

**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, 2007**



ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
June 30, 2007

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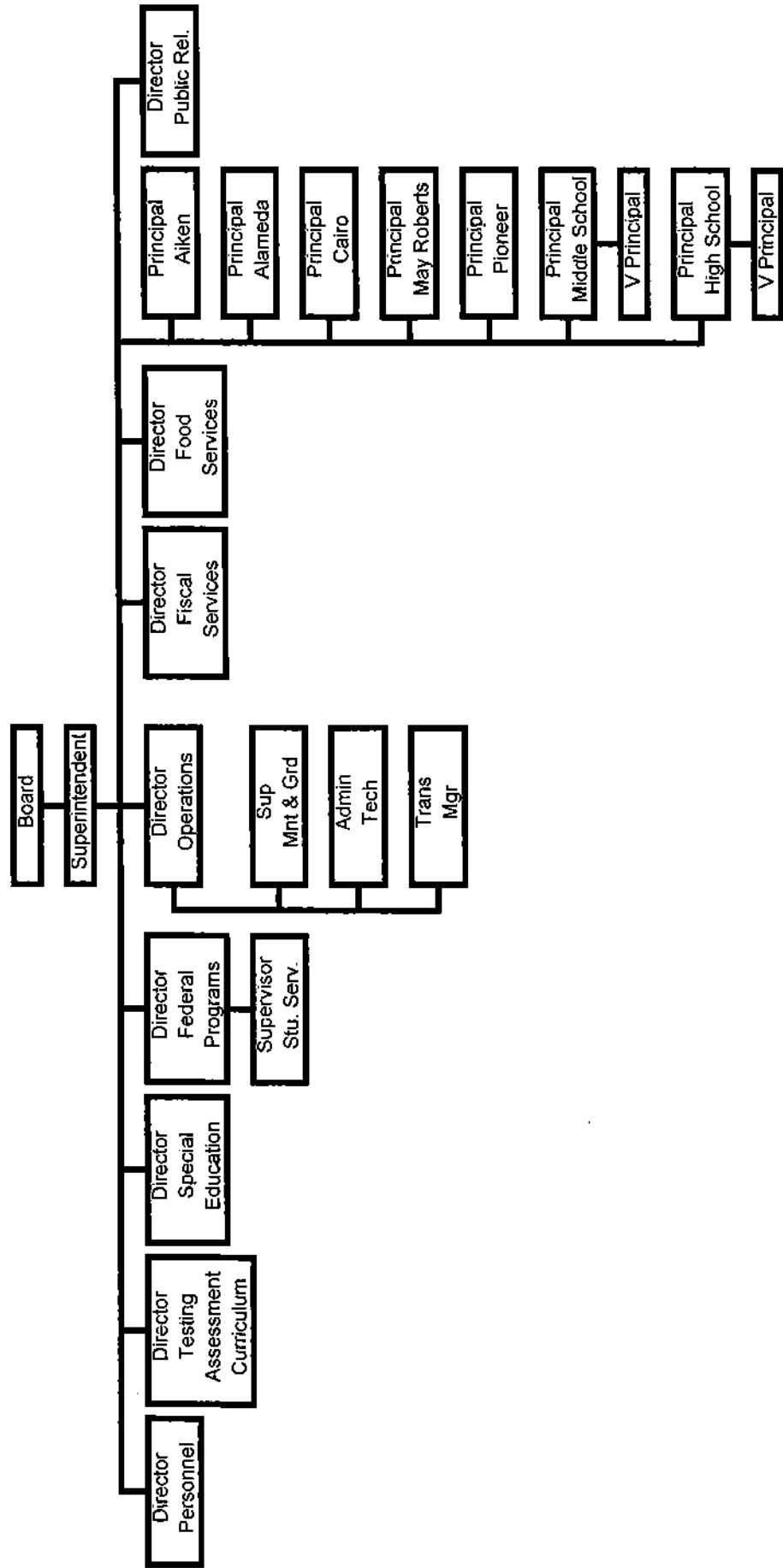
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## INTRODUCTORY SECTION

Ontario School District Organizational Chart



. ONTARIO SCHOOL DISTRICT 8C  
Ontario, Malheur County, Oregon  
**BOARD OF DIRECTORS AND OFFICIALS**  
June 30, 2007

<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

## 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, 2007, 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 the 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, 2007, 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.


In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2007, on our consideration of the Ontario School District No. 8C's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 inquires 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.

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 statistical 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 introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them. 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 a required part of the basic financial statements of Ontario School District No. 8C. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Oster Professional Group, CPA's, PC*

By 

Burns, Oregon  
November 8, 2007



**Ontario School District**  
**195 SW Third Avenue**  
**Ontario, OR 97914**  
**Ph: 541.889.5374 • Fax: 541.889.8553**  
**[www.ontario.k12.or.us](http://www.ontario.k12.or.us)**

**Equal Opportunity Employer**

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

### **For the fiscal year ended June 30, 2007**

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, 2007. 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 \$31.1MM and liabilities of \$11.4MM. Of the \$19.6MM in net assets, \$6.8MM is invested in capital assets, \$11.7K is restricted for debt service and \$12.8MM is unrestricted and available to meet the District's ongoing obligations.
- The District's Net Assets increased by \$2.2MM during the fiscal year.
- The District had \$25.3MM in expenses; \$4.9MM of these expenses were offset by program specific charges for services, grants or contributions. The remaining \$20.4MM 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 \$7.0MM. This is a \$721K 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 8C**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the fiscal year ended June 30, 2007**

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

	<b>Government-Wide Statements</b>	<b>Fund Statements-Governmental Funds</b>
<b>Scope</b>	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary
<b>Required Financial Statements</b>	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)
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<b>Type of Asset/Liability Information</b>	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
<b>Type of Inflow/Outflow Information</b>	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, Combining Balance Sheet – Nonmajor Governmental Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balance-Non Major Funds.

**ONTARIO SCHOOL DISTRICT 8C  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the fiscal year ended June 30, 2007**

**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

**ONTARIO SCHOOL DISTRICT 8C**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the fiscal year ended June 30, 2007**

the District as a whole. The cause of this change may be the result of many factors, such as the District's property tax base, reduction in state school funds, facility conditions, 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 2006-07 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 \$19.6MM at June 30, 2007, an increase of \$2.2MM over the prior period.

The District's total assets totaled \$31.1MM. Prepaid pension contribution assets of \$13.1MM 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 \$6.8 MM and comprise 22% of total assets. The remaining assets consist mainly of investments, cash, and receivables.

The District's total liabilities totaled \$11.5MM. The largest liability is for the repayment of the OPERS UAL bond. Current liabilities of \$1.7MM represent 15% 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 8C  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the fiscal year ended June 30, 2007**

A large portion of the District's net assets (34%) reflects its investment in capital assets (e.g. land, buildings, vehicles and equipment). The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

**ONTARIO SCHOOL DISTRICT NO. 8C  
NET ASSETS AS OF JUNE 30, 2007**

	<u>Governmental Activities</u>		<u>Increase (Decrease) from Fiscal 2006</u>
	<u>2007</u>	<u>2006</u>	
Current Assets	\$ 11,117,168	\$ 9,959,352	\$ 1,157,816
Long-Term Assets	13,174,259	12,285,581	888,678
Capital Assets	6,768,297	6,615,936	152,361
Total Assets	<u>31,059,724</u>	<u>28,860,869</u>	<u>2,198,855</u>
Current Liabilities	1,835,584	1,631,345	204,239
Long-Term Debt	9,618,166	9,817,023	(198,857)
Total Liabilities	<u>11,453,750</u>	<u>11,448,368</u>	<u>5,382</u>
Net Assets:			
Invested in capital assets, net of related debt	6,768,297	6,615,936	152,361
Restricted for debt service	11,674	8,531	3,143
Restricted for pension obligation	3,805,216	2,823,171	982,045
Unrestricted	9,020,787	7,964,863	1,055,924
Total Net Assets	<u>\$ 19,605,974</u>	<u>\$ 17,412,501</u>	<u>\$ 2,193,473</u>

**REVENUES AND EXPENSES**

Key components of governmental revenues and expenses for the year ending June 30, 2007 are as follows:

- Revenue from the State School Fund comprises the largest portion of the district's revenue. The revenue for fiscal year 2006-07 was \$17.4MM compared to \$16.4MM in fiscal year 2005-06.
- Operating grants decreased by \$422K as a result of a decrease in federal grant awards in the Title programs.
- Expenditures for government activities increased by \$1.0MM or 4.2% over the prior year, due in part to increased staff positions, increased expenses related to the charter school, increased expenditures due to the timing of administrator salaries, and increased spending for capital improvements including classroom equipment and furniture.



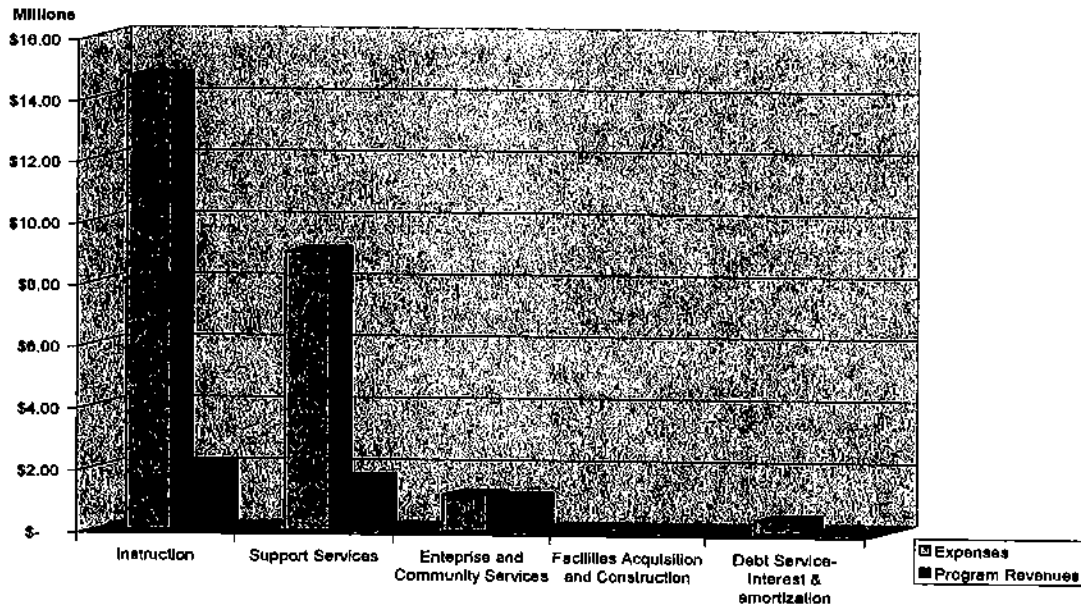
**ONTARIO SCHOOL DISTRICT 8C**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the fiscal year ended June 30, 2007**

**Changes in Net Assets**

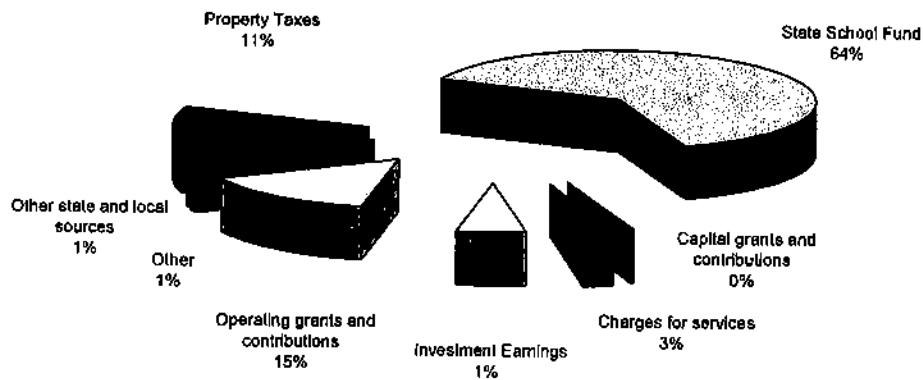
	<u>Governmental Activities</u>		<u>Increase</u>
	<u>2007</u>	<u>2006</u>	<u>(Decrease) from</u>
<b>Revenues:</b>			
Program Revenues:			
Charges for services	\$ 720,320	\$ 666,732	\$ 53,588
Operating grants and contributions	4,136,136	4,558,480	(422,344)
Capital grants and contributions	58,996	12,000	46,996
General Revenues			
Property Taxes	3,083,084	2,980,276	102,808
State School Fund - General Support	17,417,104	16,450,491	966,613
Other state and local sources	236,091	216,621	19,470
Earnings on Investments	1,556,207	450,926	1,105,281
Other	325,358	201,770	123,588
Total Revenues	<u>27,533,296</u>	<u>25,537,296</u>	<u>1,996,000</u>
<b>Expenses:</b>			
Instruction (Regular, Special, Adult, Summer)	14,715,434	14,152,383	563,051
Support Services	9,020,419	8,657,976	362,443
Enterprise and community services	1,174,768	1,016,961	157,807
Facilities acquisition and construction	17,330	94,066	(76,736)
Interest on long-term debt	411,872	404,708	7,164
Total Expenses	<u>25,339,823</u>	<u>24,326,094</u>	<u>1,013,729</u>
Increase in net assets	<u>2,193,473</u>	<u>1,211,202</u>	<u>982,271</u>
Restatement for pension asset valuation		<u>2,951,675</u>	<u>(2,951,675)</u>
Net Assets - July 1	<u>17,412,501</u>	<u>13,249,624</u>	<u>4,162,877</u>
Net Assets - June 30	<u>\$ 19,605,974</u>	<u>\$ 17,412,501</u>	<u>\$ 2,193,473</u>

