050,530</u></u>

(Continued on next page)



ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF CASH, CASH ITEMS, INVESTMENTS, AND COLLATERAL SECURITY**  
 June 30, 2004

Collateral security

Pioneer Bank, F.S.B.

Certificate of Participation, No. 38698 in the  
 collateral pool per ORS. 205.065

\$ 1,500,000

Insurance under Federal Deposit Insurance  
 Corporation Act (FDIC)

\*\* 200,000

Bank of the West - FDIC

100,000

Bank of America - FDIC

100,000

Washington Mutual Bank - FDIC

100,000

Wells Fargo Bank - FDIC

100,000

U. S. Bank, N.A. - FDIC

100,000

Certificate of Participation, No. 42839 in the  
 collateral pool per ORS. 205.065

5,100,000

Insurance under Federal Deposit Insurance  
 Corporation Act (FDIC)

100,000

Total collateral security

\$ 7,400,000

\*\* All demand accounts within a single financial institution are federally  
 secured up to \$100,000, and all non-demand accounts per institution  
 are secured up to \$100,000.

ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF COUNTY TREASURER'S TRANSACTIONS**  
 For the Year Ended  
 June 30, 2006  
 (Cash Basis Only)

Cash on hand, July 1		\$	148
Treasurer's receipts			
Interest collected	\$	3,076	
County land sales and other		109,100	
Tax collections - current year		2,895,259	
Tax collections - prior year		<u>168,618</u>	
Total tax collections			<u>3,176,052</u>
Total available			<u>3,176,200</u>
Miscellaneous refunds and rebates			(173)
County turnovers to district			<u>(3,175,872)</u>
Cash on hand, June 30		\$	<u><u>156</u></u>

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**STATEMENT OF PROPERTY TAX TRANSACTIONS**  
For the Year Ended  
June 30, 2006

**GENERAL FUND**

Tax Year	Uncollected Taxes June 30, 2005	Current Assessment	(Abatement) and Adjustments	Rebates Allowed	Interest Collected	Taxes Collected	Total Amount Collected	Uncollected Taxes June 30, 2006
2005-06		\$ 3,071,592	\$ -	\$ (79,273)	\$ 1,960	\$ 2,892,896	\$ 2,894,857	\$ 99,422
2004-05	\$ 122,847	-	(219)	1	5,765	70,969	76,734	51,661
2003-04	67,767	-	(117)	1	6,709	36,210	42,919	31,441
2002-03	33,679	-	(87)	-	6,134	21,380	27,514	12,213
2001-02	14,058	-	(78)	-	3,128	12,714	15,842	1,266
2000-01	1,494	-	(75)	-	153	505	658	914
1999-00	267	-	(27)	-	90	240	330	-
1989-90	158	-	-	-	-	-	-	158
1988-89	126	-	-	-	-	-	-	126
1987-88	95	-	-	-	-	-	-	95
	<u>\$ 240,492</u>	<u>\$ 3,071,592</u>	<u>\$ (603)</u>	<u>\$ (79,272)</u>	<u>\$ 23,940</u>	<u>\$ 3,034,914</u>	<u>\$ 3,058,855</u>	<u>\$ 197,295</u>

**DEBT SERVICE FUND**

Tax Year	Uncollected Taxes June 30, 2005	Current Assessment	(Abatement) and Adjustments	Rebates Allowed	Interest Collected	Taxes Collected	Total Amount Collected	Uncollected Taxes June 30, 2006
2005-06		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1999-00	21	-	-	-	-	-	-	21
1998-99	10	-	-	-	-	-	-	10
1996-97	2	-	-	-	-	2	2	-
1991-92	1	-	-	-	-	1	1	-
1991-92	4	-	-	-	-	4	4	-
1989-90	5	-	-	-	-	5	5	-
1988-89	4	-	-	-	-	4	4	-
	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 16</u>	<u>\$ 31</u>

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FEDERAL PROGRAMS

For the Year Ended

June 30, 2006

	210-211 213 Migrant Title IC	212 Migrant Summer School	220-222 Title IA Grant	223 Reading First
Revenues				
Federal sources	\$ 381,713	\$ 128,546	\$ 1,385,453	\$ 365,830
Total revenues	381,713	128,546	1,385,453	365,830
Expenditures				
1000 Instruction				
100 Salaries	136,916	55,031	586,748	
200 Associated payroll costs	53,490	11,394	252,615	
300 Purchased services	7,094	4,000	65,350	
400 Supplies and materials	2,591	8,759	102,546	40,668
500 Capital outlay				
600 Dues and fees	797		38,383	
Total instruction	200,888	79,184	1,045,642	40,668
2000 Support services				
100 Salaries	121,483	26,571	232,293	171,130
200 Associated payroll costs	45,546	7,569	76,538	83,222
300 Purchased services	9,391	15,222	26,310	46,745
400 Supplies and materials	4,405		4,670	13,922
500 Capital outlay	-			
600 Dues and fees	-			10,143
Total support services	180,825	49,362	339,811	325,162
4000 Facilities acquisition and construction				
500 Capital outlay	-	-	-	-
Total facilities acquisition and construction	-	-	-	-
Total expenditures	381,713	128,546	1,385,453	365,830
Excess of revenues over (under) expenditures	-	-	-	-
Other financing sources and (uses)				
Grant indirect charges				
Transfers in (out)				
Total other financing sources	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ -	\$ -



