

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, 2008

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
June 30, 2008

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COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON

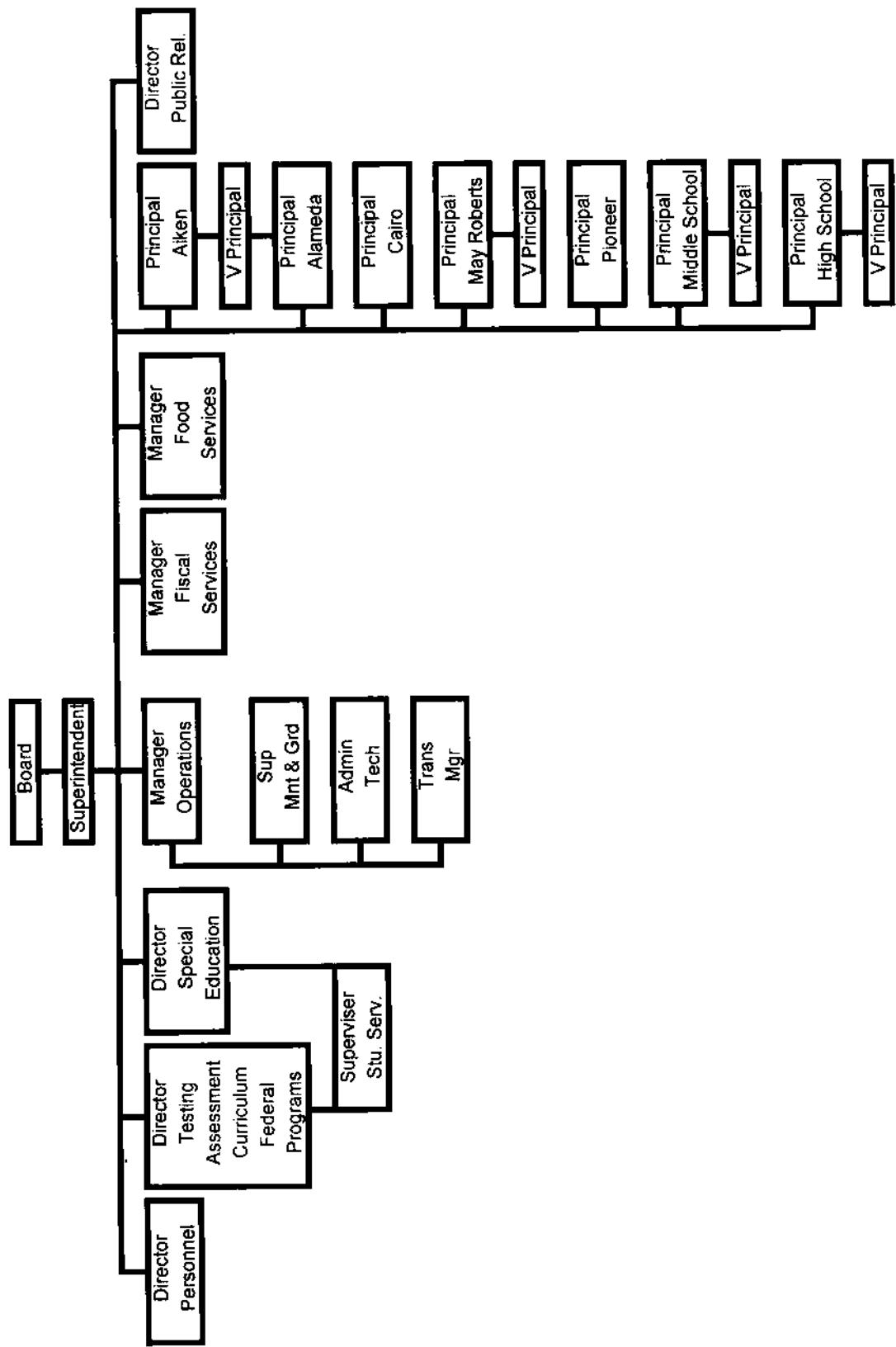
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INTRODUCTORY SECTION

Ontario School District Organizational Chart



ONTARIO SCHOOL DISTRICT 8C
Ontario, Malheur County, Oregon
BOARD OF DIRECTORS AND OFFICIALS
June 30, 2008

<u>Name</u>	<u>Position</u>
Cliff Bentz Ontario, OR	Chairperson
Dr. Ann Easley-DeBisschop Ontario, OR	Vice-Chairperson
John H. Phillips, M.D. Ontario, OR	Director
Nancy Alvarado Ontario, OR	Director
Kathie Collins Ontario, OR	Director

ADMINISTRATIVE STAFF

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

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, the internal service fund, each major fund, and the aggregate remaining fund information of Ontario School District No. 8C as of and for the year ended June 30, 2008, 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's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the internal service fund, each major fund, and the aggregate remaining fund information of Ontario School District No. 8C, as of June 30, 2008, 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 December 8, 2008, 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 important for assessing the results of our audit.

The management's discussion and analysis on pages 3 through 13 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiry 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise Ontario School District No. 8C's basic financial statements. The required supplementary, other information and other financial schedules listed in the financial section on the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 not a required part of the basic financial statements of Ontario School District No. 8C. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory section, as listed in the table of contents, is presented for purpose of additional analysis and is not a required part of the basic financial statements. This information has 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

A handwritten signature in black ink, appearing to read "J. Miller", is written over a horizontal line.

Burns, Oregon
December 8, 2008

ONTARIO SCHOOL DISTRICT 8C

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2008

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, 2008. 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 \$33.2MM and liabilities of \$11.7MM. Of the \$21.5MM in net assets, \$7.0MM is invested in capital assets, \$10.2K is restricted for debt service and \$14.5MM is unrestricted and available to meet the district's ongoing obligations.
- The district's Net Assets increased by \$1.9MM during the fiscal year.
- The district had \$27.6MM in expenses; \$4.7MM of these expenses were offset by program specific charges for services, grants or contributions. The remaining \$24.8MM is made up of General Fund revenues which consists primarily of taxes, state school support and earnings on investments.
- The district's governmental funds report combined ending fund balance of \$9.0MM. This is an \$87K decrease 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.

Features of Government-Wide and Fund Financial Statements

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

ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2008

Information is included to support and explain the data in the basic financial statements. Schedules include: Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for all Major Funds (pages 35 - 37), Combining Balance Sheet – Nonmajor Governmental Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balance-Non Major Funds.

Modified Accrual Accounting vs. Full Accrual Accounting

The following table shows the difference in modified accrual accounting, as done on past financial statements and full accrual accounting, as required by GASB34.

	Modified Accrual	Full Accrual
Revenue	<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>
Expense	<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>

ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2008

STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

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

These statements report the district's net assets and changes in those assets. This change in net assets is important because it identifies whether the financial position of the district has improved or diminished for the district as a whole. The cause of this change may be the result of many factors, such as the district's 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 2007-08 were the General Fund, the Building Improvement Fund, and the Federal Program 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 district's assets exceeded liabilities by \$21.5MM at June 30, 2008, an increase of \$1.9MM over the prior period.

The district's total assets totaled \$33.2MM. Prepaid pension contribution assets of \$14.8MM represent 44% of total assets. Capital assets net of accumulated depreciation, which consist of the district's land, buildings, building improvements, vehicles, and equipment, total \$7.0MM and comprise 21% of total assets. The remaining assets consist mainly of investments, cash, and receivables.

ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2008

The district's total liabilities totaled \$11.7MM. The largest liability, \$9.00MM is for the repayment of the OPERS UAL bond. Current liabilities of \$2.8MM represent 23% 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.

A large portion of the district's net assets (32%) 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, 2008			
	<u>Governmental Activities</u>		Increase (Decrease) from Fiscal
	<u>2008</u>	<u>2007</u>	<u>2007</u>
Current Assets	\$ 11,441,562	\$ 11,117,168	\$ 324,394
Long-Term Assets	14,843,859	13,174,259	1,669,600
Capital Assets	6,981,704	6,768,297	213,407
Total Assets	<u>33,267,125</u>	<u>31,059,724</u>	<u>2,207,401</u>
Current Liabilities	2,282,246	1,835,584	446,662
Long-Term Debt	9,443,848	9,618,166	(174,318)
Total Liabilities	<u>11,726,094</u>	<u>11,453,750</u>	<u>272,344</u>
Net Assets:			
Invested in capital assets, net of related debt	6,981,704	6,768,297	213,407
Restricted for debt service	10,217	11,674	(1,457)
Unrestricted	14,549,110	12,826,003	1,723,107
Total Net Assets	<u>\$ 21,541,031</u>	<u>\$ 19,605,974</u>	<u>\$ 1,935,057</u>

REVENUES AND EXPENSES

Key components of governmental revenues and expenses for the year ending June 30, 2008 are as follows:

- Revenue from the State School Fund comprises the largest portion of the district's revenue. The revenue for fiscal year 2007-08 was \$18.2MM compared to \$17.4MM in fiscal year 2006-07.
- Operating grants decreased by \$219K as a result of a decrease in federal grant awards in the Title programs.
- Expenditures for government activities increased by \$2.3MM or 9% over the prior year, due in part to increased staff positions, increased expenses related to the charter school, increased salary

ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2008

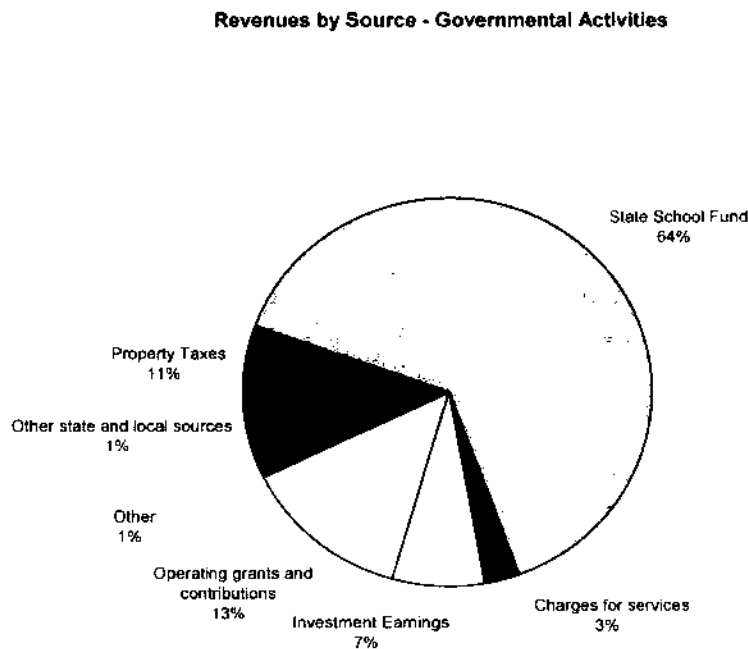
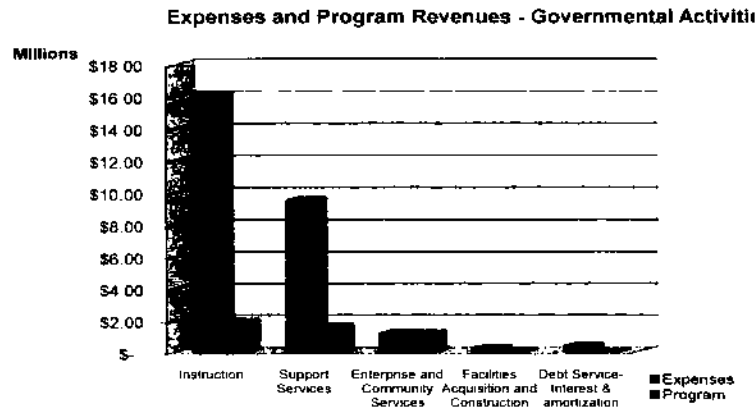
and benefit expenditures based on negotiated agreements, and increased spending for capital improvements for school buses.

Changes in Net Assets			
	Governmental Activities		Increase
	<u>2008</u>	<u>2007</u>	<u>(Decrease) from</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 805,072	\$ 720,320	\$ 84,752
Operating grants and contributions	3,917,537	4,136,136	(218,599)
Capital grants and contributions	5,634	58,996	(53,362)
General Revenues			
Property Taxes	3,203,119	3,083,084	120,035
State School Fund - General Support	18,199,927	17,417,104	782,823
State School Fund - School Improvement	642,692		
Other state and local sources	360,973	236,091	124,882
Earnings on Investments	2,175,605	1,556,207	619,398
Other	220,522	325,358	(104,836)
Total Revenues	<u>29,531,081</u>	<u>27,533,296</u>	<u>1,355,093</u>
Expenses:			
Instruction (Regular, Special, Adult, Summer)	16,115,738	14,715,434	1,400,304
Support Services	9,556,155	9,020,419	535,736
Enterprise and community services	1,228,851	1,174,768	54,083
Facilities acquisition and construction	272,267	17,330	254,937
Interest on long-term debt	423,014	411,872	11,142
Total Expenses	<u>27,596,025</u>	<u>25,339,823</u>	<u>2,256,202</u>
Increase in net assets	1,935,056	2,193,473	(258,417)
Net Assets - July 1	<u>19,605,974</u>	<u>17,412,501</u>	<u>2,193,473</u>
Net Assets - June 30	<u>\$ 21,541,030</u>	<u>\$ 19,605,974</u>	<u>\$ 1,935,056</u>

ONTARIO SCHOOL DISTRICT 8C

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fiscal year ended June 30, 2008



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.

ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2008

At June 30, 2008, the district's governmental funds reported combined ending fund balance of \$9.0MM, a decrease of \$87K in comparison with the prior year. The decrease 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, 2008, unreserved fund balance was \$4.7MM. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 19% of total General Fund expenditures, including transfers out and debt service. This fund balance percentage decreased from 33% in 2006-07.

The fund balance decreased by \$2.3MM during the current fiscal year. This was a planned reduction primarily caused by transferring funds to the Building Improvement Fund to fund building projects at Aiken Elementary, May Roberts Elementary, and Ontario High School.

Building Improvement. In 2007-08, the Building Improvement Fund was large enough to be classified as a major fund. The fund balance was \$3.8MM, an increase of \$2.3MM over the prior year. This increase was the results the transfers from the General Fund mentioned above.

The Federal Programs Fund is operated on a reimbursing basis. Revenues are considered earned when allowable expenditures are made. Any ending cash balance in this fund is considered deferred revenue. Any negative cash balances are considered an account receivable. For this reason, the Federal Programs Fund should never have ending fund balance. At June 30, 2008, the fund had accounts receivable of \$575K.

Other Governmental Funds. Food Services, State and Local Grants, Equipment Replacement, Technology, and Debt Service are all funds that are contained in the Other Governmental Funds category. The Building Improvement Fund was classified out of this group for the first time in 2007-08. The Food Services Fund decreased by \$11K and the Technology Fund and Equipment Replacement Funds decreased by \$10K and \$59K, respectively.

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.

**ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2008**

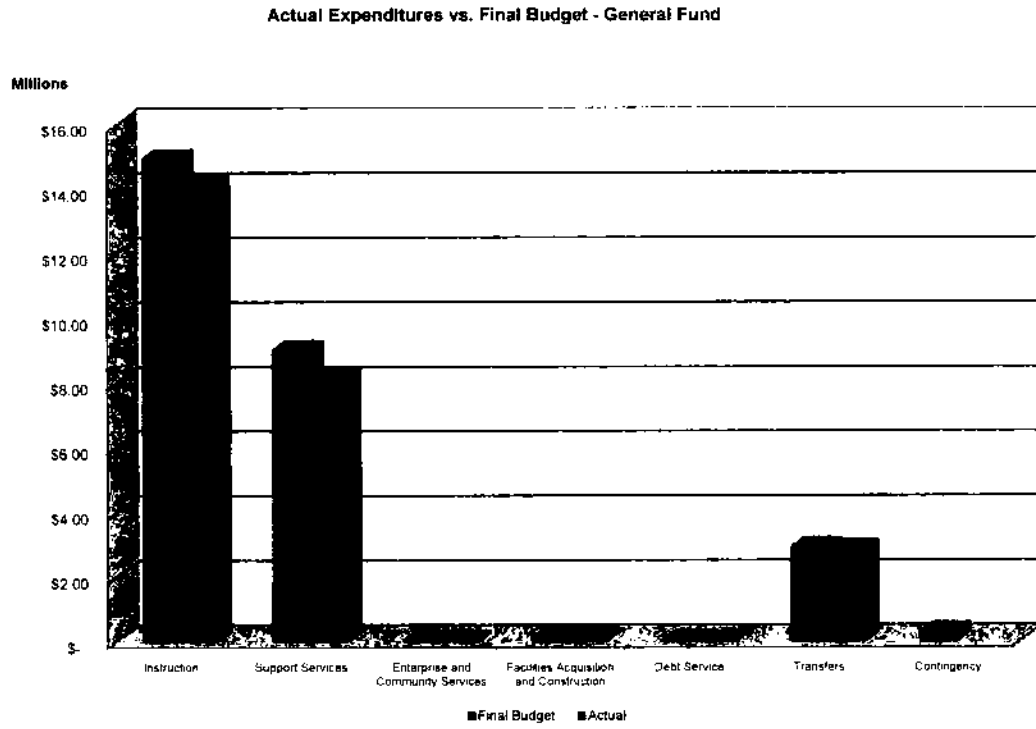
During the course of the 2007-08 fiscal year, the board adopted the following budget resolutions that affected the general fund:

FROM	TO	AMOUNT	DESCRIPTION
Contingency	Instruction	\$222,000	Hire additional instructional assistants
Contingency	Instruction	225,000	Negotiated salary and benefit increases
Contingency	Support Services	140,000	Negotiated salary and benefit increases
Contingency	Enterprise & Community Services	8,957	Task Force expense
Contingency	Instruction	45,000	Math curriculum outside of adoption cycle
Contingency	Enterprise & Community Services	2,043	Additional Task Force expenses
Contingency	Transfer of Funds	570,000	Ontario High School, Aiken Elementary, and May Roberts Elementary additions and renovations

For the General Fund, the final budget revenue basis was \$22,494,671. The actual amount of revenue received was \$23,041,080.

**ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2008**

During the year, as shown in the chart below, General Fund expenditures were within budget with the exception of Community Services which exceeded budget by \$1.3K.



ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2008

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, 2008 the district had invested approximately \$7.0MM in capital assets, net of depreciation, as shown in the following table.

ONTARIO SCHOOL DISTRICT NO. 8C			
Capital Assets			
(net of depreciation)			
	Governmental Activities		Increase (Decrease) from
	2008	2007	Fiscal 2007
Land	\$ 563,110	\$ 563,110	\$ -
Construction in progress	153,132		153,132
Buildings & building improvements	10,131,170	10,048,623	82,547
Vehicles, furniture and equipment	4,037,185	4,037,282	(97)
Accumulated depreciation	(7,902,893)	(7,880,718)	(22,175)
TOTAL	\$ 6,981,704	\$ 6,768,297	\$ 213,407

Debt administration. At the end of the current fiscal year, the district had total bonded debt outstanding of \$9.2MM, 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 \$108K. 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 allocation. For the year ended June 30, 2008, the State School Fund – General Support, provided 62% of the district's program resources. Due to the recent economic downturn, the Governor recently announced across the board budget cuts that will cut approximately \$400K from the district's 2008-09 budget. The impact of the economy on the State School Fund for 2009-10 is unknown at this time.

Salaries and benefit costs are expected to increase in 2009-10, based on contractual obligations.

After several years of steady enrollment, district attendance is expected to decrease slightly.