# ONTARIO SCHOOL DISTRICT 8C MANAGEMENT'S DISCUSSION AND ANALYSIS For the fiscal year ended June 30, 2007

**Expenses and Program Revenues - Governmental Activities**



**Revenues by Source - Governmental Activities**



**ONTARIO SCHOOL DISTRICT 8C**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the fiscal year ended June 30, 2007**

**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, 2007, the District's governmental funds reported combined ending fund balance of \$9.1MM, an increase of \$955K in comparison with the prior year. The increase was in the General Fund and Other Governmental Funds.

*General Fund.* The General Fund is the chief operating fund of the district. As of June 30, 2007, unreserved fund balance was \$7.0MM. 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. This fund balance percentage remained the same as in 2006.

The fund balance increased by \$700K during the current fiscal year. This growth can be attributed to stronger than anticipated tax collections, better investment returns, cost saving measures by the board and administration, and the delay of some expenditures to the 2007-08 fiscal year.

*Federal Programs.* The Federal Programs Fund is operated on a reimbursing basis. Revenues are considered earned when allowable expenditures are made. Any ending cash balance in this fund is considered 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, 2007, the fund had accounts receivable of \$400K.

*Other Governmental Funds.* Food Services, State and Local Grants, Equipment Replacement, Technology, 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 \$2.2MM, an increase of \$234K. The Food Services Fund decreased by \$72K and the Building Improvement and Equipment Replacement Funds increased by \$267K and \$49K, respectively. The Alternative Education fund decreased by \$3.7K as this fund was 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 2006-07 fiscal year, the Board adopted one resolution that affected the general fund. This resolution transferred \$15,000 from contingency to the instruction category. The transfer allowed the district to pay for math curriculum materials purchased outside the regular budget adoption schedule at Ontario High School.

# ONTARIO SCHOOL DISTRICT 8C

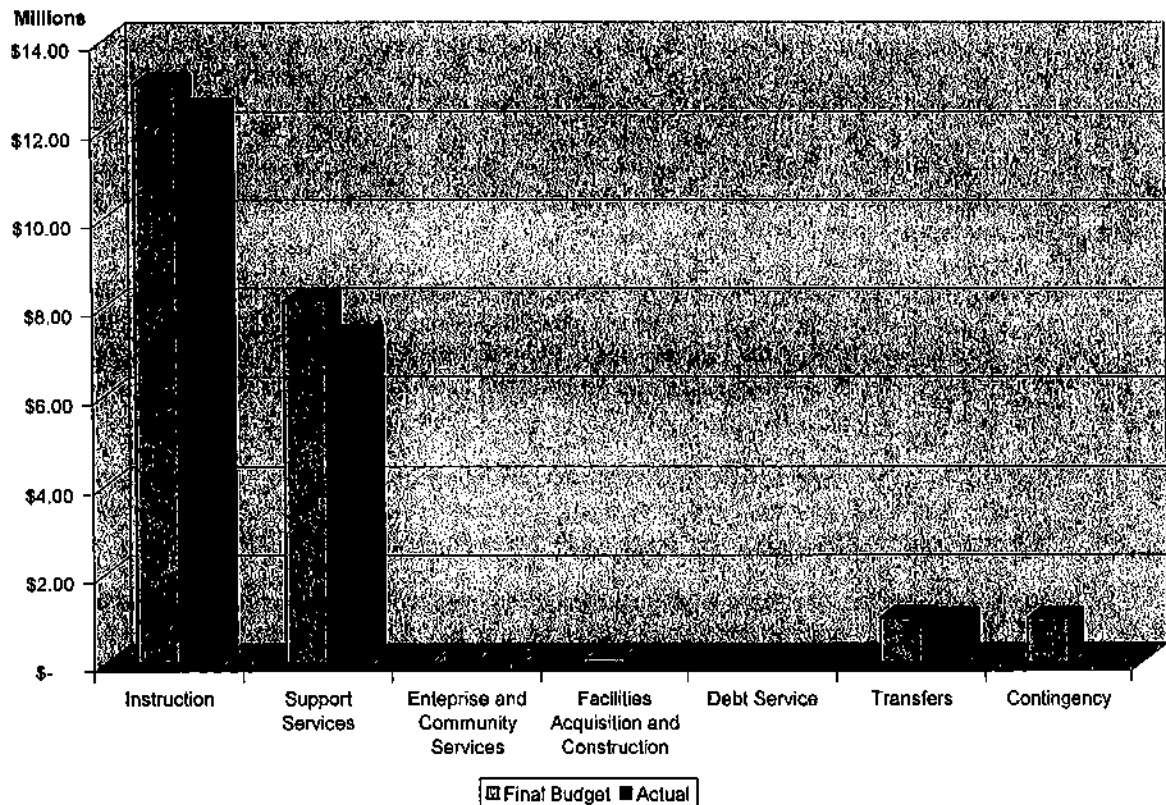
## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the fiscal year ended June 30, 2007

For the General Fund, the final budget revenue basis was \$20,917,370. The actual amount of revenue received was \$21,541,633.

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, 2007 the District had invested approximately \$6.8MM in capital assets, net of depreciation, as shown in the following table.

**ONTARIO SCHOOL DISTRICT 8C**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the fiscal year ended June 30, 2007**

**ONTARIO SCHOOL DISTRICT NO. 8C**  
**Capital Assets**  
**(net of depreciation)**

	<b>Governmental Activities</b>		<b>Increase (Decrease) from Fiscal 2006</b>
	<b><u>2007</u></b>	<b><u>2006</u></b>	
Land	\$ 563,110	\$ 563,110	\$ -
Buildings & building improvements	10,048,623	9,711,969	336,654
Furniture and equipment	4,037,282	3,768,142	269,140
Accumulated depreciation	(7,880,718)	(7,427,285)	(453,433)
<b>TOTAL</b>	<b><u>\$ 6,768,297</u></b>	<b><u>\$ 6,615,936</u></b>	<b><u>\$ 152,361</u></b>

**Debt administration.** At the end of the current fiscal year, the District had total bonded debt outstanding of \$9.3MM, 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 \$89,302. 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, 2007, the State School Fund – General Support, provided 64% of the District's program resources.

Salaries and benefit costs are expected to increase in 2007-08, based on contractual obligations.

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 2007-08 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 8C  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the fiscal year ended June 30, 2007**

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.

## **BASIC FINANCIAL STATEMENTS**

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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, 2007

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 10,500,529
Receivables	
Taxes	193,074
Accounts	423,565
Prepaid pension contribution	13,087,534
Bond issuance costs	86,725
Capital assets	
Land	563,110
Site improvements	
Buildings & building improvements	10,048,623
Furniture and equipment	4,037,282
Accumulated depreciation	(7,880,718)
<b>Total assets</b>	<b>\$ 31,059,723</b>
<b>LIABILITIES</b>	
Accounts payable	40
Short-term notes payable	-
Accrued liabilities	
Payroll, payroll taxes, insurance	1,727,383
Interest	-
Short-term notes payable	-
Early retirement obligation	454,175
Deferred revenue	-
Bonds payable	
Due within one year	108,161
Due in more than one year	9,174,157
Unamortized original issue discount	(10,165)
<b>Total liabilities</b>	<b>11,453,750</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	6,768,297
Restricted for debt service	11,674
Unrestricted (deficit)	12,826,003
<b>Total net assets</b>	<b>\$ 19,605,974</b>

ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF ACTIVITIES**  
 For the Year Ended  
 June 30, 2007

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	\$ 9,685,975	\$ 12,627	\$ -	\$ 253,902	\$ (9,419,447)
Special programs	4,875,744			1,664,489	(3,211,255)
Adult/continuing education	-				-
Summer school programs	153,714	9,120		141,125	(3,469)
Students	866,793			308,608	(558,185)
Instructional staff	1,306,324			614,780	(691,544)
General administration	337,888				(337,888)
School administration	1,814,143			941	(1,813,202)
Business services	3,613,208	14,992		29,189	(3,569,027)
Central activities	1,027,318	512,594		186,897	(327,827)
Supplemental retirement program	54,745				(54,745)
Enterprise & community services	1,174,768	170,987		936,205	(67,577)
Facilities acquisition & construction	17,330		58,996		41,666
Debt service-interest & amortization	411,872				(411,872)
Total governmental activities	<u>\$ 25,339,823</u>	<u>\$ 720,320</u>	<u>\$ 58,996</u>	<u>\$ 4,136,136</u>	<u>(20,424,371)</u>
GENERAL REVENUE					
Property taxes for general purposes					3,083,084
State school fund-general support					17,403,531
State school fund-unrestricted					13,573
County school fund					5,775
Common school fund					230,316
Unrestricted state and local sources					
Gain (loss) on sale of capital assets					14,777
Gain (loss) on sale of capital assets					(12,406)
Earnings on investments					1,556,207
Miscellaneous					322,986
Total general revenues					<u>22,617,844</u>
Change in net assets					2,193,473
Net assets - June 30, 2006					<u>17,412,501</u>
Total net assets - June 30, 2007					\$ 19,605,974

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FUND FINANCIAL STATEMENTS

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2007

	General	Federal Programs	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and investments	\$ 8,634,977		\$ 2,160,130	\$ 10,795,107
Receivables				
Property tax	193,074			193,074
Grants		\$ 399,686		399,686
Other	23,879			23,879
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>\$ 8,851,930</u>	<u>\$ 399,686</u>	<u>\$ 2,160,130</u>	<u>\$ 11,411,746</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities</b>				
Accounts payable	\$ 40	\$ -	\$ -	\$ 40
Accrued liabilities	1,727,382			1,727,383
Cash deficit balance		399,686		399,686
Retainage payable				-
Deferred revenues	152,622			152,622
Due to student groups				-
Early retirement obligation				-
Obligation under installment contract				-
Capital leases				-
Total liabilities	<u>1,880,044</u>	<u>399,686</u>	<u>-</u>	<u>2,279,730</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>6,971,886</u>	<u>(0)</u>	<u>2,160,130</u>	<u>9,132,016</u>
Total liabilities and fund equity	<u>\$ 8,851,930</u>	<u>\$ 399,686</u>	<u>\$ 2,160,130</u>	<u>\$ 11,411,746</u>

See notes to financial statements.