228-229 21st Century Learning Centers	230-232 Title II D	235 FIE Earmark
\$ 28,598	\$ 30,547	\$ 128,270
28,598	30,547	128,270
18,392		
5,419		
3,000		
619		128,270
27,430	-	128,270
690	2,096	
196	515	
	1,102	
282	26,834	
1,168	30,547	-
-	-	-
-	-	-
28,598	30,547	128,270
-	-	-
-	-	-
-	-	-
\$ -	\$ -	\$ -

236-237	238-239	241-243
Title III	Title V Innovative Ed	IDEA
\$ 74,752	\$ 18,486	\$ 498,183
74,752	18,486	498,183
32,902		257,454
13,479		121,997
		34,625
11,004		36,891
2,637		3,795
60,022	-	454,762
6,249	78	35,759
1,213	18	7,356
4,750		306
2,518	18,390	
14,730	18,486	43,421
-	-	-
-	-	-
74,752	18,486	498,183
-	-	-
-	-	-
-	-	-
\$ -	\$ -	\$ -

248 Title VI (B) Innovative Rural Ed	253-254 Title II A	258 Alcohol Abuse Reduction	259 Teaching Others to Enjoy Reading	260-262 Drug and Alcohol Grant	Totals
\$ 98,810	\$ 247,166	\$ 90,693	\$ 87,681	\$ 18,714	\$ 3,583,442
98,810	247,166	90,693	87,681	18,714	3,583,442
					-
23,400	108,997	6,434			1,226,274
10,695	56,941	1,472			527,502
		1,318			115,387
		35,021			366,369
					-
	2,566	3,316			51,494
34,095	168,504	47,561	-	-	2,287,026
					-
42,355		17,454	4,083	8,271	668,512
9,888		2,230	653	2,376	237,320
7,603	66,999	22,918	4,616	1,874	207,836
1,365	4,668	530	78,329	5,558	161,471
					-
3,504	6,995			635	21,277
64,715	78,662	43,132	87,681	18,714	1,296,416
-	-	-	-	-	-
-	-	-	-	-	-
98,810	247,166	90,693	87,681	18,714	3,583,442
-	-	-	-	-	-
					-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**CONTINUING DISCLOSURE REQUIREMENTS FOR BONDED DEBT**  
For the year Ended  
June 30, 2006

2005-2006      Assessed valuation of taxable property      \$      808,661,368

Tax rate (dollars per \$1,000 assessed value)      3.93%

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
2002-2003	\$ -	\$ 261,088	\$ 261,088	\$ 16,254,095	1.61%
2003-2004	32,791	392,472	425,263	17,307,959	2.46%
2004-2005	46,537	395,096	441,633	18,704,801	2.36%
2005-2006	71,466	400,166	471,632	19,021,205	2.48%

Ratio of net bonded debt to assessed value:

	Assessed Valuation	Net Bonded Debt (1)	Ratio of Net Bonded Debt to Assessed Value
2002-2003	\$ 728,173,390	\$ 9,499,705	1.30%
2003-2004	764,210,515	9,487,934	1.24%
2004-2005	764,319,918	9,043,825	1.18%
2005-2006	808,661,368	9,363,089	1.16%

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

Principal taxpayers in Ontario School District 8C

Private enterprises	Assessed Valuation	Percent of Total County Value
H J Heinz Company, LP	\$ 99,456,560	12.30%
Oregon Warehouse Partners	10,550,550	1.30%
Wal-Mart Real Estate Business Trs.	8,150,144	1.01%
Alscott Real Estate, LLC	8,864,176	1.10%
Murakami Farms, Inc.	7,044,497	0.87%
Dominican Sisters of Ontario, Inc.	5,667,474	0.70%
J R Simplot Company	4,111,700	0.51%
ACL Company LLC	4,453,546	0.55%
Larson, Farrell & Irene C	6,856,244	0.85%
Marizona Inc.	14,247,817	1.76%



ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**CONTINUING DISCLOSURE REQUIREMENTS FOR BONDED DEBT**  
For the year Ended  
June 30, 2006

<u>Public utilities</u>		
Idaho Power Co.	\$ 23,027,835	2.85%
Malheur Home Telephone Co.	9,417,297	1.16%
Cascade Natural Gas Corp	4,212,596	0.52%
Union Pacific Railroad Co.	4,028,000	0.50%
<u>All other taxpayers</u>	598,572,932	74.02%
Total assessed value	<u>\$ 808,661,368</u>	100.00%

Summary of General Fund Oregon State Revenue:

	State Sources	State Sources as % of Total Revenues	Total Revenues
2002-2003	\$ 14,206,287	46.13%	\$ 30,799,275
2003-2004	16,503,849	67.80%	24,341,444
2004-2005	15,466,218	64.52%	23,971,275
2005-2006	16,676,502	65.10%	25,616,751