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

**ONTARIO SCHOOL DISTRICT 8C
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal year ended June 30, 2008**

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 3rd Ave, Ontario, OR.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Ontario, Malheur County, Oregon
STATEMENT OF NET ASSETS
For the Year Ended
June 30, 2008

	Governmental Activities
ASSETS	
Cash and investments	\$ 10,605,815
Receivables	
Taxes	216,696
Accounts	592,113
Inventory	26,938
Prepaid pension contribution	14,761,199
Bond issuance costs	82,660
Capital assets	
Land	563,110
Construction in process	153,132
Site improvements	
Buildings & building improvements	10,131,170
Furniture and equipment	4,037,185
Accumulated depreciation	<u>(7,902,893)</u>
 Total assets	 <u><u>\$ 33,267,125</u></u>
 LIABILITIES	
Accounts payable	\$ 113,920
Short-term notes payable	-
Accrued liabilities	
Payroll, payroll taxes, insurance	2,043,749
Interest	-
Short-term notes payable	-
Early retirement obligation	403,957
Bonds payable	
Due within one year	124,577
Due in more than one year	9,049,580
Unamortized original issue discount	<u>(9,689)</u>
Total liabilities	<u><u>11,726,094</u></u>
 NET ASSETS	
Invested in capital assets, net of related debt	6,981,704
Restricted for debt service	10,217
Unrestricted (deficit)	14,549,110
 TOTAL NET ASSETS	 <u><u>\$ 21,541,030</u></u>

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended

June 30, 2008

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	\$ 11,051,631	\$ 11,511	\$ -	\$ 231,435	\$ (10,808,685)
Special programs	4,934,948	-	-	1,550,743	(3,384,205)
Adult/continuing education	-	-	-	-	-
Summer school programs	129,160	-	-	129,160	-
Students	997,609	-	-	355,850	(641,759)
Instructional staff	1,270,060	-	-	473,722	(796,338)
General administration	408,216	-	-	-	(408,216)
School administration	1,836,011	-	-	-	(1,836,011)
Business services	3,841,558	-	-	20,228	(3,821,330)
Central activities	1,129,412	600,902	-	160,385	(368,125)
Supplemental retirement program	73,289	-	-	-	(73,289)
Enterprise & community services	1,228,851	192,658	-	996,013	(40,180)
Facilities acquisition & construction	272,267	-	5,634	-	(266,633)
Debt service-interest & amortization	423,014	-	-	-	(423,014)
Total governmental activities	<u>\$ 27,596,026</u>	<u>\$ 805,071</u>	<u>\$ 5,634</u>	<u>\$ 3,917,536</u>	(22,867,785)
GENERAL REVENUE					
Property taxes for general purposes					3,203,119
State school fund-general support					18,185,762
State school fund-school improvement					642,692
State school fund-unrestricted					14,168
County school fund					118,868
Common school fund					242,105
Unrestricted state and local sources					-
Gain (loss) on sale of capital assets					53,586
Earnings on investments					2,175,605
Miscellaneous					166,936
Total general revenues					<u>24,802,841</u>
Change in net assets					1,935,056
Net assets - June 30, 2007					<u>19,605,974</u>
Total net assets - June 30, 2008					<u>\$ 21,541,030</u>

GOVERNMENTAL FUND
FINANCIAL STATEMENTS

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2008

	General	Building Improvement	Federal Programs	Other Governmental Funds	Total
ASSETS					
Cash and investments	\$ 6,183,899	\$ 3,789,365	\$ -	\$ 563,100	\$ 10,536,364
Receivables					
Property tax	216,696	-	-	-	216,696
Grants	-	-	-	-	-
Other	16,925	-	574,968	220	592,113
Interfund loan receivable	536,563	-	-	-	536,563
Inventory	26,938	-	-	-	26,938
Restricted assets					
Cash	-	-	-	-	-
Total assets	<u>\$ 6,981,021</u>	<u>3,789,365</u>	<u>\$ 574,968</u>	<u>\$ 563,320</u>	<u>\$ 11,908,673</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 69,951	\$ -	\$ 38,405	\$ 5,565	\$ 113,921
Accrued liabilities	2,043,749	-	-	-	2,043,749
Interfund loan payable	-	-	536,563	-	536,563
Retainage payable	-	-	-	-	-
Deferred revenues	169,150	-	-	-	169,150
Total liabilities	<u>2,282,850</u>	<u>-</u>	<u>574,968</u>	<u>5,565</u>	<u>2,863,382</u>
Fund equity					
Unreserved in:					
General fund	4,698,171	-	-	-	4,698,171
Special revenue funds	-	-	-	557,755	557,755
Capital projects	-	3,789,365	-	-	3,789,365
Total fund balance	<u>4,698,171</u>	<u>3,789,365</u>	<u>-</u>	<u>557,755</u>	<u>9,045,291</u>
Total liabilities and fund equity	<u>\$ 6,981,021</u>	<u>\$ 3,789,365</u>	<u>\$ -</u>	<u>\$ 563,320</u>	<u>\$ 11,908,673</u>

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET ASSETS
 For the Year Ended
 June 30, 2008

Total fund balances		\$ 9,045,291
Capital assets are not financial resources and therefore, are not reported in the governmental funds.		
Cost	\$ 14,884,597	
Accumulated depreciation	<u>(7,902,893)</u>	6,981,704
Pension assets not included in fund financial statements		14,761,199
Certain delinquent property taxes not collected for several months after year end is not considered available revenue and is deferred in the governmental funds		
		169,150
The unamortized portion of issuance costs is not available to pay for current period expenditures and therefore, is not reported in the governmental funds.		
		82,660
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.		
		9,689
Internal service funds		69,452
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	(9,174,157)	
Early retirement obligation	(403,957)	
	<u>-</u>	<u>(9,578,114)</u>
Total net assets		<u>\$ 21,541,030</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, 2008

	General	Building Improvement	Federal Programs	Other Governmental Funds	Total
Revenues					
Taxes	\$ 3,186,591	\$ -	\$ -	\$ -	\$ 3,186,591
Local sources	550,379	113,739	-	753,044	1,417,162
Intermediate sources	118,868	-	-	-	118,868
State sources	19,074,991	-	-	23,466	19,098,457
Federal sources	-	-	2,908,875	996,013	3,904,888
Other sources	53,586	-	-	-	53,586
Total revenues	22,984,414	113,739	2,908,875	1,772,524	27,779,551
Expenditures					
Instruction					
Regular programs	10,786,929	-	228,548	85,795	11,101,272
Special programs	3,379,011	-	1,540,981	14,956	4,934,948
Summer school programs	-	-	129,160	-	129,160
Supporting services					
Students	641,759	-	355,850	-	997,609
Improvement of instruction	789,087	-	473,722	7,250	1,270,060
General administration	408,216	-	-	-	408,216
School administration	1,828,503	-	-	7,507	1,836,011
Business services	3,638,482	-	20,228	9,469	3,668,179
Central activities	757,480	-	160,385	246,959	1,164,824
Supplemental retirement program	123,508	-	-	-	123,508
Food services	-	-	-	1,241,017	1,241,017
Community services	16,258	-	-	-	16,258
Facilities acquisition and construction	88,974	416,275	-	-	505,249
Total expenditures	22,458,206	416,275	2,908,875	1,612,953	27,396,309
Excess of revenues over (under) expenditures	526,207	(302,536)	-	159,570	383,242
Other financing sources (uses)					
Debt service	-	-	-	(526,633)	(526,633)
Grant indirect charges	56,666	-	-	-	56,666
Transfers in (out)	(2,856,588)	2,570,000	-	286,588	-
Total other financing sources (uses)	(2,799,921)	2,570,000	-	(240,045)	(469,966)
Net change in fund balance	(2,273,714)	2,267,464	-	(80,474)	(86,724)
Available fund balance, July 1	6,971,885	1,521,901	-	638,229	9,132,015
Available fund balance, June 30	<u>\$ 4,698,171</u>	<u>\$ 3,789,365</u>	<u>\$ -</u>	<u>\$ 557,755</u>	<u>\$ 9,045,291</u>

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, 2008

Net change in fund balance		\$ (86,724)
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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	\$ 786,175	
Less current year depreciation	<u>(572,767)</u>	213,408

The fund financial statements report early retirement obligations as expended, however the statement of activities expenses the net change in early retirement obligation.		50,219
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Investment earnings on prepaid pension asset are not recorded in fund financial statements.		1,673,662
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Long-term debt proceeds are reported as other financing sources in governmental funds. In the statement of Net Assets, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets. This is the amount by which proceeds exceeded repayments.

Debt issued	-	
Debt principal repaid	<u>108,161</u>	108,161

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>	<u>(4,542)</u>

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.		<u>16,528</u>
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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	4,671	
Internal service fund expense	<u>(40,327)</u>	<u>(35,656)</u>

CHANGE IN NET ASSETS		<u>\$ 1,935,056</u>
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See notes to the basic financial statements.

PROPRIETARY FUND
FINANCIAL STATEMENTS

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
STATEMENT OF NET ASSETS
 Proprietary Funds
 June 30, 2008

	<u>Governmental</u> <u>Activities</u> <u>Internal Service</u> <u>Funds</u>
ASSETS	
Cash and investments	\$ 69,452
Receivables	
Taxes	-
Accounts	-
Total assets	<u>69,452</u>
LIABILITIES	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
NET ASSETS	
Unrestricted	69,452
Total net assets	<u><u>\$ 69,452</u></u>

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
 Proprietary Funds
 For the year ended June 30, 2008

	Governmental Activities Internal Service Funds
Operating Revenue	
Charges for services	\$ -
Operating expenses	
Employee benefits	40,327
Total operating expenses	40,327
Operating income	(40,327)
Nonoperating income	
Earnings on investments	4,671
Total nonoperating income	4,671
Income (loss) before transfers	(35,656)
Transfer In	-
Change in net assets	(35,656)
Total net assets - beginning	105,108
Total net assets - ending	\$ 69,452

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
STATEMENT OF CASH FLOWS
 Proprietary Funds
 For the year ended June 30, 2008

	Governmental Activities Internal Service Funds
Cash flows from operating activities	
Receipts from interfund services provided	\$ -
Payments for employee benefits	(40,327)
Net cash used by operating activities	<u>(40,327)</u>
Cash flows from noncapital financing activities	
Transfer in to pay employee benefits	-
Cash flows from investing activities	
Interest received	4,671
Net increase in cash and cash equivalents	<u>(35,656)</u>
Cash and cash equivalents - beginning	105,108
Cash and cash equivalents - ending	<u>\$ 69,452</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (40,327)
Net cash provided by operating activities	<u>\$ (40,327)</u>

FIDUCIARY FUND
FINANCIAL STATEMENTS

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
 June 30, 2008

ASSETS		Agency
Cash and pooled investments		\$205,062
Accrued interest receivable		-
Due from other governments		-
Total assets		<u>205,062</u>
LIABILITIES		
Due to student groups		205,062
Total liabilities		<u>205,062</u>
NET ASSETS		
Net assets		<u><u>\$ -</u></u>

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

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, internal service 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.