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, 2007

Total fund balances		\$ 9,132,016
Capital assets are not financial resources and therefore, are not reported in the governmental funds.		
Cost	\$ 14,649,015	
Accumulated depreciation	<u>(7,880,718)</u>	6,768,297
Pension assets not included in fund financial statements		13,087,534
Certain delinquent property taxes not collected for several months after year end is not considered available revenue and is deferred in the governmental funds		152,622
The unamortized portion of issuance costs is not available to pay for current period expenditures and therefore, is not reported in the governmental funds.		86,725
The original issue discount on the bonds issued are not recorded on the fund financial statements, but are amortized over the life of the bond in the statement of net assets.		10,165
Internal service funds		105,108
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	(9,282,318)	
Early retirement obligation	(454,175)	
	<u>-</u>	<u>(9,736,493)</u>
Total net assets		<u>\$ 19,605,974</u>

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended  
June 30, 2007

	General	Federal Programs	Other Governmental Funds	Total
<b>Revenues</b>				
Taxes	\$ 3,089,947	\$ -	\$ -	\$ 3,089,947
Local sources	871,505	-	804,270	1,675,775
Intermediate sources	5,775	-	8,670	14,445
State sources	17,639,232	-	72,569	17,711,801
Federal sources	-	3,187,873	936,205	4,124,078
Other sources	-	-	-	-
<b>Total revenues</b>	<b>21,606,459</b>	<b>3,187,873</b>	<b>1,821,714</b>	<b>26,616,046</b>
<b>Expenditures</b>				
Instruction				
Regular programs	9,283,949	249,131	201,477	9,734,558
Special programs	3,184,279	1,664,484	26,973	4,875,736
Summer school programs	12,590	141,128	-	153,718
Supporting services				-
Students	551,891	308,608	6,297	866,795
Improvement of instruction	690,811	610,284	5,234	1,306,329
General administration	337,889	-	-	337,889
School administration	1,812,507	942	699	1,814,148
Business services	3,183,381	29,190	3,400	3,215,970
Central activities	636,855	184,106	280,925	1,101,886
Supplemental retirement program	143,557	-	-	143,557
Community services			1,219,776	1,219,776
Facilities acquisition and construction	81,706		326,806	408,513
<b>Total expenditures</b>	<b>19,919,414</b>	<b>3,187,873</b>	<b>2,071,587</b>	<b>25,178,875</b>
<b>Excess of revenues over (under) expenditures</b>	<b>1,687,044</b>	<b>-</b>	<b>(249,873)</b>	<b>1,437,171</b>
<b>Other financing sources (uses)</b>				
Debt service	-	-	(496,633)	(496,633)
Grant indirect charges	-	-	-	-
Sale of assets	10,001		4,776	14,777
Transfers in (out)	(975,754)	-	975,754	-
<b>Total other financing sources (uses)</b>	<b>(965,752)</b>	<b>-</b>	<b>483,897</b>	<b>(481,855)</b>
<b>Excess of revenues and other financing sources over (under) expenditures and other financing (uses)</b>	<b>721,292</b>	<b>-</b>	<b>234,024</b>	<b>955,316</b>
<b>Available fund balance, July 1</b>	<b>6,250,594</b>	<b>(0)</b>	<b>1,926,106</b>	<b>8,176,700</b>
<b>Available fund balance, June 30</b>	<b>\$ 6,971,886</b>	<b>\$ (0)</b>	<b>\$ 2,160,130</b>	<b>\$ 9,132,016</b>



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, 2007

Net change in fund balance	\$ 955,316
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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	\$ 698,593	
Less loss on dispositions	(12,406)	
Less current year depreciation	<u>(533,826)</u>	152,361

The fund financial statements report early retirement obligations as expended, however the statement of activities expenses only the increase in net change in early retirement obligation.	88,812
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Investment earnings on prepaid pension asset, not recorded in fund financial statements.	892,743
--	---------

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	<u>89,304</u>	89,304

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.

Discount on bonds issued in current year	-	
Amortization of original issue discount	(476)	
Amortization of issuance costs on bonds issued.	<u>(4,065)</u>	(4,542)

In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expense when due.	-
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Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.	(6,863)
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Internal service funds are used by the district to charge the costs of unemployment insurance to individual funds. The net activity of the internal service funds is reported with governmental activities

Internal service fund income	28,996	
Internal service fund expense	<u>(2,654)</u>	<u>26,342</u>

CHANGE IN NET ASSETS	<u>\$ 2,193,473</u>
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**ONTARIO SCHOOL DISTRICT NO. 8C**  
 Ontario, Malheur County, Oregon  
**STATEMENT OF NET ASSETS**  
 Proprietary Funds  
 June 30, 2007

	Governmental Activities Internal Service Funds
<b>ASSETS</b>	
Cash and investments	\$ 105,108
Receivables	
Taxes	-
Accounts	-
Total assets	<u>105,108</u>
<b>LIABILITIES</b>	
Accounts payable	-
Short-term notes payable	-
Accrued liabilities	
Payroll, payroll taxes, insurance	-
Interest	-
Short-term notes payable	-
Early retirement obligation	
Deferred revenue	
Bonds payable, net of unamortized premium	
Due within one year	
Due in more than one year	
Total liabilities	<u>-</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	
Restricted for debt service	
Unrestricted (deficit)	105,108
Total net assets	<u>\$ 105,108</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, 2007

	Governmental Activities <u>Internal Service</u> <u>Funds</u>
Operating Revenue	
Charges for services	\$ 23,745
Operating expenses	
Employee benefits	<u>2,654</u>
Total operating expenses	<u>2,654</u>
Operating income	21,091
Nonoperating income	
Earnings on investments	<u>5,250</u>
Total nonoperating income	<u>5,250</u>
Income (loss) before transfers	<u>26,341</u>
Transfer In	<u>-</u>
Change in net assets	<u>26,341</u>
Total net assets - beginning	<u>78,767</u>
Total net assets - ending	<u><u>\$ 105,108</u></u>

**ONTARIO SCHOOL DISTRICT NO. 8C**  
 Ontario, Malheur County, Oregon  
**STATEMENT OF CASH FLOWS**  
 Proprietary Funds  
 For the year ended June 30, 2007

	<u>Governmental</u> <u>Activities</u> <u>Internal Service</u> <u>Funds</u>
Cash flows from operating activities	
Receipts from interfund services provided	\$ 23,745
Payments for employee benefits	(2,654)
Net cash provided by operating activities	<u>21,091</u>
Cash flows from noncapital financing activities	
Transfer in to pay employee benefits	-
Cash flows from investing activities	
Interest received	5,251
Net increase in cash and cash equivalents	<u>26,342</u>
Cash and cash equivalents - beginning	78,766
Cash and cash equivalents - ending	<u>\$ 105,108</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 21,091
Net cash provided by operating activities	<u>\$ 21,091</u>

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2007

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, 2007

**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 in 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 receives)

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2007

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, 2007

**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, 2007

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, 2007

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, 2007 and 2006 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, 2005, 2006, and 2007 were \$2,124,425, \$2,297,437 and \$2,366,935 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 plans unfunded actuarial liability. This pension asset is being used to pay a portion of the district's annual required contribution. For the 2006-07 fiscal year, changes in the pension asset were not available from PERS. The balance as of the last available valuation December 31, 2005 was \$13,087,534, being held in a side account at PERS.

**Note 3. Capital Assets**

Capital assets activity for the year was as follows:

	Balance July 1, 2006	Restatements	Increases	Decreases	Balance June 30, 2007
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	9,711,969		336,654		10,048,623
Equipment	1,468,856		245,060	92,642	1,621,274
Vehicles	2,299,286		127,522	10,800	2,416,008
Total capital assets being depreciated	13,480,111	-	709,236	103,442	14,085,905
Less accumulated depreciation	(7,427,285)		(533,826)	(80,393)	(7,880,718)
Total capital assets being depreciated, net	6,052,826	-	175,410	23,049	6,205,187
Total capital assets, net	\$ 6,615,936	\$ -	\$ 175,410	\$ 23,049	\$ 6,768,297

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

Central activities                      \$533,826

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2007

Note 4. Deposits and Investments

**Deposits**

At June 30, 2007 the carrying amount of the district's deposits (cash and certificates of deposit) was \$7,491,742 and the bank balance was \$8,291,342. 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, 2007, the district held \$3,217,955 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:

Fiscal Year of Retirement	Licensed Staff: Amount of Monthly Stipend	Administrative Staff: Amount of Monthly Stipend
1990-1996	\$250	\$300

Employees have the option of taking the entire stipend in monthly installments, or applying all or part

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2007

of the stipend to purchase medical and/or dental insurance. The total early retirement expenditure for the fiscal year ended June 30, 2007 was \$138,100. The total early retirement obligation at June 30, 2007 was \$454,176.

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, 2007.

	Early Retirement Obligations
Balance 7/1/06	\$ 542,987
Additions	68,573
Payments & deletions	157,385
Balance 6/30/07	<u>\$ 454,176</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)
2007-08	\$ 130,310
2008-09	115,562
2009-10	95,109
2010-11	53,018
2011-12	32,134
2012-13	20,669
2013-14	7,105
2014-15	269
Total	<u>\$ 454,176</u>

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

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

**Note 7. Leases**

The government's future minimum rental commitments for the copier machines at the high school, accounted for as operating leases at June 30, 2007, are as follows:

Year Ending June 30	Minimum Lease Payments
2008	\$17,616
2009	17,616
2010	8,810
Total	<u>\$ 44,048</u>

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2007

**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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 108,161	\$ 418,472
2009	124,577	432,056
2010	138,113	448,520
2011	148,905	271,911
2012	161,304	294,512
2013-2017	919,808	2,893,354
2018-2022	1,956,451	2,941,787
2023-2027	5,135,000	1,080,704
2028	590,000	32,745
Total	<u>\$ 9,282,318</u>	<u>\$ 8,814,061</u>

**Note 9. Interfund Transfers**

The following table represents the districts transfers to and from various funds during the fiscal year.

From	General Fund	Fund 293	Reason
To			
General Fund		\$ 3,702	Close fund.
284	\$ 5,789		To pay for the district's share of SMILE expense
292	327,667		To fund equipment carryover fund
294	200,000		To fund Technology fund
420	<u>446,000</u>		To fund the Building Improvement fund
Total	<u>\$ 979,456</u>	<u>\$ 3,702</u>	

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, 2007

	General Fund			Variance
	Adopted	Final	Actual	Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,855,000	\$ 2,855,000	\$ 3,089,947	\$ 234,947
Local sources	485,500	485,500	796,678	311,178
Intermediate sources	2,500	2,500	5,775	3,275
State sources	17,569,370	17,569,370	17,639,232	69,862
Federal sources	-	-	-	-
Other sources	5,000	5,000	10,001	5,001
Total revenues	20,917,370	20,917,370	21,541,633	624,263
Expenditures				
Instruction				
Regular programs	9,744,972	9,759,972	9,283,949	476,023
Special programs	3,268,462	3,268,462	3,184,279	84,183
Summer school programs	13,964	13,964	12,590	1,375
Supporting services				
Students	702,876	702,876	551,891	150,985
Instructional staff	727,274	727,274	690,811	36,463
General administration	400,950	400,950	337,889	63,061
School administration	1,781,527	1,781,527	1,812,507	(30,980)
Business services	3,691,042	3,691,042	3,183,381	507,661
Central activities	710,859	710,859	636,855	74,004
Supplemental retirement program	145,681	145,681	143,557	2,124
Community services	4,000	4,000	-	4,000
Facilities acquisition and construction	112,300	112,300	81,706	30,594
Operating contingency	1,000,000	985,000	-	985,000
Total expenditures	22,303,907	22,303,907	19,919,414	2,384,493
Excess of revenues over (under) expenditures	(1,386,537)	(1,386,537)	1,622,219	3,008,756
Other financing sources (uses)				
Debt service	(500)	(500)	-	500
Grant indirect charges	127,285	127,285	74,827	(52,458)
Transfers in (out)	(1,012,050)	(1,012,050)	(975,754)	36,296
Total other financing sources (uses)	(885,265)	(885,265)	(900,927)	(15,662)
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	(2,271,802)	(2,271,802)	721,292	2,993,094
Available fund balance, July 1	4,271,802	4,271,802	6,250,593	1,978,791
Available fund balance, June 30	\$ 2,000,000	\$ 2,000,000	\$ 6,971,885	\$ 4,971,885

Federal Programs			
Adopted	Final	Actual	Variance Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
4,390,830	4,404,830	3,187,873	(1,216,957)
-	-	-	-
4,390,830	4,404,830	3,187,873	(1,216,957)
268,037	268,037	249,131	18,906
2,454,711	2,454,711	1,664,484	790,227
150,536	150,536	141,128	9,408
-	-	-	-
474,168	474,168	308,608	165,560
685,126	699,126	610,284	88,842
-	-	-	-
67,000	67,000	942	66,058
26,324	26,324	29,190	(2,866)
264,928	264,928	184,106	80,822
-	-	-	-
-	-	-	-
-	-	-	-
4,390,830	4,404,830	3,187,873	1,216,957
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