Computation of legal debt margin:

	Debt Limit	Net Bonded Debt	Legal Debt Margin
2002-2003	\$ 72,393,242	\$ 9,499,705	\$ 62,893,537
2003-2004	76,306,712	9,487,934	66,818,778
2004-2005	76,300,508	9,043,825	67,256,683
2005-2006	79,803,590	9,363,089	70,440,501

(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, $9 \times .0055$	4.95%
B. Ninth through twelfth, $4 \times .0075$	3.00%
Allowable percentage	<u>7.95%</u>

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**GOVERNMENT-WIDE REVENUES**  
June 30, 2006

Fiscal Year	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Property Taxes	State School Funded General Support	Unrestricted State and Local Sources	Earnings on Investments	Miscellaneous	
2006	\$ 666,732	\$ 4,558,480	\$ 12,000	\$ 2,980,276	\$ 16,436,302	\$ 230,810	\$ 450,926	\$ 201,770	\$ 25,537,296
2005	625,112	4,277,073	14,888	2,780,624	15,332,812	152,027	211,899	396,273	23,790,708
2004	202,834	4,094,291	28,583	2,993,342	16,413,266	69,223	104,733	600,644	24,506,916

This is a new table, in accordance with the new reporting model.  
As such, only three years of data is available. Over time, 10 fiscal years  
will be presented.

Source: Ontario School District No. 8C

ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**GOVERNMENT-WIDE EXPENDITURES**  
 June 30, 2006

	<u>2005-2006</u>	<u>2004-2005</u>	<u>2003-2004</u>
Governmental activities:			
Regular programs	\$ 9,285,908	\$ 8,791,541	\$ 8,812,564
Special programs	4,656,870	3,942,267	3,526,896
Adult/continuing education	14,917	22,440	40,933
Summer school programs	194,688	168,532	141,292
Students	822,598	831,522	861,556
Instructional staff	1,356,145	1,171,409	1,182,836
General administration	368,439	333,709	297,196
School administration	1,534,591	1,477,900	1,447,996
Business services	3,556,944	3,387,958	2,774,651
Central activities	933,513	958,541	1,533,196
Supplemental retirement program	85,746	124,035	59,947
Enterprise & community services	1,016,961	910,798	881,069
Facilities acquisition & construction	94,066	164,473	21,480
Debt service-interest & amortization	404,708	401,927	398,060
Total	<u>\$ 24,326,094</u>	<u>\$ 22,687,052</u>	<u>\$ 21,979,672</u>

This is a new table, in accordance with the new reporting model.  
 As such, only three years of data is available. Over time, 10 fiscal years  
 will be presented.

Source: Ontario School District No. 8C

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**MISCELLANEOUS INFORMATION**  
June 30, 2006

Malheur County

	Population	Per Capita Income Estimate	Unemployment Rate	Top 10 Assessed Valuations 2005	
2005-06	31,800		8.1%	Heinz, HJ Co. LP	\$ 99,456,560
2004-05	31,850	\$ 20,222	10.9%	Idaho Power Co.	53,389,928
2003-04	32,000	18,857	12.5%	Marizona Inc.	14,247,817
2002-03	32,000	18,077	10.5%	Malheur Home Telephone Co.	16,200,391
2001-02	32,000	17,620	11.4%	Oregon Warehouse partners	10,550,550
2000-01	31,615	17,620	9.2%	Eagle-Picher Filtration	14,007,262
1999-00	31,200	19,025	8.8%	Union Pacific Railroad Co.	7,932,997
1998-99	31,140	18,500	11.2%	Alscott Real Estate LLC	8,864,176
1997-98	30,800	17,750	10.3%	Amalgamated Sugar Co LLC	8,195,981
1996-97	30,140	17,500	9.3%	Wal-Mart Real Est Business TRS	8,150,144

Source: Oregon Economic and Community Development

All Others	1,108,455,267
Total	<u>\$ 1,349,451,073</u>

Top 10 Industries for Employees  
(Non farm) May 2006

	Employees
Local government	2,160
Retail/Trade	1,960
Education/Health	1,400
State government	1,250
Manufacturing	1,090
Leisure/Hospitality	1,090
Professional/Business Services	500
Financial activities	440
Wholesale trade	380
Transportation/Warehousing/Utilities	360
All others	960
Total	<u>11,590</u>

Source: Malheur County Department of Assessment  
and Taxation

Source: Oregon Employment Department: Worksource Oregon

	Student Enrollment	Teaching Staff	Administrators
2005-06	2,682	176.3	26.5
2004-05	2,656	174	24

Source: Oregon Department of Education



COMMENTS AND DISCLOSURES  
REQUIRED BY THE STATE OF OREGON

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON**  
June 30, 2006

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

Accounting Systems and Control Structure

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

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

Indebtedness

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

Budgets

Our review of the 2005-2006 and 2006-2007 budgets indicate the district has substantially complied with local budget law during the preparation and adoption of those budgets. The district appropriates its budget at the function level for legal purposes. The district has also substantially complied with local budget law in the execution of the 2005-2006 budget, however we note the following minor budget violations:

Alternative Education	Instruction	\$246
Debt Service	Support services	121

Insurance and Fidelity Bond Coverage

We have examined the policies relating to insurance and fidelity bond coverages and ascertained such policies appear to be in force and that they appear to satisfy bond ordinances and other provisions. The district has complied with the provisions of Oregon statutes in respect to bonding of board members and employees. We are not competent, by training, to state whether the insurance policies in force at June 30, 2006 provide adequate coverage. We understand that the coverages are reviewed periodically with the district's agent of record and that such reviews have been made recently.