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.

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

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.

Building Improvement Fund – The Building Improvement 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.

Federal Programs Fund – Federal Programs Fund are 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).

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) 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).

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

“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.

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

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

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 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.

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

K. Use of Estimates

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

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, 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, 2008 were 9.65% and 11.92% 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, 2006, 2007, and 2008 were \$2,297,437, \$2,366,935 and \$2,680,404 respectively, which equaled the required contribution for the year. During the 2002-03 year, 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. The balance as of the last available valuation on December 31, 2007 was \$14,761,199, being held in a side account at PERS.

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

Note 3. Capital Assets

Capital assets activity for the year was as follows:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Capital assets not being depreciated				
Land	\$ 563,110	\$ -	\$ -	\$ 563,110
Construction in process	-	153,132	-	153,132
Total capital assets not being depreciated	<u>563,110</u>	<u>153,132</u>	<u>-</u>	<u>716,242</u>
Capital assets being depreciated				
Buildings and improvements	10,048,623	82,547		10,131,170
Equipment	1,621,274	152,700	198,797	1,575,177
Vehicles	<u>2,416,008</u>	<u>397,795</u>	<u>351,795</u>	<u>2,462,008</u>
Total capital assets being depreciated	<u>14,085,905</u>	<u>633,042</u>	<u>550,592</u>	<u>14,168,355</u>
Less accumulated depreciation	(7,880,718)	(572,767)	(550,592)	(7,902,893)
Total capital assets being depreciated, net	<u>6,205,187</u>	<u>60,275</u>	<u>-</u>	<u>6,265,462</u>
Total capital assets, net	<u>\$ 6,768,297</u>	<u>\$ 213,407</u>	<u>\$ -</u>	<u>\$ 6,981,704</u>

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

Central activities \$572,767

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

Note 4. Deposits and Investments

Cash and Investments

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

Cash and investments are comprised of the following at June 30, 2008:

Deposits with banks	\$ 5,931,761
Investments	4,673,334
Cash on hand	720
	<u>\$10,605,815</u>

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

Statement of Net Assets	
Cash and investments	\$10,605,815

As of June 30, 2008, the district held the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Investment Portfolio</u>
Local Government Investment Pool	\$ 4,653,706	100%

Deposits

At June 30, 2008 the carrying amount of the district's deposits (cash and certificates of deposit) was \$5,931,761 and the bank balance was \$6,869,854. 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 25% 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. The district deposits were not in compliance during the year with the requirements of ORS 295.025.

Investments

At June 30, 2008, the district held \$4,673,334 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.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a policy for custodial credit risk for investments. At June 30, 2008, none of the district's investments were exposed to custodial credit risk.

Credit risk – Credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

obligation. The district has no policy for managing 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 and is not rated. 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.

The Oregon Local Government Investment Pool considers the participants fair value to be 99.58%. The district's fair value is computed by taking 99.58% of the district's total portfolio.

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
1990-2008	\$250	\$300

Employees have the option of taking the entire stipend in monthly installments, or applying all or part of the stipend to purchase medical and/or dental insurance. The total early retirement expenditure for the fiscal year ended June 30, 2008 was \$119,550. The total early retirement obligation at June 30, 2008 was \$403,957.

The district plans to cover this obligation through annual appropriations. The actuarial present value of plan benefits is not available. There were 36 certified employees and 7 administrative employees on the plan at June 30, 2008.

	Early Retirement Obligations
Balance 7/1/07	\$ 454,176
Additions	78,477
Payments & deletions	128,696
Balance 6/30/07	<u>\$ 403,957</u>

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2008

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)
2008-09		\$128,157
2009-10		106,089
2010-11		63,998
2011-12		46,343
2012-13		31,649
2013-14		18,085
2014-15		9,636
Total		<u>\$ 403,957</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, 2008, are as follows:

Year Ending June 30	Minimum Lease Payments
2009	\$ 17,619
2010	8,810
Total	<u>\$ 26,429</u>

Note 8. PERS UAL Bonds Payable

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

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

pension expense based on a percentage of payroll costs.

	PERS UAL Bonds Payable
Balance 7/1/07	\$ 9,282,318
Additions	-
Payments	108,161
Balance 6/30/08	<u>\$ 9,174,157</u>

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

Fiscal Year	Principal	Interest
2009	\$ 124,577	\$ 432,056
2010	138,113	448,520
2011	148,905	467,728
2012	161,304	490,329
2013	170,967	515,665
2014-2018	946,990	3,066,173
2019-2023	2,568,302	2,570,554
2024-2028	4,915,000	796,198
Total	<u>\$ 9,174,158</u>	<u>\$ 8,787,222</u>

Note 9. Interfund Transfers

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

From	To	Amount	Reason
General Fund	284	\$ 5,873	To pay for the district's share of SMILE expense
General Fund	292	70,715	To fund Equipment Replacement Fund
General Fund	294	210,000	To fund Technology Fund
General Fund	420	2,570,000	To fund the Building Improvement Fund
Total		<u>\$ 2,856,588</u>	

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

Note 10. Accounts Receivable

Accounts receivable are comprised of the following at June 30, 2008:

<u>Fund</u>	<u>Revenue Source</u>	<u>Amount</u>
General Fund	Property Taxes	\$ 216,696
General Fund	Miscellaneous	16,925
Federal Programs	Federal Grants	574,968
Smile Grant Fund	State Grants	220
	Total Accounts Receivable	<u>\$ 808,809</u>

Note 11. Risk Management

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

Note 12. New Pronouncement

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The basic premise of the statement is that Other Postemployment Benefits (OPEB) are earned by employees and should be recognized by the employer as the employee provides services. GASB 45 requires employers to account for and report the annual cost of OPEB and the outstanding obligations and commitments related to them in the same manner as they currently do for pensions. District retirees may continue their district health insurance coverage until they are eligible for Medicare benefits. Retirees are required to pay the entire cost to the district of the monthly premiums. Accounting for OPEB under GASB No. 45 will result in the district reporting a significant actuarially-based liability for benefits. The district will be required to implement GASB No. 45 in the fiscal year beginning July 1, 2008. The district has not yet determined the impact on the financial statements of implementing this statement.

REQUIRED SUPPLEMENTARY
INFORMATION

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

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

For the Year Ended
June 30, 2008

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Taxes	\$ 3,101,000	\$ 3,101,000	\$ 3,186,591	\$ 85,591
Local sources	670,500	670,500	550,379	(120,121)
Intermediate sources	2,500	2,500	118,868	116,368
State sources	18,588,386	18,588,386	19,074,990	486,604
Federal sources				-
Other sources	5,000	5,000	53,586	48,586
Total revenues	22,367,386	22,367,386	22,984,414	617,028
Expenditures				
Instruction				
Regular programs	10,741,008	11,213,008	10,786,928	426,080
Special programs	3,702,735	3,722,735	3,379,011	343,724
Summer school programs	15,039	15,039		15,039
Supporting services				
Students	685,235	690,235	641,759	48,476
Improvement of instruction	1,077,840	1,082,840	789,087	293,753
General administration	397,780	432,780	408,216	24,564
School administration	1,840,927	1,875,927	1,828,503	47,424
Business services	3,953,636	3,993,636	3,638,482	355,154
Central activities	792,423	812,423	757,480	54,943
Supplemental retirement program	127,544	127,544	123,508	4,036
Food services				
Community services	4,000	15,000	16,258	(1,258)
Facilities acquisition and construction	112,300	112,300	88,974	23,326
Operating contingency	1,500,000	287,000	-	287,000
Total expenditures	24,950,467	24,380,467	22,458,206	1,922,261
Excess of revenues over (under) expenditures	(2,583,081)	(2,013,081)	526,208	2,539,289
Other financing sources (uses)				
Debt service	(500)	(500)	-	500
Grant indirect charges	127,285	127,285	56,666	(70,619)
Sale of assets	-	-	-	-
Transfers in (out)	(2,346,703)	(2,916,703)	(2,856,588)	60,115
Total other financing sources (uses)	(2,219,918)	(2,789,918)	(2,799,922)	(10,004)
Net change in fund balance	(4,802,999)	(4,802,999)	(2,273,714)	2,529,285
Available fund balance, July 1	6,802,999	6,802,999	6,971,885	168,886
Available fund balance, June 30	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 4,698,171</u>	<u>\$ 2,698,171</u>

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUILDING IMPROVEMENT (BUDGET BASIS)**