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, 2007

	Cash Basis				Accrual Adjustments	Modified Accrual Basis
	General Fund	Federal Programs	Non Major Funds	Total		
<b>Revenues</b>						
Taxes	\$ 3,049,495	\$ -	\$ -	\$3,049,495	\$ 40,452	\$ 3,089,947
Local sources	796,678		804,270	1,600,948		1,600,948
Intermediate sources	5,775		8,670	14,445		14,445
State sources	17,639,232		72,569	17,711,801		17,711,801
Federal sources		3,187,873	936,205	4,124,078		4,124,078
Other sources				-		-
<b>Total revenues</b>	<b>21,491,180</b>	<b>3,187,873</b>	<b>1,821,714</b>	<b>26,500,767</b>	<b>40,452</b>	<b>26,541,219</b>
<b>Expenditures</b>						
Instruction						
Regular programs	9,283,949	249,131	201,477	9,734,558		9,734,558
Special programs	3,184,279	1,664,484	26,973	4,875,736		4,875,736
Adult education programs	12,590	141,128		153,718		153,718
Summer school programs				-		-
Supporting services						
Students	551,891	308,608	6,297	866,795		866,795
Instructional staff	690,811	610,284	5,234	1,306,329		1,306,329
General administration	337,889			337,889		337,889
School administration	1,812,507	942	699	1,814,148		1,814,148
Business services	3,183,381	29,190	3,400	3,215,970		3,215,970
Central activities	636,855	184,106	280,925	1,101,886		1,101,886
Supplemental retirement program	143,557			-		-
Community services			1,219,776	1,219,776		1,219,776
Facilities acquisition and construction	81,706		326,806	408,513		408,513
Operating contingency				-		-
Reserve for next year				-		-
<b>Total expenditures</b>	<b>19,919,414</b>	<b>3,187,873</b>	<b>2,071,587</b>	<b>25,035,318</b>	<b>-</b>	<b>25,035,318</b>
Excess of revenues over (under) expenditures	1,571,766	-	(249,873)	1,465,450	40,452	1,505,901
Other financing sources (uses)						
Debt service			(496,633)	(496,633)		(496,633)
Grant indirect charges	74,827			74,827		74,827
Sale of assets	10,001		4,776	14,777		14,777
Transfers in (out)	(975,754)		975,754	-		-
<b>Total other financing sources (uses)</b>	<b>(890,925)</b>	<b>-</b>	<b>483,897</b>	<b>(407,028)</b>	<b>-</b>	<b>(407,028)</b>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	680,840	-	234,024	914,864	40,452	1,098,873
Available fund balance, July 1	6,212,781		1,926,106	8,138,887		6,918,792
Available fund balance, June 30	\$ 6,893,621	\$ -	\$2,160,130	\$9,053,752	\$ 40,452	\$ 9,094,203

Property taxes accrued June 30, 2007

General Fund

40,452



## SUPPLEMENTAL SCHEDULES

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**COMBINING BALANCE SHEET**  
**NON MAJOR GOVERNMENTAL FUNDS**  
June 30, 2007

	Debt Service Pension	Response to Intervention	MESD Capacity Grant	Ford Family Foundation	Girls after School	Smile
<b>ASSETS</b>						
Cash	\$ 11,674	\$ 966	\$ 4,500	\$ 2,500	\$ -	\$ 1,087
Receivables						
Other						
Taxes						
Inventory						
<b>Total assets</b>	<u>\$ 11,674</u>	<u>\$ 966</u>	<u>\$ 4,500</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 1,087</u>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash deficit balance	-	-	-	-	-	-
Early retirement obligation						
Deferred revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund equity</b>						
Fund balance						
Reserved for inventory	-	-	-	-	-	-
Undesignated	11,674	966	4,500	2,500	-	1,087
<b>Total fund equity</b>	<u>11,674</u>	<u>966</u>	<u>4,500</u>	<u>2,500</u>	<u>-</u>	<u>1,087</u>
<b>Total liabilities and fund equity</b>	<u>\$ 11,674</u>	<u>\$ 966</u>	<u>\$ 4,500</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 1,087</u>

<u>SB 622</u>	<u>Oregon Dept of Energy</u>	<u>Equipment Replacement</u>
\$ 51,405	\$ 463	\$ 174,640
<u>\$ 51,405</u>	<u>\$ 463</u>	<u>\$ 174,640</u>

\$ -	\$ -	\$ -
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>

-	-	-
<u>51,405</u>	<u>463</u>	<u>174,640</u>
<u>51,405</u>	<u>463</u>	<u>174,640</u>
<u>\$ 51,405</u>	<u>\$ 463</u>	<u>\$ 174,640</u>

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Alternative Education	Technology	Food Services	Building Improvement	Totals June 30, 2007
\$ -	\$ 16,363	\$ 374,630	\$ 1,521,901	\$ 2,160,130
				-
				-
				-
				-
<u>\$ -</u>	<u>\$ 16,363</u>	<u>\$ 374,630</u>	<u>\$ 1,521,901</u>	<u>\$ 2,160,130</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
				-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	16,363	374,630	1,521,901	2,160,130
-	16,363	374,630	1,521,901	2,160,130
<u>\$ -</u>	<u>\$ 16,363</u>	<u>\$ 374,630</u>	<u>\$ 1,521,901</u>	<u>\$ 2,160,130</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, 2007

	Debt Service Pension	Response to Intervention	MESD Capacity Grant	Ford Family Foundation	Girls after School	Smile
<b>Revenues</b>						
Local sources	\$ 499,896	\$ 6,200	\$ -	\$ -	\$ -	\$ -
Intermediate sources			4,500		1,377	
State sources						10,496
Federal sources						
<b>Total revenues</b>	<b>499,896</b>	<b>6,200</b>	<b>4,500</b>	<b>-</b>	<b>1,377</b>	<b>10,496</b>
<b>Expenditures</b>						
1000 Instruction						
100 Salaries						10,300
200 Associated payroll costs						2,789
300 Purchased services				(51)	464	1,114
400 Supplies and materials				11,573	913	1,249
500 Capital outlay						
600 Other objects						
<b>Total instruction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,522</b>	<b>1,377</b>	<b>15,451</b>
2000 Support services						
100 Salaries		2,024		4,955		
200 Associated payroll costs		358		1,341		
300 Purchased services	121	2,720				
400 Supplies and materials		132		1,135		
500 Capital outlay						
600 Other objects						
<b>Total support services</b>	<b>121</b>	<b>5,234</b>	<b>-</b>	<b>7,432</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>5,234</b>	<b>-</b>	<b>18,954</b>	<b>1,377</b>	<b>15,451</b>
<b>Excess of revenues over (under) expenditures</b>	<b>499,775</b>	<b>966</b>	<b>4,500</b>	<b>(18,954)</b>	<b>0</b>	<b>(4,955)</b>
<b>Other financing sources and (uses)</b>						
Transfers in (out)						5,789
Compensation from disposal of capital assets						
Debt servicing	(496,633)					
<b>Total other financing sources</b>	<b>(496,633)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,789</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>3,143</b>	<b>966</b>	<b>4,500</b>	<b>(18,954)</b>	<b>0</b>	<b>834</b>
<b>Available fund balance, July 1</b>	<b>8,531</b>			<b>21,454</b>		<b>254</b>
<b>Available fund balance, June 30</b>	<b>\$ 11,674</b>	<b>\$ 966</b>	<b>\$ 4,500</b>	<b>\$ 2,500</b>	<b>\$ 0</b>	<b>\$ 1,087</b>

SB 622	Equipment Replacement	Alternative Education	Technology	Oregon Dept of Energy	Building Improvement	Food Services	Totals June 30, 2007
\$ -	\$ -	\$ -	\$ - 2,793	\$ 22,156	\$ 77,633	\$ 198,385	\$ 804,270
				48,500		13,573	8,670
						936,205	72,569
-	-	-	2,793	70,656	77,633	1,148,162	936,205
							1,821,714
							10,300
							2,789
							1,527
	166,500						180,234
	33,600						33,600
-	200,100	-	-	-	-	-	-
							228,450
							6,979
							1,700
	13,187						16,027
	65,384						66,651
			141,355				141,355
			63,843				63,843
-	78,570	-	205,198	-	-	-	296,555
-	-	-	-	-	-	372,677	372,677
-	-	-	-	-	-	204,862	204,862
-	-	-	-	-	-	19,626	19,626
-	-	-	-	-	-	577,602	577,602
-	-	-	-	-	-	45,009	45,009
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,219,776	1,219,776
				7,862	663		8,524
-	-	-	-	62,331	255,951	-	318,282
-	-	-	-	70,193	256,614	-	326,806
-	-	-	-	-	-	-	-
-	278,671	-	205,198	70,193	256,614	1,219,776	2,071,587
-	(278,671)	-	(202,404)	463	(178,980)	(71,614)	(249,873)
	327,667	(3,702)	200,000		446,000		975,754
			4,776				4,776
							(496,633)
-	327,667	(3,702)	204,776	-	446,000	-	483,897
-	48,996	(3,702)	2,371	463	267,020	(71,614)	234,024
51,405	125,644	3,702	13,992		1,254,881	446,243	1,926,106
\$ 51,405	\$ 174,640	\$ -	\$ 16,363	\$ 463	\$ 1,521,901	\$ 374,630	\$ 2,160,130

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, 2007

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
<b>Revenues</b>				
Local sources				
1510 Interest earned on investments	\$ 6,000	\$ 6,000	\$ 11,048	\$ 5,048
1970 Miscellaneous	485,125	485,125	488,848	3,723
Total local sources	491,125	491,125	499,896	8,771
5110 Bond Proceeds	-	-	-	-
Total revenues	491,125	491,125	499,896	8,771
<b>Expenditures</b>				
Supporting services				
2600 Central activities	125	125	121	4
Other expenditures				
5110 Principal	89,500	89,500	89,303	198
5110 Interest	407,500	407,500	407,330	170
Total expenditures	497,125	497,125	496,753	372
Excess of revenues over (under) expenditures	(6,000)	(6,000)	3,143	8,399
<b>Other financing sources and uses</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Excess of revenues and other sources over (under) expenditures & other uses	(6,000)	(6,000)	3,143	9,143
Available fund balance, July 1	6,000	6,000	8,531	2,531
Available fund balance, June 30	\$ -	\$ -	\$ 11,674	\$ 11,674



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, 2007

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources				
1990 Miscellaneous revenue	\$ -	\$ 6,200	\$ 6,200	\$ -
Total local revenue	-	6,200	6,200	-
Total revenues	-	6,200	6,200	-
Expenditures				
2000 Support services				
2240 Instructional staff development				
100 Salaries		2,700	2,024	676
200 Associated payroll costs		300	358	(58)
300 Purchased services		3,000	2,720	280
400 Supplies and materials		200	132	68
Total expenditures	-	6,200	5,234	966
Excess of revenues over (under) expenditures	-	-	966	966
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	\$ -	\$ -	\$ 966	\$ 966

ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - MALHEUR ESD CAPACITY GRANT (CASH BASIS)**  
 For the Year Ended  
 June 30, 2007

	<u>Adopted</u>	<u>Final</u>	<u>Actual</u>	<u>Variance Final Budget Positive (Negative)</u>
Revenues				
Intermediate sources				
2200 Miscellaneous county funds	\$ 4,500	\$ 4,500	\$ 4,500	\$ -
Total local revenue	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>	<u>-</u>
Total revenues	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>	<u>-</u>
Expenditures				
1000 Instruction				
1131 Middle and junior high school programs				
100 Salaries	3,119	3,119	-	3,119
200 Associated payroll costs	781	781	-	781
300 Purchased services	-	-	-	-
400 Supplies and materials	600	600	-	600
Total instruction	<u>4,500</u>	<u>4,500</u>	<u>-</u>	<u>4,500</u>
Total expenditures	<u>4,500</u>	<u>4,500</u>	<u>-</u>	<u>4,500</u>
Excess of revenues over (under) expenditures	-	-	4,500	4,500
Available fund balance, July 1	-	-	-	-
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,500</u>	<u>\$ 4,500</u>