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON**  
June 30, 2006

Programs Funded from Outside Sources

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

Trust and Agency Funds

Page 51 reflects the student body funds maintained by custodians at the various schools.

Public Contracts and Purchasing

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

Collateral

Ontario School District No. 8C bank balances of deposit at June 30, 2006, were entirely insured or collateralized with the Federal Deposit Insurance Corporation and by a certificate of participation. The balances throughout the year were entirely collateralized.

Investments

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

Highway Funds

During the fiscal year ended June 30, 2006, the district did not receive state highway funds.

State School Fund

Our review of the district's calculation and reporting of the factors used to compute the state school fund distribution indicates that the district's systems and procedures produced data that was not reconcilable to the reports generated by the Oregon Department of Education.



**OREGON AUDITS DIVISION**  
**SUMMARY OF REVENUES AND EXPENDITURES**

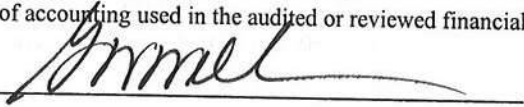
Name of Municipal Corporation Ontario School District No. 8C

Address Ontario, Oregon 97914

Period Covered by Audit Report: From June 30, 2005 to June 30, 2006

Total Revenues and/or Receipts - All Funds		\$ 26,164,876
Less:		
Interfund loans and transfers	(537,843)	
Receipts from short-term loans	-	
Taxes, assessments and other collections to be distributed to other governmental units	-	(537,843)
Net Revenues and/or Receipts		\$ 25,627,033
Total Expenditures and/or Disbursements - All Funds		24,883,921
Less:		
Interfund loans and transfers	(537,843)	
Principal Payments - short-term loans	-	
Principal Payments - bonded or other long-term debt	-	
Principal Payments - warrants issued during prior years	-	
Turnovers to other municipal corporations	-	
Taxes and Assessments	-	
Other Distributions	-	
Other Trust Moneys	-	(537,843)
Net Expenditures and/or Disbursements		\$ 24,346,078

The above information is based upon the revenues and expenditures/expenses for all funds of the municipal corporation on the basis of accounting used in the audited or reviewed financial statements.

Auditor/Firm Signature 

**PLEASE ENCLOSE PAYMENT WITH SUMMARY**

Over	Not Over	Fee	ORS 297.485 (1)
	\$ 50,000	\$ 20	
\$ 50,000	150,000	40	
150,000	500,000	150	
500,000	1,000,000	200	
1,000,000	5,000,000	250	
5,000,000	10,000,000	300	
10,000,000	50,000,000	350	
50,000,000		400	
			... The filing fee shall be determined by the total expenditures made by the municipal corporation for any and all purposes during the calendar or fiscal year audited, <u>except</u> that expenditures for principal of bonded debt, principal of short-term loans, principal of warrants redeemed which were issued during prior audit periods, transfers of loans between funds and turnovers of taxes or other trust moneys to other municipal corporations shall not be included in the total expenditures upon which the amount of fee is based.
			<i>(Net Expenditures and/or Disbursements)</i>

Within 30 days after submitting the audit report to the municipal corporation, one copy of this summary must be filed with the Secretary of State, Division of Audits, Salem, Oregon 97310, and one copy must be delivered to the municipal corporation.

For Use by Division of Audits

Account Code \_\_\_\_\_ Firm Code \_\_\_\_\_ Filing Fee \_\_\_\_\_



ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**DISTRICT AUDIT REVENUE SUMMARY**  
For the Year Ended  
June 30, 2006