For the Year Ended

June 30, 2008

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Local sources	130,000	130,000	113,739	(16,261)
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Other sources	-	-	-	-
Total revenues	130,000	130,000	113,739	(16,261)
Expenditures				
Instruction				-
Regular programs	-	-	-	-
Special programs	-	-	-	-
Summer school programs	-	-	-	-
Supporting services				-
Students	-	-	-	-
Improvement of instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Central activities	-	-	-	-
Supplemental retirement program	-	-	-	-
Food services	-	-	-	-
Community services	-	-	-	-
Facilities acquisition and construction	3,630,000	3,630,000	416,275	3,213,725
Total expenditures	3,630,000	3,630,000	416,275	3,213,725
Excess of revenues over (under) expenditures	(3,500,000)	(3,500,000)	(302,536)	3,197,464
Other financing sources (uses)				
Debt service	-	-	-	-
Grant indirect charges	-	-	-	-
Sale of assets	-	-	-	-
Transfers in (out)	2,000,000	2,000,000	2,570,000	(570,000)
Total other financing sources (uses)	2,000,000	2,000,000	2,570,000	(570,000)
Net change in fund balance	(1,500,000)	(1,500,000)	2,267,464	3,767,464
Available fund balance, July 1	1,500,000	1,500,000	1,521,901	21,901
Available fund balance, June 30	\$ -	\$ -	\$ 3,789,365	\$ 3,789,365

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FEDERAL PROGRAMS (BUDGET BASIS)**

For the Year Ended

June 30, 2008

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	3,602,901	3,696,091	2,908,875	(787,216)
Other sources	-	-	-	-
Total revenues	<u>3,602,901</u>	<u>3,696,091</u>	<u>2,908,875</u>	<u>(787,216)</u>
Expenditures				
Instruction				-
Regular programs	287,181	272,453	228,548	43,905
Special programs	1,751,568	1,753,158	1,540,981	212,177
Summer school programs	275,995	261,759	129,160	132,599
Supporting services				-
Students	474,492	488,263	355,850	132,413
Improvement of instruction	537,929	656,845	473,722	183,122
General administration	-	-	-	-
School administration	-	12,546	-	12,546
Business services	47,607	56,994	20,228	36,765
Central activities	228,129	194,074	160,385	33,688
Supplemental retirement program	-	-	-	-
Food services	-	-	-	-
Community services	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	<u>3,602,901</u>	<u>3,696,091</u>	<u>2,908,875</u>	<u>787,216</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Debt service	-	-	-	-
Grant indirect charges	-	-	-	-
Sale of assets	-	-	-	-
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Available fund balance, July 1				-
Available fund balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying independent auditors' report.

ONTARIO SCHOOL DISTRICT No. 8C
Ontario, Malheur County, Oregon
June 30, 2008

Notes to Required Supplementary Information – Budgetary Reporting

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

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

During the year ended June 30, 2008, there was the following budget violation:

General Fund	Community and Enterprise Services(3000)	\$1,258
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OTHER INFORMATION

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
 June 30, 2008

	Debt Service Pension	Response to Intervention	MESD Capacity Grant
ASSETS			
Cash	\$ 10,217	\$ 1,815	\$ 4,500
Receivables			
Other	-	-	-
Total assets	<u>\$ 10,217</u>	<u>\$ 1,815</u>	<u>\$ 4,500</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance			
Fund balance			
Unreserved	<u>10,217</u>	<u>1,815</u>	<u>4,500</u>
Total fund balance	<u>10,217</u>	<u>1,815</u>	<u>4,500</u>
Total liabilities and fund balance	<u>\$ 10,217</u>	<u>\$ 1,815</u>	<u>\$ 4,500</u>

<u>Ford Family Foundation</u>	<u>Girls after School</u>	<u>Smile</u>	<u>SB 622</u>
\$ 2,500	\$ -	\$ 1,546	\$ 51,405
-	-	220	-
<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 1,766</u>	<u>\$ 51,405</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,500</u>		<u>1,766</u>	<u>51,405</u>
<u>2,500</u>	<u>-</u>	<u>1,766</u>	<u>51,405</u>
<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 1,766</u>	<u>\$ 51,405</u>

<u>Oregon Dept of Energy</u>	<u>Equipment Replacement</u>	<u>Technology</u>	<u>Food Services</u>	<u>Total June 30, 2008</u>
\$ -	\$ 120,845	\$ 6,829	\$ 363,442	\$ 563,100
-	-	-	-	-
-	-	-	-	220
<u>\$ -</u>	<u>\$ 120,845</u>	<u>\$ 6,829</u>	<u>\$ 363,442</u>	<u>\$ 563,320</u>
<u>\$ -</u>	<u>\$ 5,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,565</u>
<u>-</u>	<u>5,565</u>	<u>-</u>	<u>-</u>	<u>5,565</u>
<u>-</u>	<u>115,281</u>	<u>6,829</u>	<u>363,442</u>	<u>557,755</u>
<u>-</u>	<u>115,281</u>	<u>6,829</u>	<u>363,442</u>	<u>557,755</u>
<u>\$ -</u>	<u>\$ 120,845</u>	<u>\$ 6,829</u>	<u>\$ 363,442</u>	<u>\$ 563,320</u>

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NON MAJOR FUNDS

For the Year Ended

June 30, 2008

	Debt Service Pension	Response to Intervention	MESD Capacity Grant
Revenues			
Taxes	\$ -	\$ -	\$ -
Local sources	525,296	8,100	-
Intermediate sources	-	-	-
State sources	-	-	-
Federal sources	-	-	-
Other sources	-	-	-
Total revenues	<u>525,296</u>	<u>8,100</u>	<u>-</u>
Expenditures			
Instruction			
Regular programs	-	-	-
Special programs	-	-	-
Summer school programs	-	-	-
Supporting services			
Students	-	-	-
Improvement of instruction	-	7,250	-
General administration	-	-	-
School administration	-	-	-
Business services	-	-	-
Central activities	121	-	-
Supplemental retirement program	-	-	-
Food services	-	-	-
Community services	-	-	-
Facilities acquisition and construction	-	-	-
Total expenditures	<u>121</u>	<u>7,250</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>525,175</u>	<u>850</u>	<u>-</u>
Other financing sources (uses)			
Debt service	(526,633)	-	-
Grant indirect charges	-	-	-
Sale of assets	-	-	-
Transfers in (out)	-	-	-
Total other financing sources (uses)	<u>(526,633)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(1,457)</u>	<u>850</u>	<u>-</u>
Available fund balance, July 1	<u>11,674</u>	<u>966</u>	<u>4,500</u>
Available fund balance, June 30	<u>\$ 10,217</u>	<u>\$ 1,815</u>	<u>\$ 4,500</u>

Ford Family Foundation	Girls after School	Smile	SB 622
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	9,762	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	9,762	-
-	-	-	-
-	-	-	-
-	-	14,956	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	14,956	-
-	-	(5,194)	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	5,873	-
-	-	5,873	-
-	-	-	-
-	-	679	-
2,500	-	1,087	51,405
\$ 2,500	\$ -	\$ 1,766	\$ 51,405

Oregon Dept of Energy	Equipment Replacement	Technology	Food Services	Total June 30, 2008
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	219,648	753,044
-	-	-	-	-
(463)	-	-	14,168	23,466
-	-	-	996,013	996,013
-	-	-	-	-
(463)	-	-	1,229,829	1,772,524
-	85,795	-	-	85,795
-	-	-	-	14,956
-	-	-	-	-
-	-	-	-	-
-	-	-	-	7,250
-	-	-	-	-
-	7,507	-	-	7,507
-	9,469	-	-	9,469
-	27,304	219,534	-	246,959
-	-	-	-	-
-	-	-	1,241,017	1,241,017
-	-	-	-	-
-	-	-	-	-
-	130,074	219,534	1,241,017	1,612,953
(463)	(130,074)	(219,534)	(11,188)	159,571
-	-	-	-	(526,633)
-	-	-	-	-
-	-	-	-	-
-	70,715	210,000	-	286,588
-	70,715	210,000	-	(240,045)
(463)	(59,360)	(9,534)	(11,188)	(80,474)
463	174,640	16,363	374,630	638,230
\$ -	\$ 115,281	\$ 6,829	\$ 363,442	\$ 557,755

See accompanying independent auditors' report. 40

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - PENSION BOND DEBT (BUDGET BASIS)
 For the Year Ended
 June 30, 2008

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Local sources	519,325	519,325	525,296	5,971
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Other sources	-	-	-	-
Total revenues	<u>519,325</u>	<u>519,325</u>	<u>525,296</u>	<u>5,971</u>
Expenditures				
Instruction				-
Regular programs	-	-	-	-
Special programs	-	-	-	-
Summer school programs	-	-	-	-
Supporting services				-
Students	-	-	-	-
Improvement of instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Central activities	125	125	121	4
Supplemental retirement program	-	-	-	-
Food services	-	-	-	-
Community services	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	<u>125</u>	<u>125</u>	<u>121</u>	<u>4</u>
Excess of revenues over (under) expenditures	<u>519,200</u>	<u>519,200</u>	<u>525,175</u>	<u>5,975</u>
Other financing sources (uses)				
Debt service	(527,000)	(527,000)	(526,633)	368
Grant indirect charges	-	-	-	-
Sale of assets	-	-	-	-
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	<u>(527,000)</u>	<u>(527,000)</u>	<u>(526,633)</u>	<u>368</u>
Net change in fund balance	<u>(7,800)</u>	<u>(7,800)</u>	<u>(1,457)</u>	<u>6,343</u>
Available fund balance, July 1	<u>7,800</u>	<u>7,800</u>	<u>11,674</u>	<u>3,874</u>
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,217</u>	<u>\$ 10,217</u>

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - RESPONSE TO INTERVENTION (BUDGET BASIS)**

For the Year Ended
June 30, 2008

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Local sources	-	8,100	8,100	-
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Other sources	-	-	-	-
Total revenues	-	8,100	8,100	-
Expenditures				
Instruction				-
Regular programs	-	-	-	-
Special programs	-	-	-	-
Summer school programs	-	-	-	-
Supporting services				-
Students	-	-	-	-
Improvement of instruction	-	9,066	7,250	1,816
General administration	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Central activities	-	-	-	-
Supplemental retirement program	-	-	-	-
Food services	-	-	-	-
Community services	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	-	9,066	7,250	1,816
Excess of revenues over (under) expenditures	-	(966)	850	(1,816)
Other financing sources (uses)				
Debt service	-	-	-	-
Grant indirect charges	-	-	-	-
Sale of assets	-	-	-	-
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(966)	850	1,816
Available fund balance, July 1	-	966	966	-
Available fund balance, June 30	\$ -	\$ -	\$ 1,816	\$ 1,816