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, 2007

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
<b>Revenues</b>				
Local sources				
1920 Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
Total local revenue	-	-	-	-
Total revenues	-	-	-	-
<b>Expenditures</b>				
1000 Instruction				
1121 Middle and junior high school programs				
400 Supplies and materials	-	-	-	-
1299 Other programs				
100 Salaries	3,000	3,000		3,000
200 Associated payroll costs	900	900		900
300 Purchased services	-	-	(51)	51
400 Supplies and materials	1,050	1,050	11,573	(10,523)
1300 Adult continuing education programs				-
300 Purchased services	10,000	10,000		10,000
400 Supplies and materials	2,000	2,000		2,000
Total Instruction	16,950	16,950	11,522	1,528
2000 Support services				
2190 Service direction				
100 Salaries	7,000	7,000	4,955	2,045
200 Associated payroll costs	2,050	2,050	1,341	709
300 Purchased services	9,000	9,000		9,000
2559 Other student transportation				-
300 Purchased services			-	-
2630 Information services				
300 Purchased services	20,000	20,000		20,000
400 Supplies and materials	5,000	5,000	1,135	3,865
Total support services	43,050	43,050	7,432	35,618
Total expenditures	60,000	60,000	18,954	37,146
Excess of revenues over (under) expenditures	(60,000)	(60,000)	(18,954)	41,046
Available fund balance, July 1	60,000	60,000	18,954	(41,046)
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 - GIRLS AFTER SCHOOL PROGRAM (CASH BASIS)**  
For the Year Ended  
June 30, 2007

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Intermediate sources				
2200 Miscellaneous county funds	\$ 6,000	\$ 6,000	\$ 1,377	\$ (4,623)
Total intermediate sources	6,000	6,000	1,377	(4,623)
Total revenues	6,000	6,000	1,377	(4,623)
Expenditures				
1000 Instruction				
1121 Middle/junior high programs				
100 Salaries				-
200 Associated payroll costs				-
300 Purchased services	2,200	2,200	464	1,736
400 Supplies and materials	3,800	3,800	913	2,887
600 Other objects				-
Total instruction	6,000	6,000	1,377	4,623
Total expenditures	6,000	6,000	1,377	4,623
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, 2007

	<u>Adopted</u>	<u>Final</u>	<u>Actual</u>	<u>Variance Final Budget Positive (Negative)</u>
<b>Revenues</b>				
3299 Restricted state grant in aid	\$ 10,000	\$ 10,000	\$ 10,496	\$ 496
<b>Total revenues</b>	<u>10,000</u>	<u>10,000</u>	<u>10,496</u>	<u>496</u>
<b>Expenditures</b>				
1000 Instruction				
1299 Other programs				
100 Salaries	10,506	10,506	10,300	206
200 Associated payroll costs	2,930	2,930	2,789	141
300 Purchased services	2,550	2,550	1,114	1,436
400 Supplies and materials	4,145	4,145	1,249	2,896
<b>Total instruction</b>	<u>20,131</u>	<u>20,131</u>	<u>15,451</u>	<u>4,680</u>
<b>Total support services</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>20,131</u>	<u>20,131</u>	<u>15,451</u>	<u>4,680</u>
Excess of revenues over (under) expenditures	(10,131)	(10,131)	(4,955)	5,176
Other financing sources				
Transfers in	6,000	6,000	5,789	(211)
<b>Total other financing sources</b>	<u>6,000</u>	<u>6,000</u>	<u>5,789</u>	<u>(211)</u>
Excess of revenues and other sources over (under) expenditures & other uses	(4,131)	(4,131)	834	4,965
Available fund balance, July 1	4,131	4,131	254	(3,877)
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,087</u>	<u>\$ 1,087</u>

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, 2007

	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 - EQUIPMENT REPLACEMENT FUND (CASH BASIS)**

For the Year Ended  
June 30, 2007

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources				
1920 Donation	\$ -	\$ -	\$ -	\$ -
Total local sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
1000 Instruction				
1111 Primary K-3				
400 Supplies and materials	77,075	77,075	49,165	27,910
500 Capital outlay	12,000	12,000	2,600	9,400
1112 Intermediate programs				
400 Supplies and materials	158,075	158,075	18,317	139,758
500 Capital outlay	13,500	13,500	2,600	10,900
1121 Middle and junior high school programs				
400 Supplies and materials			58,495	(58,495)
500 Capital outlay			8,998	(8,998)
1131 High school programs				
400 Supplies and materials	68,800	68,800	39,473	29,327
500 Capital outlay			19,402	(19,402)
1132 High school co-curricular programs				
400 Supplies and materials	15,000	15,000	1,050	13,950
500 Capital outlay				-
Total instruction	344,450	344,450	200,100	144,350
2000 Support services				
2410 Office of the principal services				
400 Supplies and materials	2,000	2,000	699	1,301
2521 Service area direction fiscal services				
400 Supplies and materials	50,000	50,000	-	50,000
500 Capital outlay	75,000	75,000		75,000
2542 Care and upkeep of buildings				
400 Supplies and materials	2,500	2,500	3,400	(900)
2660 Technology services				
300 Purchased services			13,187	(13,187)
400 Supplies and materials			61,285	(61,285)
Total support services	129,500	129,500	78,570	50,930
Total expenditures	473,950	473,950	278,671	50,558
Excess of revenues over (under) expenditures	(473,950)	(473,950)	(278,671)	195,279
Other financing sources				
Transfers in	363,950	363,950	327,667	(36,283)
Total other financing sources	363,950	363,950	327,667	(36,283)
Excess of revenues and other sources over (under) expenditures & other uses	(110,000)	(110,000)	48,996	158,996
Available fund balance, July 1	110,000	110,000	125,644	15,644
Available fund balance, June 30	\$ -	\$ -	\$ 174,640	\$ 174,640

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, 2007

	<u>Adopted</u>	<u>Final</u>	<u>Actual</u>	<u>Variance Final Budget Positive (Negative)</u>
Revenues				
Local sources				
1330 Summer school tuition	\$ -	\$ -	\$ -	\$ -
Total local sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
1000 Instruction				
1430 High school summer school				
100 Salaries				-
200 Associated payroll costs				-
300 Purchased services				-
400 Supplies and materials				-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	-	-	-	-
Other financing sources				
Transfers out	(3,705)	(3,705)	(3,702)	-
Total other financing sources	(3,705)	(3,705)	(3,702)	-
Excess of revenues and other sources over (under) expenditures & other uses	(3,705)	(3,705)	(3,702)	3
Available fund balance, July 1	3,705	3,705	3,702	-
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>

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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 - TECHNOLOGY FUND (CASH BASIS)**  
For the Year Ended  
June 30, 2007

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
<b>Revenues</b>				
Intermediate sources				
2200 Miscellaneous county funds	\$ -	\$ -	\$ 2,793	\$ 2,793
Total intermediate sources	-	-	2,793	2,793
<b>Total revenues</b>	-	-	2,793	2,793
<b>Expenditures</b>				
2000 Support services				
2660 Technology services				
300 Purchased services	-	-	-	-
400 Supplies and materials	150,000	150,000	141,355	8,645
500 Capital outlay	80,000	80,000	63,843	16,157
Total expenditures	230,000	230,000	205,198	24,802
<b>Excess of revenues over (under) expenditures</b>	(230,000)	(230,000)	(202,404)	(22,009)
<b>Other financing sources</b>				
Transfers in	200,000	200,000	200,000	-
Compensation for loss of assets			4,776	4,776
<b>Total other financing sources</b>	200,000	200,000	204,776	4,776
<b>Excess of revenues and other sources over     (under) expenditures &amp; other uses</b>	(30,000)	(30,000)	2,371	32,371
<b>Available fund balance, July 1</b>	30,000	30,000	13,992	(16,008)
<b>Available fund balance, June 30</b>	\$ -	\$ -	\$ 16,363	\$ 16,363

ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - OREGON DEPARTMENT OF ENERGY (CASH BASIS)**  
 For the Year Ended  
 June 30, 2007

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
<b>Revenues</b>				
1000 Local sources				
1990 Miscellaneous	\$ -	\$ -	\$ 22,156	\$ 22,156
3000 State sources				-
3299 Miscellaneous grants	80,000	80,000	48,500	(31,500)
<b>Total revenues</b>	<u>80,000</u>	<u>80,000</u>	<u>70,656</u>	<u>(9,344)</u>
<b>Expenditures</b>				
4000 Facilities acquisition and construction				
4150 Building acquisition, construction and improvement				
300 Purchased services	-	-	7,862	(7,862)
500 Capital outlay	80,000	80,000	62,331	17,669
<b>Total facilities acquisition, construction and improvement</b>	<u>80,000</u>	<u>80,000</u>	<u>70,193</u>	<u>9,807</u>
<b>Total expenditures</b>	<u>80,000</u>	<u>80,000</u>	<u>70,193</u>	<u>9,807</u>
<b>Excess of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>463</u>	<u>(19,151)</u>
<b>Other financing sources</b>				
Transfers in	-	-	-	-
Transfers out				-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues and other sources over (under) expenditures &amp; other uses</b>	<u>-</u>	<u>-</u>	<u>463</u>	<u>463</u>
<b>Available fund balance, July 1</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Available fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 463</u>	<u>\$ 463</u>

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, 2007

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
<b>Revenues</b>				
1500 Investment earnings	\$ 48,000	\$ 48,000	\$ 77,633	\$ 29,633
1920 Miscellaneous				-
<b>Total revenues</b>	<u>48,000</u>	<u>48,000</u>	<u>77,633</u>	<u>29,633</u>
<b>Expenditures</b>				
4000 Facilities acquisition and construction				
4150 Building acquisition, construction and improvement				
300 Purchased services	45,000	45,000	663	44,337
500 Capital outlay	1,649,000	1,649,000	255,951	1,393,049
<b>Total facilities acquisition, construction and improvement</b>	<u>1,694,000</u>	<u>1,694,000</u>	<u>256,614</u>	<u>1,437,386</u>
<b>Total expenditures</b>	<u>1,694,000</u>	<u>1,694,000</u>	<u>256,614</u>	<u>1,437,386</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(1,646,000)</u>	<u>(1,646,000)</u>	<u>(178,980)</u>	<u>(1,407,753)</u>
<b>Other financing sources</b>				
Transfers in	446,000	446,000	446,000	-
Transfers out				-
<b>Total other financing sources</b>	<u>446,000</u>	<u>446,000</u>	<u>446,000</u>	<u>-</u>
<b>Excess of revenues and other sources over (under) expenditures &amp; other uses</b>	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>267,020</u>	<u>1,467,020</u>
<b>Available fund balance, July 1</b>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,254,881</u>	<u>54,881</u>
<b>Available fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,521,901</u>	<u>\$ 1,521,901</u>

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, 2007

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
<b>Revenues</b>				
Local sources				
1600 Food service	\$ 150,000	\$ 150,000	\$ 170,987	\$ 20,987
1990 Miscellaneous	10,000	10,000	27,398	17,398
Total local sources	160,000	160,000	198,385	38,385
State Sources				
3102 State school lunch match	14,000	14,000	13,573	(427)
Total state sources	14,000	14,000	13,573	(427)
Federal sources				
4500 Restricted federal revenue	800,000	800,000	872,232	72,232
4900 Commodity distribution	50,000	50,000	63,972	13,972
Total federal sources	850,000	850,000	936,205	86,205
Total revenues	1,024,000	1,024,000	1,148,162	124,162
<b>Expenditures</b>				
3000 Enterprise and community services				
3110 Service area direction				
100 Salaries	73,249	73,249	68,586	4,663
200 Associated payroll costs	38,513	38,513	36,570	1,943
300 Purchased services	3,150	3,150	3,258	(108)
400 Supplies and materials			-	-
500 Capital outlay				-
600 Other objects	150	150		150
3120 Food preparation and dispensing services				
100 Salaries	279,695	279,695	286,922	(7,227)
200 Associated payroll costs	180,188	180,188	159,764	20,424
300 Purchased services	14,650	14,650	16,367	(1,717)
400 Supplies and materials	665,681	665,681	575,379	90,302
500 Capital outlay	130,000	130,000	45,009	84,991
3130 Food delivery services				-
100 Salaries	15,211	15,211	17,169	(1,958)
200 Associated payroll costs	8,013	8,013	8,528	(515)
300 Purchased services	2,500	2,500		2,500
400 Supplies and materials	3,000	3,000	2,223	777
Total enterprise and community services	1,414,000	1,414,000	1,219,776	194,224
Total expenditures	1,414,000	1,414,000	1,219,776	194,224
Excess of revenues over (under) expenditures	(390,000)	(390,000)	(71,613)	318,387
Available fund balance, July 1	390,000	390,000	446,243	56,243
Available fund balance, June 30	\$ -	\$ -	\$ 374,630	\$ 374,630