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 600
<b>Revenue from Local Sources</b>					
1110 Ad Valorem Taxes	\$ 3,059,712	\$ -	\$ 16	\$ -	\$ -
1120 Local Option Taxes					
1190 Penalties and Interest					
1200 Revenue from Local Government Other Than District					
1310 Regular Tuition	6,819				
1320 Adult/Continuing Ed Tuition					
1330 Summer School Tuition		13,950			
1400 Transportation Fees	10,711				
1500 Earnings on Investments	383,574	4,972	8,173	50,919	3,288
1600 Food Services		164,249			
1700 Extracurricular Activities	42,450				
1800 Community Services Activities					
1910 Rentals	870				
1920 Contributions and Donations	3,672	14,477			
1930 Rental or Lease Payments for Private Contractors					
1940 Services Provided Other LEAs					
1950 Textbook Sales and Rentals					
1960 Recovery of Prior Years' Expenditures				30,865	
1970 Services Provided Other Funds			467,948		24,167
1980 Fees Charged to Grants	71,974				
1990 Miscellaneous	6,646	37,309			
<b>Total Revenue from Local Sources</b>	<b>3,586,427</b>	<b>234,956</b>	<b>476,137</b>	<b>81,784</b>	<b>27,456</b>
<b>Revenue from Intermediate Sources</b>					
2101 County School Funds	2,596				
2102 ESD Apportionment					
2105 Natural Gas, Oil and Mineral Receipts					
2199 Other Intermediate Sources					
2200 Restricted Revenue Intermediate Sources	11,500	5,449			
2800 Revenue in Lieu of Taxes					
2900 Revenue for/on Behalf of District					
<b>Total Revenue from Intermediate Sources</b>	<b>14,096</b>	<b>5,449</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue from State Sources</b>					
3101 State School Fund - General Support	16,436,302	-	-	-	-
3102 State School Fund - Lunch Match		14,189			
3103 Common School Fund	214,025				
3104 State Managed Timber					
3199 Other Unrestricted Grants - State					
3204 Driver Education	3,055				
3222 SSSF Transportation					
3299 Other Restricted Grants - State		8,931			
3800 State Revenue in Lieu of Taxes					
3900 State Revenue for/on Behalf of District					
<b>Total Revenue from State Sources</b>	<b>16,653,382</b>	<b>23,120</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue from Federal Sources</b>					
4300 Restricted Revenue Direct from Federal Government		306,645			
4500 Restricted Revenue from Federal Government Through the State		4,144,222			
4900 Revenue for/on Behalf of the District		56,585			
<b>Total Revenue from Federal Sources</b>	<b>-</b>	<b>4,507,451</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue from Other Sources</b>					
5100 Long-term Debt Financing	-	-	-	-	-
5200 Interfund Transfers	177	387,666		150,000	-
5300 Sale of or Compensation for Loss of Fixed Assets	6,493				
5400 Beginning Fund Balance	5,011,578	692,079	4,324	1,210,811	66,001
<b>Total Revenue from Other Sources</b>	<b>5,018,247</b>	<b>1,079,745</b>	<b>4,324</b>	<b>1,360,811</b>	<b>66,001</b>
<b>Grand Totals</b>	<b>\$ 25,272,152</b>	<b>\$ 5,850,721</b>	<b>\$ 480,461</b>	<b>\$ 1,442,596</b>	<b>\$ 93,456</b>

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**STATEMENT OF EXPENDITURES**  
(CASH BASIS)  
**GENERAL FUND**  
For the Year Ended  
June 30, 2006