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 (BUDGET BASIS)
 For the Year Ended
 June 30, 2008

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Other sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Instruction				-
Regular programs	-	-	-	-
Special programs	-	-	-	-
Summer school programs	-	-	-	-
Supporting services				-
Students	-	-	-	-
Improvement of instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Central activities	-	-	-	-
Supplemental retirement program	-	-	-	-
Food services	-	-	-	-
Community services	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Debt service	-	-	-	-
Grant indirect charges	-	-	-	-
Sale of assets	-	-	-	-
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	-	-
Available fund balance, July 1	-	-	4,500	4,500
Available fund balance, June 30	\$ -	\$ -	\$ 4,500	\$ 4,500

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 (BUDGET BASIS)**

For the Year Ended

June 30, 2008

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Other sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Instruction				-
Regular programs	-	-	-	-
Special programs	2,500	2,500	-	2,500
Summer school programs	-	-	-	-
Supporting services				-
Students	-	-	-	-
Improvement of instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Central activities	-	-	-	-
Supplemental retirement program	-	-	-	-
Food services	-	-	-	-
Community services	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	2,500	2,500	-	2,500
Excess of revenues over (under) expenditures	(2,500)	(2,500)	-	2,500
Other financing sources (uses)				
Debt service	-	-	-	-
Grant indirect charges	-	-	-	-
Sale of assets	-	-	-	-
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(2,500)	(2,500)	-	2,500
Available fund balance, July 1	2,500	2,500	2,500	-
Available fund balance, June 30	\$ -	\$ -	\$ 2,500	\$ 2,500

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 (BUDGET BASIS)**

For the Year Ended
June 30, 2008

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-
Intermediate sources	6,000	6,000	-	(6,000)
State sources	-	-	-	-
Federal sources	-	-	-	-
Other sources	-	-	-	-
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>
Expenditures				
Instruction				-
Regular programs	6,000	6,000	-	6,000
Special programs	-	-	-	-
Summer school programs	-	-	-	-
Supporting services				-
Students	-	-	-	-
Improvement of instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Central activities	-	-	-	-
Supplemental retirement program	-	-	-	-
Food services	-	-	-	-
Community services	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Debt service	-	-	-	-
Grant indirect charges	-	-	-	-
Sale of assets	-	-	-	-
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Available fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SMILE (BUDGET BASIS)
 For the Year Ended
 June 30, 2008

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-
Intermediate sources	-	-	-	-
State sources	10,000	10,000	9,762	(238)
Federal sources	-	-	-	-
Other sources	-	-	-	-
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>9,762</u>	<u>(238)</u>
Expenditures				
Instruction	-	-	-	-
Regular programs	20,000	20,000	14,956	5,044
Special programs	-	-	-	-
Summer school programs	-	-	-	-
Supporting services	-	-	-	-
Students	-	-	-	-
Improvement of instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Central activities	-	-	-	-
Supplemental retirement program	-	-	-	-
Food services	-	-	-	-
Community services	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>14,956</u>	<u>5,044</u>
Excess of revenues over (under) expenditures	<u>(10,000)</u>	<u>(10,000)</u>	<u>(5,194)</u>	<u>4,806</u>
Other financing sources (uses)				
Debt service	-	-	-	-
Grant indirect charges	-	-	-	-
Sale of assets	-	-	-	-
Transfers in (out)	6,000	6,000	5,873	127
Total other financing sources (uses)	<u>6,000</u>	<u>6,000</u>	<u>5,873</u>	<u>127</u>
Net change in fund balance	(4,000)	(4,000)	679	4,679
Available fund balance, July 1	<u>4,000</u>	<u>4,000</u>	<u>1,087</u>	<u>(2,913)</u>
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,766</u>	<u>\$ 1,766</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 (BUDGET BASIS)
For the Year Ended
June 30, 2008

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Other sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Instruction				
Regular programs	-	-	-	-
Special programs	-	-	-	-
Summer school programs	-	-	-	-
Supporting services				
Students	-	-	-	-
Improvement of instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Central activities	51,500	51,500	-	51,500
Supplemental retirement program	-	-	-	-
Food services	-	-	-	-
Community services	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	51,500	51,500	-	51,500
Excess of revenues over (under) expenditures	(51,500)	(51,500)	-	51,500
Other financing sources (uses)				
Debt service	-	-	-	-
Grant indirect charges	-	-	-	-
Sale of assets	-	-	-	-
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(51,500)	(51,500)	-	51,500
Available fund balance, July 1	51,500	51,500	51,405	(95)
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 - OREGON DEPARTMENT OF ENERGY (BUDGET BASIS)
For the Year Ended
June 30, 2008

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-
Intermediate sources	-	-	-	-
State sources	80,000	80,000	(463)	(80,463)
Federal sources	-	-	-	-
Other sources	-	-	-	-
Total revenues	<u>80,000</u>	<u>80,000</u>	<u>(463)</u>	<u>(80,463)</u>
Expenditures				
Instruction				-
Regular programs	-	-	-	-
Special programs	-	-	-	-
Summer school programs	-	-	-	-
Supporting services				-
Students	-	-	-	-
Improvement of instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Central activities	-	-	-	-
Supplemental retirement program	-	-	-	-
Food services	-	-	-	-
Community services	-	-	-	-
Facilities acquisition and construction	80,000	80,000	-	80,000
Total expenditures	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>80,000</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(463)</u>	<u>(463)</u>
Other financing sources (uses)				
Debt service	-	-	-	-
Grant indirect charges	-	-	-	-
Sale of assets	-	-	-	-
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	(463)	(463)
Available fund balance, July 1	-	-	463	463
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

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

For the Year Ended

June 30, 2008

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Other sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Instruction				-
Regular programs	109,200	109,200	85,795	23,405
Special programs	-	-	-	-
Summer school programs	-	-	-	-
Supporting services				
Students	-	-	-	-
Improvement of instruction	-	-	-	-
General administration	-	-	-	-
School administration	11,155	11,155	7,507	3,648
Business services	125,000	125,000	9,469	115,531
Central activities	-	-	27,304	(27,304)
Supplemental retirement program	-	-	-	-
Food services	-	-	-	-
Community services	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	245,355	245,355	130,074	115,281
Excess of revenues over (under) expenditures	(245,355)	(245,355)	(130,074)	115,281
Other financing sources (uses)				
Debt service	-	-	-	-
Grant indirect charges	-	-	-	-
Sale of assets	-	-	-	-
Transfers in (out)	130,703	130,703	70,715	59,988
Total other financing sources (uses)	130,703	130,703	70,715	59,988
Net change in fund balance	(114,652)	(114,652)	(59,360)	55,292
Available fund balance, July 1	114,652	114,652	174,640	59,988
Available fund balance, June 30	\$ -	\$ -	\$ 115,281	\$ 115,281

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TECHNOLOGY FUND (BUDGET BASIS)
 For the Year Ended
 June 30, 2008

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Other sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Instruction	-	-	-	-
Regular programs	-	-	-	-
Special programs	-	-	-	-
Summer school programs	-	-	-	-
Supporting services	-	-	-	-
Students	-	-	-	-
Improvement of instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Central activities	236,000	236,000	219,534	16,466
Supplemental retirement program	-	-	-	-
Food services	-	-	-	-
Community services	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	236,000	236,000	219,534	16,466
Excess of revenues over (under) expenditures	(236,000)	(236,000)	(219,534)	16,466
Other financing sources (uses)				
Debt service	-	-	-	-
Grant indirect charges	-	-	-	-
Sale of assets	-	-	-	-
Transfers in (out)	210,000	210,000	210,000	-
Total other financing sources (uses)	210,000	210,000	210,000	-
Net change in fund balance	(26,000)	(26,000)	(9,534)	16,466
Available fund balance, July 1	26,000	26,000	16,363	(9,637)
Available fund balance, June 30	\$ -	\$ -	\$ 6,829	\$ 6,829

ONTARIO SCHOOL DISTRICT NO. 8C

Ontario, Malheur County, Oregon

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FOOD SERVICE FUND (BUDGET BASIS)

For the Year Ended
 June 30, 2008

	Adopted	Final	Actual	Variance Final Budget Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Local sources	175,000	175,000	219,648	44,648
Intermediate sources	-	-	-	-
State sources	14,000	14,000	14,168	168
Federal sources	900,000	900,000	996,013	96,013
Other sources	-	-	-	-
Total revenues	<u>1,089,000</u>	<u>1,089,000</u>	<u>1,229,829</u>	<u>140,829</u>
Expenditures				
Instruction				
Regular programs	-	-	-	-
Special programs	-	-	-	-
Summer school programs	-	-	-	-
Supporting services				
Students	-	-	-	-
Improvement of instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Central activities	-	-	-	-
Supplemental retirement program	-	-	-	-
Food services	1,439,000	1,439,000	1,241,017	197,983
Community services	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	<u>1,439,000</u>	<u>1,439,000</u>	<u>1,241,017</u>	<u>197,983</u>
Excess of revenues over (under) expenditures	<u>(350,000)</u>	<u>(350,000)</u>	<u>(11,188)</u>	<u>338,812</u>
Other financing sources (uses)				
Debt service	-	-	-	-
Grant indirect charges	-	-	-	-
Sale of assets	-	-	-	-
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(350,000)	(350,000)	(11,188)	338,812
Available fund balance, July 1	<u>350,000</u>	<u>350,000</u>	<u>374,630</u>	<u>24,630</u>
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 363,442</u>	<u>\$ 363,442</u>

OTHER FINANCIAL SCHEDULES

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 STUDENT BODY FUNDS**
 June 30, 2008