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, 2007

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Local sources				
1112 Prior year taxes	\$ 30	\$ 30	\$ -	\$ (30)
1510 Interest earned on investments	10	10	-	(10)
Total local sources	40	40	-	(40)
Total revenues	40	40	-	(40)
Expenditures				
Reserve for next year			-	100
Total expenditures	-	-	-	100
Excess of revenues over (under) expenditures	40	40	-	(140)
Other financing sources				
Transfers in	-	-	-	-
Transfers out	235	235	-	100
Total other financing sources	235	235	-	100
Excess of revenues and other sources over (under) expenditures & other uses	(195)	(195)	-	195
Available fund balance, July 1	195	195	-	(195)
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, 2007

	Balance July 1, 2006	Receipts	Disbursements	Balance June 30, 2007
<b>Ontario High School</b>				
Assets				
Cash	\$ 55,867	\$ 237,025	\$ 231,018	\$ 61,874
Liabilities				
Due to student groups	\$ 55,867	\$ 237,025	\$ 231,018	\$ 61,874
<b>Middle School</b>				
Assets				
Cash	\$ 111,133	\$ 77,355	\$ 69,633	\$ 118,856
Liabilities				
Due to student groups	\$ 111,133	\$ 77,355	\$ 69,633	\$ 118,856
<b>Aiken Elementary School</b>				
Assets				
Cash	\$ 2,168	\$ 7,788	\$ 8,542	\$ 1,415
Liabilities				
Due to student groups	\$ 2,168	\$ 7,788	\$ 8,542	\$ 1,415
<b>Alameda Elementary School</b>				
Assets				
Cash	\$ 2,791	\$ 10,601	\$ 10,254	\$ 3,138
Liabilities				
Due to student groups	\$ 2,791	\$ 10,601	\$ 10,254	\$ 3,138
<b>Cairo Elementary School</b>				
Assets				
Cash	\$ 2,009	\$ 5,245	\$ 4,568	\$ 2,686
Liabilities				
Due to student groups	\$ 2,009	\$ 5,245	\$ 4,568	\$ 2,686
<b>May Roberts Elementary School</b>				
Assets				
Cash	\$ 12,170	\$ 21,246	\$ 16,354	\$ 17,062
Liabilities				
Due to student groups	\$ 12,170	\$ 21,246	\$ 16,354	\$ 17,062
<b>Pioneer Elementary School</b>				
Assets				
Cash	\$ 1,379	\$ 14,116	\$ 11,358	\$ 4,136
Liabilities				
Due to student groups	\$ 1,379	\$ 14,116	\$ 11,358	\$ 4,136
<b>Totals</b>				
Assets				
Cash	\$ 187,518	\$ 373,376	\$ 351,727	\$ 209,167
Liabilities				
Due to student groups	\$ 187,518	\$ 373,376	\$ 351,727	\$ 209,167

ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF CASH, CASH ITEMS, INVESTMENTS, AND COLLATERAL SECURITY**  
 June 30, 2007

	<u>All Funds</u>	<u>Total</u>
Cash and cash items		
Sterling Bank, F.S.B.		
Demand accounts	\$ 7,345,415	
Non demand account	-	
Total Sterling Bank, F.S.B.		<u>\$ 7,345,415</u>
Bank of the West		
Demand accounts	<u>2,000</u>	
Total Bank of the West		<u>2,000</u>
Bank of America		
Demand accounts	<u>118,856</u>	
Total Bank of America		<u>118,856</u>
Washington Mutual Bank		
Demand accounts	<u>17,062</u>	
Total Washington Mutual Bank		<u>17,062</u>
Wells Fargo Bank		
Demand accounts	<u>3,138</u>	
Total Wells Fargo Bank		<u>3,138</u>
U.S. Bank, N.A.		
Demand accounts	<u>4,101</u>	
Total U.S. Bank, N.A.		<u>4,101</u>
Total cash with banks		7,490,572
Cash-on-hand		<u>1,170</u>
Total cash and cash items		<u>7,491,742</u>
Investments		
Oregon State Treasury Local Government Investment Pool		3,217,954
Malheur County Treasurer		<u>-</u>
Total investments		3,217,954
Less trust funds not included in statement of net assets		<u>(209,167)</u>
Total cash, cash items and investments		<u><u>\$ 10,500,529</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, 2007

**Collateral security**

Sterling Bank, F.S.B.	
Certificate of Participation, No. 38698 in the collateral pool per ORS. 205.065	\$ 5,700,000
Insurance under Federal Deposit Insurance Corporation Act (FDIC)	** 100,000
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	10,000,000
Insurance under Federal Deposit Insurance Corporation Act (FDIC)	100,000
<b>Total collateral security</b>	<b>\$ 16,400,000</b>

\*\* 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, 2007**  
**(Cash Basis Only)**

Cash on hand, July 1		\$ 156
Treasurer's receipts		
Interest collected	\$ 3,048	
Tax collections - current year	2,958,261	
Tax collections - prior year	123,013	
County land sales and others	<u>8,758</u>	
Total tax collections		3,093,081
		<u>3,093,237</u>
Total available		-
Miscellaneous refunds and rebates		(3,093,237)
County turnovers to district		
Cash on hand, June 30		<u><u>\$ (0)</u></u>

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ONTARIO SCHOOL DISTRICT NO. 8C  
 Ontario, Malheur County, Oregon  
**STATEMENT OF PROPERTY TAX TRANSACTIONS**  
 For the Year Ended  
 June 30, 2007

**GENERAL FUND**

Tax Year	Uncollected Taxes June 30, 2006	Current Assessment	(Abatement) and Adjustments	Rebates Allowed	Interest Collected	Taxes Collected	Total Amount Collected	Uncollected Taxes June 30, 2007
2006-07		\$ 3,133,043	\$ -	\$ (78,062)	\$ 1,915	\$ 2,955,138	\$ 2,957,053	\$ 99,842
2005-06	\$ 99,422		(101)	1	3,438	48,384	51,821	50,938
2004-05	51,661		(74)		3,958	23,283	27,241	28,304
2003-04	31,441		(55)		5,044	19,145	24,188	12,241
2002-03	12,213		(52)		3,591	11,308	14,899	852
2001-02	1,266		(50)		230	873	1,103	343
2000-01	914		(19)		240	721	961	174
1999-00							-	-
1998-99							-	-
1997-98							-	-
1996-97							-	-
1995-96							-	-
1993-94							-	-
1992-93							-	-
1991-92							-	-
1989-90	158						-	158
1988-89	126						-	126
1987-88	95						-	95
	<u>\$ 197,295</u>	<u>\$ 3,133,043</u>	<u>\$ (351)</u>	<u>\$ (78,061)</u>	<u>\$ 18,416</u>	<u>\$ 3,058,852</u>	<u>\$ 3,077,268</u>	<u>\$ 193,074</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, 2007

	210-211 213 Migrant Title IC	212 Migrant Summer School	220-222 Title IA Grant	223 Reading First
Revenues				
Federal sources	\$ 274,574	\$ 112,898	\$ 1,283,409	\$ 273,904
Total revenues	274,574	112,898	1,283,409	273,904
Expenditures				
1000 Instruction				
100 Salaries	89,732	40,532	608,623	
200 Associated payroll costs	36,800	10,106	250,534	
300 Purchased services	9,100	3,000	64,346	
400 Supplies and materials	397	3,597	106,134	50,778
600 Dues and fees			48,412	
Total instruction	136,029	57,235	1,078,049	50,778
2000 Support services				
100 Salaries	92,353	29,658	132,718	130,924
200 Associated payroll costs	35,451	7,947	46,921	48,868
300 Purchased services	7,527	18,058	24,981	28,687
400 Supplies and materials	3,213		741	6,579
500 Capital outlay				
600 Dues and fees				8,068
Total support services	138,545	55,663	205,361	223,126
4000 Facilities acquisition and construction				
500 Capital outlay	-	-	-	-
Total facilities acquisition and construction	-	-	-	-
Total expenditures	274,574	112,898	1,283,409	273,904
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	\$ -	\$ -	\$ -	\$ -

227	230-232	235	236-237
Program Improvement	Title II D	FIE Earmark	Title III
\$ 4,061	\$ 28,361	\$ 690	\$ 51,314
4,061	28,361	690	51,314
			14,111
			2,878
		690	23,667
-	-	690	40,656
2,206	3,219		7,222
332	574		1,187
1,523	6,755		171
	17,442		2,078
	371		
4,061	28,361	-	10,658
-	-	-	-
-	-	-	-
4,061	28,361	690	51,314
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

238-239	241-243	248
Title V Innovative Ed	IDEA	Title VI (B) Innovative Rural Ed
\$ 13,555	\$ 414,646	\$ 118,534
13,555	414,646	118,534
712	187,358	
63	111,923	182
	23,457	
20	44,010	
	1,500	
795	368,249	182
383	34,099	76,985
111	8,810	29,672
	3,233	6,020
12,266	255	4,475
		1,200
12,760	46,397	118,352
-	-	-
-	-	-
13,555	414,646	118,534
-	-	-
-	-	-
-	-	-
-	-	-
\$ -	\$ -	\$ -

253-254	257-258	259	260-262	
Title II A	Alcohol Abuse Reduction	Teaching Others to Enjoy Reading	Drug and Alcohol Grant	Totals
\$ 317,577	\$ 248,058	\$ 5,294	\$ 40,998	\$ 3,187,873
317,577	248,058	5,294	40,998	3,187,873
				-
123,581	43,500			1,108,149
61,620	11,982			486,089
	45,462			145,366
	26,578			255,870
	9,357			59,269
185,201	136,879	-	-	2,054,744
				-
25,545	54,978		10,618	600,907
3,735	13,846		1,435	198,888
95,109	31,852		18,487	242,404
2,617	10,502	5,294	9,910	75,372
				-
5,370			548	15,558
132,376	111,179	5,294	40,998	1,133,129
-	-	-	-	-
-	-	-	-	-
317,577	248,058	5,294	40,998	3,187,873
-	-	-	-	0
				-
				-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

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#### OTHER STATEMENTS

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**CONTINUING DISCLOSURE REQUIREMENTS FOR BONDED DEBT**  
For the year Ended  
June 30, 2007

2006-2007      Assessed valuation of taxable property      \$      820,425,311

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%
2006-2007	89,303	407,330	496,633	20,895,168	2.38%

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%
2006-2007	820,425,311	9,270,644	1.13%

(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	Valuation	Value
H J Heinz Company, LP	\$ 91,812,335	11.19%
Oregon Warehouse Partners	10,520,740	1.28%
Ontario Capital, LLC	8,416,211	1.03%
Wal-Mart Real Estate Business Trs.	8,394,648	1.02%
Home Depot USA, Inc.	8,046,500	0.98%
Murakami Farms, Inc.	7,437,118	0.91%
Larson, Farrell V 1/2 ETAL	5,777,144	0.70%
ACL Company LLC	4,635,521	0.57%
Dominican Sisters of Ontario, Inc.	4,413,333	0.54%
JR Simplot Company	3,938,340	0.48%
Shreeji Management LLC	2,997,030	0.37%
<u>Public utilities</u>		
Idaho Power Co.	19,300,429	2.35%
Malheur Home Telephone Co.	9,637,996	1.17%
Cascade Natural Gas Corp	4,331,000	0.53%
Union Pacific Railroad Co.	4,179,003	0.51%
<u>All other taxpayers</u>	626,587,963	76.37%
	<u>\$ 820,425,311</u>	<u>100%</u>

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
2006-2007	17,711,801	66.44%	26,659,580

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
2006-2007	95,446,003	9,270,644	86,175,359

(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 EXPENDITURES**  
 June 30, 2007