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	700 Transfers	Total
<b>1000 Instruction</b>								
1111 Primary, K-3	\$ 1,404,517	\$ 661,897	\$ 13,192	\$ 156,881	\$ 6,427	\$ -	\$ -	\$ 2,242,914
1112 Intermediate programs	789,077	367,912	11,630	80,981	3,030			1,252,630
1113 Elementary extracurricular	586	151		965				1,702
1121 Middle and junior high programs	1,517,912	683,015	22,625	97,236	800	225		2,321,813
1122 Middle and junior high school extracurricular	67,626	17,360	2,033	716				87,735
1131 High school programs	1,771,700	779,404	29,000	108,907		680		2,689,691
1132 High school extracurricular	202,908	56,143	78,571	38,140		8,601		384,363
1210 Programs for talented and gifted	88,519	38,430	3,436	2,515				132,900
1226 Home instruction	4,316	843						5,159
1233 Other designated programs								-
1250 Resource rooms	893,880	386,984	1,728	10,411				1,293,003
1283 District alternative programs	193,511	85,204	39,798	1,199				319,712
1288 Charter School			599,201					599,201
1291 English second language programs	257,441	124,678	315	11,333				393,767
1292 Teen parent programs								-
1299 Other programs								-
<b>Total 1000 instruction</b>	<b>7,191,993</b>	<b>3,202,021</b>	<b>801,529</b>	<b>509,284</b>	<b>10,257</b>	<b>9,506</b>	<b>0</b>	<b>11,724,590</b>
<b>2000 Support services</b>								
2115 Student safety			85,500					85,500
2122 Counseling services	237,633	96,316	3,673	3,984				341,606
2134 Nurse services			2,764					2,764
2139 Other health services			14,644	81				14,725
2190 Student direction support	32,795	12,708	7,870	528		535		54,436
2213 Curriculum development	63,153	22,953	1,864	208				88,178
2219 Other improvement of instruction services	813	233						1,046
2222 Library media center	237,197	110,847	622	35,579				384,245
2223 Multimedia services			(52)	3,000				2,948
2230 Assessment and testing	24,020	9,406		166				33,592
2240 Instructional staff development	36,290	6,255	15,960	3,359				61,864
2310 Board of education			77,437	1,838		58,793		138,068
2321 Office of the superintendent services	145,559	78,611	4,704	969		528		230,371
2410 Office of the principal	1,036,034	423,077	5,601	26,157		8,912		1,499,781
2521 Fiscal services	63,961	26,465	46,121	10,556		1,803		148,906
2524 Payroll services	37,279	19,140						56,419
2525 Financial accounting services	\$ 21,300	\$ 12,460						33,760
2541 Operation and maintenance of plant services	68,085	31,077						99,162
2542 Care and upkeep of building services	580,351	277,622	638,323	154,287		49,535		1,700,118
2543 Care and upkeep of grounds	67,217	23,886	2,699	26,898		50		120,750
2551 Student transportation services	79,924	33,863						113,787
2552 Vehicle operation services	365,017	158,275	(47,467)	156,015		14,099		645,939
2559 Other student transportation services			82,475					82,475
2620 Planning, research, development services								-
2626 Grant writing								-
2633 Public information services	23,120	9,724	1,082	811				34,737
2640 Staff services			552	615				1,167
2641 Staff Services-service area direction	70,241	31,561	9,645	2,991		860		115,298
2660 Technology services	239,808	94,412	9,799	71,759	15,379	200		431,357
2700 Supplemental retirement program	144,750	6,178						150,928
<b>Total 2000 support services</b>	<b>3,574,547</b>	<b>1,485,069</b>	<b>963,816</b>	<b>499,801</b>	<b>15,379</b>	<b>135,315</b>	<b>-</b>	<b>6,673,927</b>
<b>3000 Enterprise and community services</b>								
3300 Community services	-	-	-	-	-	-	-	-
<b>Total 3000 enterprise and community</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4000 Facilities acquisition and construction</b>								
4150 Building acquisition, construction and improvement services			12,370		73,005			85,375
<b>Total 4000 facilities acquisition and construction</b>	<b>-</b>	<b>-</b>	<b>12,370</b>	<b>-</b>	<b>73,005</b>	<b>-</b>	<b>-</b>	<b>85,375</b>
<b>5000 Other uses</b>								
5110 Long-term debt service	-	-	-	-	-	-	-	-
5120 Short-term debt retirement	-	-	-	-	-	-	-	-
5200 Transfer of Funds							537,666	537,666
<b>Total 5000 other uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>537,666</b>	<b>537,666</b>
<b>6000 Contingencies</b>								
6110 Operating contingency	-	-	-	-	-	-	-	-
<b>Total 6000 contingencies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>\$ 10,766,540</b>	<b>\$ 4,687,090</b>	<b>\$ 1,777,715</b>	<b>\$ 1,009,085</b>	<b>\$ 98,641</b>	<b>\$ 144,821</b>	<b>\$ 537,666</b>	<b>\$ 19,021,558</b>

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**STATEMENT OF EXPENDITURES**  
**SPECIAL REVENUE FUND**  
For the Year Ended  
June 30, 2006

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	700 Transfers	Total
<b>1000 Instruction</b>								
1111 Primary, K-3	\$ 108,997	\$ 56,941	\$ -	\$ 76,549	\$ 7,490	\$ 2,566	\$ -	\$ 252,543
1112 Intermediate programs				6,020	5,566			11,586
1121 Middle and junior high programs	759	151	2,207	45,342	11,504			59,963
1131 High school programs				15,788				15,788
1132 High school extracurricular								-
1250 Resource rooms	257,454	121,997	34,625	36,891		3,795		454,762
1272 Title I	537,443	232,862	763	102,546		38,383		911,997
1288 Charter School			64,586					64,586
1291 English second language programs	46,800	21,373		139,274		2,637		210,084
1293 Migrant	117,540	53,490	4,994	2,375		797		179,196
1299 Other programs	41,168	11,308	12,306	24,404		3,316		92,502
1300 Adult Education			13,134	1,782				14,916
1400 Summer School	142,832	36,783	6,100	8,975				194,690
<b>Total 1000 instruction</b>	<b>1,252,993</b>	<b>534,905</b>	<b>138,715</b>	<b>459,946</b>	<b>24,560</b>	<b>51,494</b>	<b>0</b>	<b>2,462,613</b>
<b>2000 Support services</b>								
2110 Social Services	5,101	2,297		1,317				8,715
2117 Identification and Recruitment	57,404	21,926	3,717					83,047
2139 Other health services			2,657					2,657
2190 Student direction support	150,569	54,048	19,602	4,930				229,149
2213 Curriculum development	165,502	98,044	4,458	825		10,143		278,972
2219 Improvement of Instruction Services	72,430	14,300	7,603	3,689		3,504		101,526
2222 Library media center	5,245	1,545		89,501				96,291
2230 Assessment and testing	13,320	1,096		66				14,482
2240 Instructional staff development	100,765	16,740	147,540	20,326		7,630		293,001
2410 Office of the principal	12,500	929	18,620	2,759				34,808
2521 Fiscal services					15,714			15,714
2542 Care and upkeep of building services	6,378	1,616		4,239				12,233
2552 Vehicle operation services	1,547	457	12,229		155,352			169,785
2630 Parent Center Coordinator	94,463	28,762	6,687	15,327				145,239
2660 Technology services	726	204		205,352	879			207,161
<b>Total 2000 support services</b>	<b>685,950</b>	<b>241,964</b>	<b>223,113</b>	<b>348,331</b>	<b>172,145</b>	<b>21,277</b>	<b>-</b>	<b>1,692,780</b>
<b>3000 Enterprise and community services</b>								
3110 Food Services Director	52,403	27,094	1,768					81,265
3120 Food Preparation	258,222	128,728	18,133	434,638	29,360			869,081
3130 Food Delivery	14,860	7,550		3,293				25,703
3300 Community services								-
<b>Total 3000 enterprise and community</b>	<b>325,485</b>	<b>163,372</b>	<b>19,901</b>	<b>437,931</b>	<b>29,360</b>	<b>-</b>	<b>-</b>	<b>976,049</b>
<b>4000 Facilities acquisition and construction</b>								
4150 Building acquisition, construction and improvement services								-
<b>Total 4000 facilities acquisition and construction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>5000 Other uses</b>								
5110 Long-term debt service	-	-	-	-	-	-	-	-
5120 Short-term debt retirement	-	-	-	-	-	-	-	-
5200 Transfer of Funds								-
<b>Total 5000 other uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6000 Contingencies</b>								
6110 Operating contingency	-	-	-	-	-	-	-	-
<b>Total 6000 contingencies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenditures</b>	<b>\$ 2,264,428</b>	<b>\$ 940,241</b>	<b>\$ 381,729</b>	<b>\$ 1,246,208</b>	<b>\$ 226,065</b>	<b>\$ 72,771</b>	<b>\$ -</b>	<b>\$ 5,131,442</b>