	Balance July 1, 2007	Receipts	Disbursements	Balance June 30, 2008
Ontario High School				
Assets				
Cash	\$ 61,874	\$ 260,660	\$ 252,463	\$ 70,071
Liabilities				
Due to student groups	\$ 61,874	\$ 260,660	\$ 252,464	\$ 70,070
Middle School				
Assets				
Cash	\$ 118,856	\$ 79,337	\$ 90,751	\$ 107,443
Liabilities				
Due to student groups	\$ 118,856	\$ 79,337	\$ 90,751	\$ 107,443
Aiken Elementary School				
Assets				
Cash	\$ 1,415	\$ 4,838	\$ 5,725	\$ 528
Liabilities				
Due to student groups	\$ 1,415	\$ 4,838	\$ 5,725	\$ 528
Alameda Elementary School				
Assets				
Cash	\$ 3,138	\$ 8,900	\$ 10,200	\$ 1,838
Liabilities				
Due to student groups	\$ 3,138	\$ 8,900	\$ 10,200	\$ 1,838
Cairo Elementary School				
Assets				
Cash	\$ 2,686	\$ 1,154	\$ 1,951	\$ 1,889
Liabilities				
Due to student groups	\$ 2,686	\$ 1,154	\$ 1,951	\$ 1,889
May Roberts Elementary School				
Assets				
Cash	\$ 17,062	\$ 17,983	\$ 16,775	\$ 18,270
Liabilities				
Due to student groups	\$ 17,062	\$ 17,983	\$ 16,775	\$ 18,270
Pioneer Elementary School				
Assets				
Cash	\$ 4,136	\$ 13,916	\$ 13,029	\$ 5,023
Liabilities				
Due to student groups	\$ 4,136	\$ 13,916	\$ 13,029	\$ 5,023
Totals				
Assets				
Cash	\$ 209,167	\$ 386,789	\$ 390,894	\$ 205,062
Liabilities				
Due to student groups	\$ 209,167	\$ 386,789	\$ 390,894	\$ 205,062

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
STATEMENT OF CASH, CASH ITEMS, INVESTMENTS, AND COLLATERAL SECURITY
 June 30, 2008

	<u>All Funds</u>	<u>Total</u>
Cash and cash items		
Sterling Savings Bank		
Demand accounts	\$ 6,004,556	
Total Sterling Savings Bank		<u>\$ 6,004,556</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>107,442</u>	
Total Bank of America		<u>107,442</u>
Washington Mutual Bank		
Demand accounts	<u>18,270</u>	
Total Washington Mutual Bank		<u>18,270</u>
Wells Fargo Bank		
Demand accounts	<u>1,838</u>	
Total Wells Fargo Bank		<u>1,838</u>
U.S. Bank, N.A.		
Demand accounts	<u>2,418</u>	
Total U.S. Bank, N.A.		<u>2,418</u>
Total cash with banks		6,136,523
Cash-on-hand		<u>1,020</u>
Total cash and cash items		<u>6,137,543</u>
Investments		
Oregon State Treasury Local Government Investment Pool		4,673,334
Malheur County Treasurer		
Total investments		<u>4,673,334</u>
Less agency funds not included in statement of net assets		<u>(205,062)</u>
Total cash, cash items and investments		<u><u>\$ 10,605,815</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, 2008

Collateral security

Sterling Savings Bank

Certificate of Participation, No. 43594 in the
collateral pool per ORS. 205.065

\$ 16,000,000

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. 42974 in the
collateral pool per ORS. 205.065

10,000,000

Total collateral security

\$ 26,600,000

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
STATEMENT OF PROPERTY TAX TRANSACTIONS
For the Year Ended
June 30, 2008

GENERAL FUND

Tax Year	Uncollected Taxes June 30, 2007	Current Assessment	(Abatement) and Adjustments	Rebates Allowed	Interest Collected	Taxes Collected	Total Amount Collected	Uncollected Taxes June 30, 2008
2007-08		\$ 3,259,856	\$ -	\$ (81,323)	\$ 1,627	\$ 3,059,728	\$ 3,061,355	\$ 118,805
2006-07	\$ 99,842	-	(366)	5	3,189	45,868	49,057	53,613
2005-06	50,938	-	(295)	3	3,447	21,323	24,770	29,323
2004-05	28,304	-	(181)	-	3,656	14,595	18,251	13,528
2003-04	12,241	-	(64)	-	3,517	11,441	14,958	736
2002-03	852	-	(62)	-	214	527	741	264
2001-02	343	-	(58)	-	55	178	233	107
2000-01	174	-	-	-	-	-	-	174
1989-90	158	-	-	-	-	12	12	146
1988-89	126	-	-	-	-	126	126	-
1987-88	95	-	-	-	88	95	183	-
	<u>\$ 193,074</u>	<u>\$ 3,259,856</u>	<u>\$ (1,025)</u>	<u>\$ (81,315)</u>	<u>\$ 15,793</u>	<u>\$ 3,153,893</u>	<u>\$ 3,169,686</u>	<u>\$ 216,696</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, 2008

	210-211 213 Migrant Title IC	212 Migrant Summer School	220-222 Title IA Grant	224-225 Reading First
Revenues				
Federal sources	\$ 359,867	\$ 5,820	\$ 1,063,489	\$ 208,395
Total revenues	<u>359,867</u>	<u>5,820</u>	<u>1,063,489</u>	<u>208,395</u>
Expenditures				
1000 Instruction				
100 Salaries	109,661	-	505,462	-
200 Associated payroll costs	33,986	-	248,005	-
300 Purchased services	4,124	-	69,419	-
400 Supplies and materials	3,702	4,814	21,630	22,095
600 Dues and fees	-	-	37,516	-
Total instruction	<u>151,474</u>	<u>4,814</u>	<u>882,032</u>	<u>22,095</u>
2000 Support services				
100 Salaries	126,086	74	126,242	109,505
200 Associated payroll costs	53,828	17	48,658	48,777
300 Purchased services	25,916	-	3,606	20,865
400 Supplies and materials	2,563	915	2,951	302
500 Capital outlay	-	-	-	-
600 Dues and fees	-	-	-	6,851
Total support services	<u>208,393</u>	<u>1,006</u>	<u>181,457</u>	<u>186,300</u>
4000 Facilities acquisition and construction				
500 Capital outlay	-	-	-	-
Total facilities acquisition and construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>359,867</u>	<u>5,820</u>	<u>1,063,489</u>	<u>208,395</u>
Excess of revenues over (under) expenditures	-	-	-	-
Other financing sources and (uses)				
Grant indirect charges	-	-	-	-
Transfers in (out)	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Available fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Available fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

226	230-232	234
K-3 Literacy Outreach	Title II D	PE Expansion K-8
\$ 4,000	\$ 8,565	\$ 2,971
4,000	8,565	2,971
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
1,600	1,534	738
307	408	30
2,093	3,272	2,079
-	3,351	-
-	-	-
-	-	124
4,000	8,565	2,971
-	-	-
-	-	-
4,000	8,565	2,971
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
\$ -	\$ -	\$ -

236-237	238-240	241-243 245, 247
Title III	Title V Innovative Ed	IDEA
\$ 61,345	\$ 11,686	\$ 484,300
61,345	11,686	484,300
-	145	217,563
-	12	138,126
2,150	-	22,293
15,826	60	60,018
-	-	1,500
17,976	217	439,500
14,678	-	29,625
2,765	-	8,526
14,991	-	6,649
10,935	11,469	-
-	-	-
-	-	-
43,369	11,469	44,800
-	-	-
-	-	-
61,345	11,686	484,300
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
\$ -	\$ -	\$ -

246	248-250 Title VI (B) Innovative Rural Ed	253-255 Title II A	257-258 Alcohol Abuse Reduction	260-262 Drug and Alcohol Grant	Totals
EBISS					
\$ 7,778	\$ 87,824	\$ 256,100	\$ 326,988	\$ 19,745	\$ 2,908,873
7,778	87,824	256,100	326,988	19,745	2,908,873
-	-	-	-	-	-
-	-	110,813	45,000	-	988,644
-	-	69,201	11,907	-	501,237
-	-	-	89,361	-	187,347
-	-	-	43,729	-	171,874
-	-	-	10,572	-	49,588
-	-	180,014	200,569	-	1,898,691
1,281	58,329	26,078	71,119	5,309	572,198
166	28,585	3,439	19,054	534	215,094
5,726	910	46,465	31,480	9,695	173,747
605	-	-	4,766	4,207	42,064
-	-	-	-	-	-
-	-	104	-	-	7,079
7,778	87,824	76,086	126,419	19,745	1,010,182
-	-	-	-	-	-
-	-	-	-	-	-
7,778	87,824	256,100	326,988	19,745	2,908,873
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
CONTINUING DISCLOSURE REQUIREMENTS FOR BONDED DEBT
For the year Ended
June 30, 2008

2007-2008 Assessed valuation of taxable property \$ 853,227,114

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%
2007-2008	108,161	418,472	526,633	25,287,294	2.08%

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%
2007-2008	853,227,114	9,174,157	1.08%

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

Principal taxpayers in Ontario School District 8C

Private enterprises	Assessed Valuation	Percent of Total County Value
H J Heinz Company, LP	\$ 90,278,255	6.35%
Oregon Warehouse Partners	11,099,890	0.78%
Wal-Mart Real Estate Business Trs.	8,646,487	0.61%
Murakami Farms, Inc.	7,603,501	0.54%
Ontario Capital, LLC	7,465,551	0.53%
Home Depot USA, Inc.	7,106,759	0.50%
Larson, Farrell V 1/2 ETAL	6,994,037	0.49%
ACL Company LLC	4,825,856	0.34%
Dominican Sisters of Ontario, Inc.	4,081,152	0.29%
J R Simplot Company	4,060,980	0.29%
Baker Packing Co.	3,275,790	0.23%

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
CONTINUING DISCLOSURE REQUIREMENTS FOR BONDED DEBT
 For the year Ended
 June 30, 2008