	<u>2006-2007</u>	<u>2005-2006</u>	<u>2004-2005</u>	<u>2003-2004</u>
Governmental activities:				
Regular programs	\$ 9,685,975	\$ 8,159,423	\$ 8,791,541	\$ 8,812,564
Special programs	4,875,744	4,563,967	3,942,267	3,526,896
Adult/continuing education	-	-	22,440	40,933
Summer school programs	153,714	111,699	168,532	141,292
Students	866,793	830,691	831,522	861,556
Instructional staff	1,306,324	967,624	1,171,409	1,182,836
General administration	337,888	337,889	333,709	297,196
School administration	1,814,143	1,811,339	1,477,900	1,447,996
Business services	3,613,208	3,615,096	3,387,958	2,774,651
Central activities	1,027,318	952,273	958,541	1,533,196
Supplemental retirement program	54,745	54,746	124,035	59,947
Enterprise & community services	1,174,768	1,174,767	910,798	881,069
Facilities acquisition & construction	17,330	(1,276)	164,473	21,480
Debt service-interest & amortization	411,872	411,872	401,927	398,060
Total	<u>\$ 25,339,823</u>	<u>\$ 22,990,110</u>	<u>\$ 22,687,052</u>	<u>\$ 21,979,672</u>

Source: Ontario School District No. 8C

**ONTARIO SCHOOL DISTRICT NO. 8C**  
 Ontario, Malheur County, Oregon  
**GOVERNMENT-WIDE REVENUES**  
 June 30, 2007

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	
2007	\$ 720,320	\$ 4,136,136	\$ 58,996	\$ 3,083,084	\$ 17,417,104	\$ 236,091	\$ 1,556,205	\$ 325,357	\$ 27,533,294
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

Source: Ontario School District No. 8C

**ONTARIO SCHOOL DISTRICT NO. 8C**  
**Ontario, Malheur County, Oregon**  
**MISCELLANEOUS INFORMATION**  
**June 30, 2007**

Malheur County

	Population	Per Capita Income Estimate	Unemployment Rate	Top 10 Assessed Valuations 2007	
2005-06	31,800	22,250	8.1%	Heinz, HJ Co. LP	\$ 91,812,335
2004-05	31,850	20,222	10.9%	Idaho Power Co.	19,300,429
2003-04	32,000	18,857	12.5%	Oregon Warehouse Partners	10,520,740
2002-03	32,000	18,077	10.5%	Malheur Home Telephone Co.	9,637,996
2001-02	32,000	17,620	11.4%	Ontario Capital, LLC	8,416,211
2000-01	31,615	17,620	9.2%	Wal-Mart Real Est Business TRS	8,394,648
1999-00	31,200	19,025	8.8%	Home Depot, USA	8,046,500
1998-99	31,140	18,500	11.2%	Murakami Farms, Inc.	7,437,118
1997-98	30,800	17,750	10.3%	Larson, Farrell V 1/2 Etal	5,777,144
1996-97	30,140	17,500	9.3%	ACL Company LLC	4,635,521
Source: Oregon Economic and Community Development				All Others	646,446,669
				Total	<u>\$ 820,425,311</u>

Top 10 Industries for Employees  
(Non farm) May 2007

	Employees
Local government	2,150
Retail/Trade	2,010
Education/Health	1,450
State government	1,250
Manufacturing	1,120
Leisure/Hospitality	1,150
Professional/Business Services	460
Financial activities	400
Wholesale trade	360
Transportation/Warehousing/Utilities	400
Natural resource, mining and construction	360
All others	640
Total	<u>11,750</u>

Source: Malheur County Department of Assessment  
and Taxation

Source: Oregon Employment Department: Worksource Oregon

	Student Enrollment	Teaching Staff	Administrators
2006-07	2,716	170.5	26.5
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, 2007

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 2006-2007 and 2007-2008 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 2006-2007 budget.

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, 2007 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, 2007

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, 2007, 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, 2007, the district did not receive state highway funds.

State School Fund

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

**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 July 1, 2006 to June 30, 2007

Total Revenues and/or Receipts - (Government-wide + Fiduciary funds)		<u>\$ 27,533,296</u>
Less:		
Revenues of Component Units included in report of primary government	-	
Taxes, assessments and other collections to be distributed to other governmental units	-	
Net Revenues and/or Receipts		<u>\$ 27,533,296</u>
Total Expenditures and/or Disbursements - (Government-wide + Fiduciary funds)		<u>\$ 25,339,823</u>
Less:		
Expenditures of Component Units included in report of primary government	-	
Turnovers to other municipal corporations	-	
Taxes and Assessments	-	
Other Distributions	-	
Net Expenditures and/or Disbursements		<u>\$ 25,339,823</u>

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	\$ 50,000	\$ 20	
150,000	150,000	40	
500,000	500,000	150	
1,000,000	1,000,000	200	
5,000,000	5,000,000	250	
10,000,000	10,000,000	300	
50,000,000	50,000,000	350	
		400	
(Net Expenditures and/or Disbursements)			

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 \_\_\_\_\_

OREGON DEPARTMENT OF EDUCATION  
REQUIRED INFORMATION

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**DISTRICT AUDIT REVENUE SUMMARY**  
For the Year Ended  
June 30, 2007

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 600
<b>Revenue from Local Sources</b>					
1110 Ad Valorem Taxes	\$ 3,086,899	\$ -	\$ -	\$ -	\$ -
1120 Local Option Taxes					
1190 Penalties and Interest	3,048				
1200 Revenue from Local Government Other Than District	7,391				
1310 Regular Tuition	7,242				
1320 Adult/Continuing Ed Tuition					
1330 Summer School Tuition	9,120				
1400 Transportation Fees	7,601				
1500 Earnings on Investments	569,531		11,048	77,633	5,250
1600 Food Services		170,987			
1700 Extracurricular Activities	51,721				
1800 Community Services Activities					
1910 Rentals	668				
1920 Contributions and Donations	3,388				
1930 Rental or Lease Payments from Private Contractors					
1940 Services Provided Other LEAs					
1950 Textbook Sales and Rentals					
1960 Recovery of Prior Years' Expenditures					
1970 Services Provided Other Funds			488,848		23,746
1980 Fees Charged to Grants	74,827				
1990 Miscellaneous	140,016	55,514			
<b>Total Revenue from Local Sources</b>	<b>3,961,452</b>	<b>226,501</b>	<b>499,896</b>	<b>77,633</b>	<b>28,996</b>
<b>Revenue from Intermediate Sources</b>					
2101 County School Funds	5,775				
2102 ESD Apportionment					
2105 Natural Gas, Oil and Mineral Receipts					
2199 Other Intermediate Sources					
2200 Restricted Revenue Intermediate Sources		8,670			
2800 Revenue in Lieu of Taxes					
2900 Revenue for/on Behalf of District					
<b>Total Revenue from Intermediate Sources</b>	<b>5,775</b>	<b>8,670</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue from State Sources</b>					
3101 State School Fund - General Support	17,403,531	-	-	-	-
3102 State School Fund - Lunch Match		13,573			
3103 Common School Fund	230,316				
3104 State Managed Timber					
3199 Other Unrestricted Grants - State					
3204 Driver Education	5,385				
3222 State School Fund Transportation Equipment					
3299 Other Restricted Grants - State		58,996			
3800 State Revenue in Lien of Taxes					
3900 State Revenue for/on Behalf of District					
<b>Total Revenue from State Sources</b>	<b>17,639,232</b>	<b>72,569</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue from Federal Sources</b>					
4300 Restricted Revenue Direct from Federal Government		254,042			
4500 Restricted Revenue from Federal Government Through the State		3,806,064			
4900 Revenue for/on Behalf of the District		63,972			
<b>Total Revenue from Federal Sources</b>	<b>-</b>	<b>4,124,078</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue from Other Sources</b>					
5100 Long-term Debt Financing	-	-	-	-	-
5200 Interfund Transfers	3,702	533,456		446,000	-
5300 Sale of or Compensation for Loss of Fixed Assets	10,001	4,776			
5400 Beginning Fund Balance	6,250,593	662,694	8,531	1,254,881	78,766
<b>Total Revenue from Other Sources</b>	<b>6,264,297</b>	<b>1,200,926</b>	<b>8,531</b>	<b>1,700,881</b>	<b>78,766</b>
<b>Grand Totals</b>	<b>\$ 27,870,756</b>	<b>\$ 5,632,744</b>	<b>\$ 508,427</b>	<b>\$ 1,778,514</b>	<b>\$ 107,762</b>

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**STATEMENT OF EXPENDITURES**  
**BUDGET VS. ACTUAL (CASH BASIS)**  
**GENERAL FUND**  
For the Year Ended  
June 30, 2007

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	700 Transfers	Total
1000 Instruction								
1111 Primary, K-3	\$ 1,458,933	\$ 675,238	\$ 13,540	\$ 107,323	\$ -	\$ -	\$ -	\$ 2,255,034
1112 Intermediate programs	769,764	373,680	13,013	89,943				1,246,403
1113 Elementary extracurricular	786	212		349				1,347
1121 Middle and junior high programs	1,572,340	746,587	31,566	95,428				2,445,921
1122 Middle and junior high school extracurricular	67,085	17,730	2,035	1,374				88,224
1131 High school programs	1,815,637	842,105	30,664	119,011	14,990	537		2,822,944
1132 High school extracurricular	219,876	60,615	101,035	33,447		9,103		424,076
1210 Programs for talented and gifted	94,344	40,481	4,330	1,623				140,780
1226 Home instruction	11,018	3,049						14,067
1233 Other designated programs								-
1250 Resource rooms	916,787	420,953	671	9,811				1,348,221
1283 District alternative programs	238,400	107,246		8,035				353,681
1288 Charter School			771,740					771,740
1291 English second language programs	370,475	174,612		10,702				555,789
1292 Teen parent programs								-
1299 Other programs								-
1430 High school summer school programs	9,762	2,828						12,590
<b>Total 1000 Instruction</b>	<b>7,545,206</b>	<b>3,465,317</b>	<b>968,594</b>	<b>477,051</b>	<b>14,990</b>	<b>9,640</b>	<b>0</b>	<b>12,480,817</b>
2000 Support services								
2115 Student safety			85,500					85,500
2122 Counseling services	262,711	122,380	3,427	3,775				392,293
2134 Nurse services			215					215
2139 Other health services			16,560	194				16,754
2190 Student direction support	33,450	13,440	7,833	1,871		535		57,130
2213 Curriculum development	81,284	27,831	3,251	1,074				113,440
2219 Other improvement of instruction services	2,681	340						3,020
2222 Library media center	229,838	117,277	1,349	32,825				381,290
2223 Multimedia services			601	2,379				2,980
2230 Assessment and testing	73,748	33,257	304	4,572				111,881
2240 Instructional staff development	46,250	7,885	17,195	4,871				76,200
2310 Board of education			36,931	2,347		50,248		89,526
2321 Office of the superintendent services	153,043	88,658	5,167	1,328		166		248,363
2410 Office of the principal	1,242,344	520,381	21,860	17,752		10,170		1,812,507
2521 Fiscal services	66,519	28,250	31,369	6,797		617		133,532
2524 Payroll services	40,265	17,765						58,029
2525 Financial accounting services	\$ 21,681	\$ 13,081						34,762
2541 Operation and maintenance of plant services	65,772	30,391						96,163
2542 Care and upkeep of building services	612,627	300,310	594,807	158,015	6,500	67,327		1,739,585
2543 Care and upkeep of grounds	66,126	25,623	2,520	25,088	50,272	163		169,792
2551 Student transportation services	80,440	33,185						113,625
2552 Vehicle operation services	354,015	168,266	(44,471)	162,907	79,820	18,106		738,643
2559 Other student transportation services			79,229					79,229
2620 Planning, research, development services								-
2626 Grant writing								-
2633 Public information services	27,805	15,767	4,132	3,019		50		50,774
2640 Staff services				810				810
2641 Staff Services-service area direction	79,127	35,683	11,851	5,873		1,524		134,057
2650 Technology services	241,208	101,319	14,449	80,861	13,377			431,213
2700 Supplemental retirement program	138,100	5,457						143,557
<b>Total 2000 support services</b>	<b>3,921,034</b>	<b>1,706,546</b>	<b>914,077</b>	<b>516,360</b>	<b>149,969</b>	<b>148,904</b>	<b>-</b>	<b>7,356,891</b>
3000 Enterprise and community services								
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>
4000 Facilities acquisition and construction								
4150 Building acquisition, construction and improvement services			2,077	6,730	72,900			81,706
<b>Total 4000 facilities acquisition and construction</b>	<b>-</b>	<b>-</b>	<b>2,077</b>	<b>6,730</b>	<b>72,900</b>	<b>-</b>	<b>-</b>	<b>81,706</b>
5000 Other uses								
5110 Long-term debt service	-	-	-	-	-	-	-	-
5120 Short-term debt retirement	-	-	-	-	-	-	-	-
5200 Transfer of Funds							979,456	979,456
<b>Total 5000 other uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>979,456</b>	<b>979,456</b>
6000 Contingencies								
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>\$ 11,466,240</b>	<b>\$ 5,171,882</b>	<b>\$ 1,884,748</b>	<b>\$ 1,000,141</b>	<b>\$ 237,859</b>	<b>\$ 158,544</b>	<b>\$ 979,456</b>	<b>\$ 20,898,870</b>