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**STATEMENT OF EXPENDITURES**  
**DEBT SERVICE FUND**  
For the Year Ended  
June 30, 2006

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	700 Transfers	Total
<b>2000 Support services</b>								
2649 Other Staff Services	\$ -	\$ -	\$ 121	\$ -	\$ -	\$ -	\$ -	\$ 121
<b>Total 2000 support services</b>	-	-	121	-	-	-	-	121
<b>5000 Other uses</b>								
5110 Long-term debt service	-	-	-	-	-	471,633	-	471,633
5120 Short-term debt retirement	-	-	-	-	-	-	-	-
5200 Transfers	-	-	-	-	-	-	177	177
<b>Total 5000 other uses</b>	-	-	-	-	-	471,633	177	471,809
<b>Total expenditures</b>	\$ -	\$ -	\$ 121	\$ -	\$ -	\$ 471,633	\$ 177	\$ 471,930



ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF EXPENDITURES**  
**CAPITAL FUND**  
 For the Year Ended  
 June 30, 2006

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	Total
<b>4000 Facilities acquisition and construction</b>							
4150 Building acquisition, construction and improvement services	\$ -	\$ -	\$ 81,696	\$ -	\$ 106,019	\$ -	\$ 187,715
<b>Total 4000 facilities acquisition and construction</b>	-	-	81,696	-	106,019	-	187,715
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,696</u>	<u>\$ -</u>	<u>\$ 106,019</u>	<u>\$ -</u>	<u>\$ 187,715</u>

ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF EXPENDITURES**  
**INTERNAL SERVICE FUND**  
 For the Year Ended  
 June 30, 2006

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	\$ -	\$ 14,691	\$ -	\$ -	\$ -	\$ -	\$ 14,691
	<b>Total 2000 support services</b>	-	14,691	-	-	-	-	14,691
	<b>Total expenditures</b>	\$ -	\$ 14,691	\$ -	\$ -	\$ -	\$ -	\$ 14,691

OREGON DEPARTMENT OF EDUCATION  
REQUIRED INFORMATION

SUPPLEMENTAL INFORMATION, 2005-2006

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included.

Parts A is needed for computing Oregon's full allocation for ESEA, Title I & other Federal Funds for Education.

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

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

	Objects 325 & 326	
Function 2540	\$	332,013
Function 2550	\$	6,253

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  
1140 Pre-Kindergarten  
1300 Continuing Education  
1400 Summer School

Exclude these functions:

4150 Construction  
2550 Pupil Transportation  
3100 Food Service  
3300 Community Services

\$	10,257
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**ONTARIO SCHOOL DISTRICT NO. 8C**

**SINGLE AUDIT**

**For the Year Ended June 30, 2006**

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
June 30, 2006

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Receipts				Expenditures
		Reverse PY Accrual / Deferral	CY Collections	CY Accrual / Deferral	Net	
<u>U.S. Department of Agriculture</u>						
Passed through Oregon Department of Education						
National School Lunch Program, Sec 4 and 11	* 10.555	\$ -	\$ 597,859	\$ -	\$ 597,859	\$ 597,859 A
National School Lunch Program, School Breakfast	* 10.553		269,565		269,565	269,565 A
Child Nutrition Programs-Commodity Distribution	* 10.550		56,585		56,585	56,585 A
Total Department of Agriculture		-	924,009	-	924,009	924,009
<u>U.S. Department of Education</u>						
Passed through Oregon Department of Education						
Elementary and Secondary Education Act - Title IA	* 84.010	(427,846)	1,484,846	328,453	1,385,453	1,385,453 A
Elementary and Secondary Education Act - Migrant Education	* 84.011	(121,849)	567,659	64,174	509,984	510,259 A
Individuals with Disabilities Education Act, Part B	* 84.027	(167,372)	563,473	102,083	498,183	498,183 A
Elementary and Secondary Education Act - Title V	84.298	1,338	17,147	-	18,486	18,486 B
Elementary and Secondary Education Act-Title IIA, Improving Teacher Quality	84.367	(61,396)	244,366	64,196	247,166	247,166 B
Elementary and Secondary Education Act-Title IID, Enhancing Ed Thru Tech	84.318	(2,802)	17,761	15,588	30,547	30,547 B
Elementary and Secondary Education Act-Title VI, Part B, Rural Education Act	84.358	(17,974)	97,357	19,427	98,810	98,810 B
Elementary and Secondary Education Act-Title III-English Acquisition Grant	84.365	(13,436)	67,341	20,847	74,752	74,752 B
Department of Education Appropriations Act of 2001-School Renovation	84.352	-	-	-	-	-
Reading First	* 84.357	(193,997)	497,313	62,514	365,830	365,830 A
Elementary and Secondary Education Act - Title IV - Safe and Drug Free Schools	84.186	(466)	18,546	635	18,714	18,714 B
		(1,005,801)	3,575,809	677,917	3,247,925	3,248,200
Direct Programs						
TOTER: Teaching Others to Enjoy Reading	84.364A		86,274	1,407	87,681	87,681 B
FIE Earmark Grant	84.215K		128,270		128,270	128,270 B
Alcohol Abuse Reduction Grants	84.184A		71,852	18,841	90,693	90,693 B
After School Learning Centers	84.287	(20,787)	49,384	-	28,597	28,597 B
		(20,787)	335,780	20,248	335,241	335,241
Total Department of Education		(1,026,588)	3,930,590	698,165	3,583,167	3,583,441
Total federal assistance		\$ (1,026,588)	\$ 4,854,599	\$ 698,165	\$ 4,507,176	\$ 4,507,450

\* Denotes program tested as major program

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2006

**Note A. Basis of Presentation**

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

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
June 30, 2006

**SUMMARY OF AUDITOR'S RESULTS**

Type of Report Issued

In our report for Ontario School District No. 8C, our opinion was unqualified.

Reportable Conditions in Internal Control

Our audit of the financial statements of Ontario School District No. 8C did not disclose any reportable conditions in internal control.

Noncompliance Material to Financial Statements

Our audit of the financial statements of Ontario School District No. 8C did not disclose any noncompliance which is material to the financial statements.

Reportable Conditions in Internal Control Over Major Programs

Our audit of the financial statements of Ontario School District No. 8C did not disclose any reportable conditions in internal control over major federal programs.

Type of Report Issued on Compliance for Major Programs

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

Audit Findings

Our audit of Ontario School District No. 8C did not disclose any audit findings that we are required to report in accordance with OMB Circular A-133.

Identification of Major Programs

U.S. Department of Agriculture (passed through Oregon Department of Education)

Child Nutrition Cluster	10.553	\$269,565
National School Lunch Program	10.555	597,859
Child Nutrition Programs	10.550	56,585

U.S. Department of Education (direct and passed through Oregon Department of Education)

Elementary and Secondary Education Act - Title IA	84.010	\$1,385,453
Elementary and Secondary Education Act - Migrant Ed	84.011	510,259
Individuals with Disabilities Education Act, Part B	84.027	498,183
Reading First	84.357	365,830



ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
June 30, 2006

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

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

Risk Classification of Auditee

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

**FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

**FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

Current Year Findings

Our audit did not disclose any findings and questioned costs as defined by OMB Circular A-133 for the year ended June 30, 2006.

Prior Year Findings

The audit for the year ended June 30, 2005 did not report any findings and questioned costs.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING 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 the financial statements of Ontario School District No. 8C as of and for the year ended June 30, 2006, and have issued our report thereon dated November 8, 2006. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted other matters involving compliance that we have reported to management of Ontario School District No 8C in a separate letter dated November 8, 2006.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ontario School District No. 8C's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, others within the district, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Oster Professional Group, CPA's, PC

By 

Burns, Oregon  
November 8, 2006

77 W. Adams., Burns, Oregon 97720  
Phone (541) 573-6151 FAX (541) 573-5605  
[www.opgcpa.com](http://www.opgcpa.com)



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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) Circular A-133 Compliance Supplement* that are applicable to each of its major programs for the year ended June 30, 2006. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Ontario School District No. 8C's management. Our responsibility is to express an opinion on Ontario School District No. 8C's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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. Our audit does not provide a legal determination on compliance with those requirements.

In our opinion, Ontario School District No. 8C complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements

of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over compliance that we have reported to management of Ontario School District No 8C in a separate letter dated November 8, 2006.

This report is intended solely for the information and use of the board of directors, management, others within the district, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

**Oster Professional Group, CPA's, PC**

By



Burns, Oregon  
November 8, 2006