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
STATEMENT OF EXPENDITURES  
SPECIAL REVENUE FUND  
For the Year Ended  
June 30, 2007

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	700 Transfers	Total
1000 Instruction								
1111 Primary, K-3	\$ 123,381	\$ 61,620	\$ -	\$ 99,944	\$ 2,600	\$ -	\$ -	\$ 287,745
1112 Intermediate programs				18,117	2,600			20,917
1121 Middle and junior high programs			1,431	71,393	8,998			82,022
1131 High school programs				39,473	19,402			58,875
1132 High school extracurricular				1,030				1,030
1210 Programs for talented and gifted	712	63		20				795
1250 Resource rooms	187,358	111,923	23,457	44,010		1,500		368,249
1272 Title I	553,469	237,424		106,134		48,412		945,439
1288 Charter School			64,346					64,346
1291 English second language programs	6,476	1,348		24,337				32,160
1293 Migrant	84,831	35,453	9,100	363				129,748
1299 Other programs	53,800	14,772	45,558	27,214		9,357		150,701
1300 Adult Education								-
1400 Summer School	108,222	26,275	3,000	3,631				141,128
<b>Total 1000 instruction</b>	<b>1,118,449</b>	<b>488,879</b>	<b>146,893</b>	<b>436,105</b>	<b>33,600</b>	<b>59,269</b>	<b>0</b>	<b>2,283,194</b>
2000 Support services								
2110 Social Services	3,251	1,493						4,744
2117 Identification and Recruitment	46,726	16,198	4,357					67,282
2190 Student direction support	154,032	56,190	23,639	9,018				242,878
2213 Curriculum development	127,293	62,257	1,531	2,999		8,068		202,148
2219 Improvement of Instruction Services	57,672	12,529	3,289	4,366		1,200		79,055
2222 Library media center	6,041	1,757	849	7,001				15,648
2230 Assessment and testing	7,458	866						8,323
2240 Instructional staff development	95,727	15,683	179,494	13,520		5,918		310,343
2410 Office of the principal	900	42		699				1,641
2521 Fiscal services								-
2542 Care and upkeep of building services	5,533	934	3,900	6,897				17,263
2552 Vehicle operation services	1,562	455	13,309					15,326
2630 Parent Center Coordinator	98,090	31,499	8,001	6,530				144,119
2660 Technology services	3,602	685	19,942	232,348	63,843	371		320,791
<b>Total 2000 support services</b>	<b>607,887</b>	<b>200,587</b>	<b>258,311</b>	<b>283,377</b>	<b>63,843</b>	<b>15,558</b>	<b>-</b>	<b>1,429,563</b>
3000 Enterprise and community services								
3110 Food Services Director	68,586	36,570	3,258					108,414
3120 Food Preparation	286,922	159,764	16,367	575,379	45,009			1,083,441
3130 Food Delivery	17,169	8,528		2,223				27,921
3300 Community services								-
<b>Total 3000 enterprise and community</b>	<b>372,677</b>	<b>204,862</b>	<b>19,626</b>	<b>577,602</b>	<b>45,009</b>	<b>-</b>	<b>-</b>	<b>1,219,776</b>
4000 Facilities acquisition and construction								
4130 Building acquisition, construction and improvement services			7,861		62,331			70,192
<b>Total 4000 facilities acquisition and construction</b>	<b>-</b>	<b>-</b>	<b>7,861</b>	<b>-</b>	<b>62,331</b>	<b>-</b>	<b>-</b>	<b>70,192</b>
5000 Other uses								
5110 Long-term debt service	-	-	-	-	-	-	-	-
5120 Short-term debt retirement	-	-	-	-	-	-	-	-
5200 Transfer of Funds							3,702	3,702
<b>Total 5000 other uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,702</b>	<b>3,702</b>
6000 Contingencies								
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>\$ 2,099,013</b>	<b>\$ 894,328</b>	<b>\$ 432,690</b>	<b>\$ 1,297,084</b>	<b>\$ 204,783</b>	<b>\$ 74,827</b>	<b>\$ 3,702</b>	<b>\$ 5,006,428</b>

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Multheur County, Oregon  
**STATEMENT OF EXPENDITURES**  
**DEBT SERVICE FUND**  
For the Year Ended  
June 30, 2007

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	700 Transfers	Total
2000 Support services								
2649 Other Staff Services	\$ -	\$ -	\$ 121	\$ -	\$ -	\$ -	\$ -	121
Total 2000 support services	-	-	121	-	-	-	-	121
5000 Other uses								
5110 Long-term debt service	-	-	-	-	-	496,633	-	496,633
5120 Short-term debt retirement	-	-	-	-	-	-	-	-
5200 Transfers	-	-	-	-	-	-	-	-
Total 5000 other uses	-	-	-	-	-	496,633	-	496,633
Total expenditures	\$ -	\$ -	\$ 121	\$ -	\$ -	\$ 496,633	\$ -	\$ 496,753

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**STATEMENT OF EXPENDITURES**  
**CAPITAL FUND**  
For the Year Ended  
June 30, 2007

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	Total
4000 Facilities acquisition and construction							
4150 Building acquisition, construction and improvement services	\$ -	\$ -	\$ 663	\$ -	\$ 255,951	\$ -	\$ 256,614
Total 4000 facilities acquisition and construction	-	-	663	-	255,951	-	256,614
Total expenditures	\$ -	\$ -	\$ 663	\$ -	\$ 255,951	\$ -	\$ 256,614



ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**STATEMENT OF EXPENDITURES**  
**INTERNAL SERVICE FUND**  
For the Year Ended  
June 30, 2007

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	Total
2000 Support services		\$ 2,654	\$ -	\$ -	\$ -	\$ -	\$ 2,654
2649 Other Staff Services							
Total 2000 support services	-	2,654	-	-	-	-	2,654
Total expenditures	\$ -	\$ 2,654	\$ -	\$ -	\$ -	\$ -	\$ 2,654

SUPPLEMENTAL INFORMATION, 2006-2007

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	\$ 366,961
Function 2550	\$ 6,323

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

1140

1300

1400

Co-curricular Activities

Pre-Kindergarten

Continuing Education

Summer School

Exclude these functions:

4150

2550

3100

3300

Construction

Pupil Transportation

Food Service

Community Services

\$ 46,957

**ONTARIO SCHOOL DISTRICT NO. 8C**

**SINGLE AUDIT**

**For the Year Ended June 30, 2007**

ONTARIO SCHOOL DISTRICT NO. 8C  
SINGLE AUDIT  
June 30, 2007

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ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
June 30, 2007

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Receipts				Expenditures
		Reverse PY Accrual / Deferral	CY Collections	CY Accrual / Deferral	Net	
U.S. Department of Agriculture						
Passed through Oregon Department of Education						
National School Lunch Program, Sec 4 and 11	10.535	\$ -	\$ 614,125	\$ -	\$ 614,125	\$ 614,125
National School Lunch Program, School Breakfast	10.533		258,107		258,107	258,107
Child Nutrition Programs-Commodity Distribution	10.550		63,972		63,972	63,972
Total Department of Agriculture		-	936,204	-	936,204	936,204
U.S. Department of Education						
Passed through Oregon Department of Education						
Elementary and Secondary Education Act - Title IA	* 84.010	(328,453)	1,424,045	187,817	1,283,409	1,283,409
Elementary and Secondary Education Act - Migrant Education	* 84.011	(64,174)	409,698	41,949	387,473	387,472
Individuals with Disabilities Education Act, Part B	* 84.027	(102,083)	477,005	39,723	414,645	414,645
Comprehensive school reform demonstration program	84.332				-	-
Elementary and Secondary Education Act - Title V	84.298		14,390	1,896	16,286	16,286
Elementary and Secondary Education Act - Title VI	84.298				-	-
Elementary and Secondary Education Act-Title IIA, Improving Teacher Quality	* 84.367	(64,196)	350,563	31,210	317,577	317,577
Elementary and Secondary Education Act-Title IID, Enhancing Ed Thru Tech	84.318	(13,588)	30,344	13,603	28,361	28,361
Program Improve Grant for Children with Disabilities	84.323		4,061		4,061	4,061
Elementary and Secondary Education Act-Title VI, Part B, Rural Education Act	84.358	(19,427)	116,394	18,833	115,802	115,803
Elementary and Secondary Education Act-Title III-English Acquisition Grant	84.365	(20,847)	67,068	5,094	51,315	51,314
Department of Education Appropriations Act of 2001-School Renovation	84.352	-	-	-	-	-
Reading First	84.357	(62,514)	300,123	36,295	273,904	273,904
Elementary and Secondary Education Act - Title IV - Safe and Drug Free Schools	84.186	(635)	40,724	909	40,998	40,998
		(677,917)	3,234,415	377,333	2,933,831	2,933,830
Direct Programs						
Elementary and Secondary Education Act - Title VII - Bilingual Education	84.288	-	-		-	-
Elementary and Secondary Education Act - Title VII - Training for all Teachers	84.193	-	-		-	-
Elementary and Secondary Education Act - Elementary School Foreign Languages	84.294A				-	-
TOTER: Teaching Others to Enjoy Reading	84.364A	(1,407)	6,700	-	5,293	5,294
FTE Earmark Grant	84.215K		690		690	690
Alcohol Abuse Reduction Grants	84.184A	(18,841)	244,547	22,353	248,059	248,058
After School Learning Centers	84.287	-	-	-	-	-
		(20,248)	251,937	22,353	254,042	254,042
Total Department of Education		(698,165)	3,486,352	399,686	3,187,873	3,187,872
Total federal assistance		\$ (698,165)	\$ 4,422,556	\$ 399,686	\$ 4,124,077	\$ 4,124,076

\* Denotes program tested as major program

See accompanying notes to schedule of expenditures of federal awards.

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2005

Note A. Basis of Presentation

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

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
June 30, 2007

**SUMMARY OF AUDITOR'S RESULTS**

Type of Report Issued

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

Significant deficiencies in Internal Control

Our audit of the financial statements of Ontario School District No. 8C did not disclose any significant deficiencies 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.

Significant Deficiencies in Internal Control Over Major Programs

Our audit of the financial statements of Ontario School District No. 8C did not disclose any significant deficiencies 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 Education (direct and passed through Oregon Department of Education)

Elementary and Secondary Education Act - Title IA	84.010	\$1,283,409
Elementary and Secondary Education Act - Migrant Ed	84.011	387,472
Individuals with Disabilities Education Act, Part B	84.027	414,645
Reading First	84.367	317,577

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.

ONTARIO SCHOOL DISTRICT NO. 8C  
Ontario, Malheur County, Oregon  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
June 30, 2007

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, 2007.

Prior Year Findings

The audit for the year ended June 30, 2006 did not report any findings and questioned costs.



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ontario School District No. 8C, as of and for the year ended June 30, 2007, which collectively comprise the Ontario School District No. 8C's basic financial statements and have issued our report thereon dated November 5, 2007. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Ontario School District No. 8C's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ontario School District No. 8C's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ontario School District No. 8C's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Ontario School District No. 8C's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Ontario School District No. 8C's financial statements that is more than inconsequential will not be prevented or detected by the Ontario School District No. 8C's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Ontario School District No. 8C's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Ontario School District No. 8C's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions

was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Ontario School District No. 8C, in a separate letter dated November 8, 2007.

This report is intended solely for the information and use of management, board of directors, 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, 2007

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

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

Compliance

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 federal programs for the year ended June 30, 2007. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Ontario School District No. 8C's 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, 2007. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items.

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 the 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 significant deficiency 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 caused by error or fraud 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.

This report is intended solely for the information and use of management, the board of directors, 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, 2007