<u>Public utilities</u>		
Idaho Power Co.	\$ 24,915,659	1.75%
Malheur Home Telephone Co.	10,010,207	0.70%
Cascade Natural Gas Corp	4,789,004	0.34%
Union Pacific Railroad Co.	4,302,003	0.30%
<u>All other taxpayers</u>	1,221,481,383	85.96%
Total assessed value	<u>\$ 1,420,936,514</u>	100.00%

Summary of General Fund Oregon State Revenue:

	State Sources	State Sources as % of Total Revenues	Total Revenues
2002-2003	\$ 14,206,287	46.13%	\$ 30,799,275
2003-2004	16,503,849	67.80%	24,341,444
2004-2005	15,466,218	64.52%	23,971,275
2005-2006	16,676,502	65.10%	25,616,751
2006-2007	17,711,801	66.44%	26,659,580
2007-2008	19,098,457	68.61%	27,835,888

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
2007-2008	169,258,994	9,174,157	160,084,837

- (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, 2008

	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
Governmental activities:					
Regular programs	\$ 11,051,632	\$ 9,685,975	\$ 10,938,470	\$ 8,791,541	\$ 8,812,564
Special programs	4,934,948	4,875,744	4,363,649	3,942,267	3,526,896
Adult/continuing education	-	-	-	22,440	40,933
Summer school programs	129,160	153,714	52,987	168,532	141,292
Students	997,609	866,793	864,475	831,522	861,556
Instructional staff	1,270,060	1,306,324	959,332	1,171,409	1,182,836
General administration	408,216	337,888	408,216	333,709	297,196
School administration	1,836,011	1,814,143	1,822,686	1,477,900	1,447,996
Business services	3,841,558	3,613,208	3,771,579	3,387,958	2,774,651
Central activities	1,129,412	1,027,318	1,056,237	958,541	1,533,196
Supplemental retirement program	73,289	54,745	73,289	124,035	59,947
Enterprise & community services	1,228,851	1,174,768	1,212,593	910,798	881,069
Facilities acquisition & construction	272,267	17,330	9,178	164,473	21,480
Debt service-interest & amortization	423,014	411,872	423,014	401,927	398,060
Total	<u>\$ 27,596,027</u>	<u>\$ 25,339,823</u>	<u>\$ 25,955,705</u>	<u>\$ 22,687,052</u>	<u>\$ 21,979,672</u>

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

Source: Ontario School District No. 8C

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
GOVERNMENT-WIDE REVENUES
June 30, 2008

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	
2008	\$ 805,072	\$ 3,917,537	\$ 5,634	\$ 3,203,119	\$ 18,842,620	\$ 360,973	\$ 2,175,605	\$ 220,522	\$ 29,531,082
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

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

Source: Ontario School District No. 8C

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
MISCELLANEOUS INFORMATION
June 30, 2008

Malheur County

	Population	Per Capita Income Estimate	Unemployment Rate
2006-07	31,725	\$21,137	8.0%
2005-06	31,800	\$22,250	8.1%
2004-05	31,850	\$20,222	10.9%
2003-04	32,000	\$18,857	12.5%
2002-03	32,000	\$18,077	10.5%
2001-02	32,000	\$17,620	11.4%
2000-01	31,615	\$17,620	9.2%
1999-00	31,200	\$19,025	8.8%
1998-99	31,140	\$18,500	11.2%
1997-98	30,800	\$17,750	10.3%
1996-97	30,140	\$17,500	9.3%

Source: Oregon Economic and Community Development

Top Industries for Employees (Non farm) April 2008	Employees
Natural Resources, Mining & Construction	370
Manufacturing	1,080
Wholesale Trade	640
Retail Trade	2,020
Transportation, Warehousing and Utilities	400
Information	110
Financial Activities	440
Professional and Business Services	420
Educational and Health Services	1,470
Leisure and Hospitality	1,150
Other Services	310
Government	3,630
Total	12,040

Source: Oregon Employment Department: Worksource Oregon

Top 10 Assessed Valuations 2007	
Heinz, HJ Company LP	\$ 90,278,255
Idaho Power Co.	58,728,865
Malheur Home Telephone Co.	17,047,802
Eagle-Picher Filtration	15,671,421
Oregon Warehouse Partners	11,099,890
Union Pacific Railroad Co.	8,469,999
Wal-Mart Real Est. Business TRS	8,646,487
Murakami Farms Inc.	7,603,501
Ontario Mall, LLC	7,465,551
Home Depot USA Inc	7,465,551
All Others	1,188,459,192
Total Assessed Value	\$ 1,420,936,514
Real Market Value	\$ 3,545,640,120

Source: Malheur County Department of Assessment
and Taxation

ONTARIO SCHOOL DISTRICT NO. 8C
District Audit Revenue Summary
For the fiscal year ended June 30, 2008

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
Revenue from Local Sources							
1110 Ad Valorem Taxes	3,179,447	-	-	-	-	-	-
1120 Local Option Taxes	-	-	-	-	-	-	-
1190 Penalties and interest	7,144	-	-	-	-	-	-
1200 Rev from Local Government other than district	75,855	-	-	-	-	-	-
1310 Regular Tuition	7,079	-	-	-	-	-	-
1320 Adult/Continuing Ed Tuition	-	-	-	-	-	-	-
1330 Summer School Tuition	-	-	-	-	-	-	-
1400 Transportation fees	9,215	-	-	-	-	-	-
1500 Earnings on investments	380,184	-	9,463	107,642	-	4,671	-
1600 Food Service	-	192,658	-	-	-	-	-
1700 Extracurricular	44,298	-	-	-	-	-	-
1800 Community Services	-	-	-	-	-	-	-
1910 Rentals	2,460	-	-	-	-	-	-
1920 Donations from private sources	2,887	-	-	6,097	-	-	-
1930 Lease payments from private contractors	-	-	-	-	-	-	-
1940 Services provided other LEA	-	-	-	-	-	-	-
1950 Textbook sales	-	-	-	-	-	-	-
1960 Rec of Prior Years Expenditures	-	-	-	-	-	-	-
1970 Services provided other funds	-	-	515,833	-	-	-	-
1980 Fees charged to grants	56,666	-	-	-	-	-	-
1990 Misc Local source	28,421	35,090	-	-	-	-	-
Total Revenue from Local Sources	3,793,636	227,748	525,296	113,739	-	4,671	-
Revenue from Intermediate Sources							
2101 County School Funds	118,868	-	-	-	-	-	-
2102 ESD appt	-	-	-	-	-	-	-
2105 Nat Gas, Oil and Min receipts	-	-	-	-	-	-	-
2199 Other int sources	-	-	-	-	-	-	-
2200 Restricted Rev int sources	-	-	-	-	-	-	-
2800 Rev in Lieu of Taxes	-	-	-	-	-	-	-
2900 Rev for/on Behalf of District	-	-	-	-	-	-	-
Total Revenue from Intermediate Sources	118,868	-	-	-	-	-	-
Revenue from State Sources							
3101 State School Fund-Gen Support	18,185,759	-	-	-	-	-	-
3102 State School Lunch Match	-	14,168	-	-	-	-	-
3103 Common School Fund	242,105	-	-	-	-	-	-
3104 State Managed City Timber	-	-	-	-	-	-	-
3199 Other Unrestricted Grants-State	-	-	-	-	-	-	-
3222 SSSF Transportation	4,432	-	-	-	-	-	-
3299 Other Restricted Grants-State	642,692	9,299	-	-	-	-	-
3800 State rev in lieu of tax	-	-	-	-	-	-	-
3900 State rev for/on behalf of district	-	-	-	-	-	-	-
Total Revenue from State Sources	19,074,988	23,467	-	-	-	-	-
Revenue from Federal Sources							
4100 Unrest Direct from Fed	-	-	-	-	-	-	-
4200 Unrest from Fed thru State	-	-	-	-	-	-	-
4300 Rest. from Fed	-	321,988	-	-	-	-	-
4500 Restr. from Fed thru state	-	3,504,920	-	-	-	-	-
4700 Grants from Fed thru other Int Agencies	-	-	-	-	-	-	-
4801 Fed Forest Fees	-	-	-	-	-	-	-
4802 Impact Aid for Operation	-	-	-	-	-	-	-
4899 Other Fed Rev in lieu of Taxes	-	-	-	-	-	-	-
4900 Fed Rev for/on behalf of district	-	72,980	-	-	-	-	-
Total Revenue from Federal Sources	-	3,899,888	-	-	-	-	-
Revenue from Other Sources							
5100 Long Term Debt Financing	-	-	-	-	-	-	-
5200 Interfund Transfers	-	324,993	-	2,570,000	-	-	-
5300 Sale of Fixed Assets	53,586	-	-	-	-	-	-
5400 Beginning Fund Balance	6,971,885	626,556	11,674	1,521,901	-	105,108	-
Total Revenue Other Sources	7,025,471	951,549	11,674	4,091,901	-	105,108	-
Grand Totals	\$ 30,012,963	\$ 5,102,652	\$ 536,970	\$ 4,205,640	\$ -	\$ 109,779	\$ -

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
STATEMENT OF EXPENDITURES - (BUDGET BASIS)
GENERAL FUND
For the Year Ended
June 30, 2008

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	\$ 1,788,348	\$ 894,687	\$ 14,692	\$ 109,921	\$ 5,000	\$ -	\$ -	\$ 2,812,648
1112 Intermediate programs	824,723	424,062	14,075	71,618	6,647	-	-	1,341,125
1113 Elementary extracurricular	458	118	-	626	-	-	-	1,202
1121 Middle and junior high programs	1,759,869	869,147	24,697	156,608	-	-	-	2,810,321
1122 Middle and junior high school extracurricular	66,233	17,387	3,576	3,292	-	-	-	90,488
1131 High school programs	2,044,360	987,508	36,933	186,248	9,000	693	-	3,264,742
1132 High school extracurricular	243,362	66,704	107,348	31,084	9,320	8,576	-	466,394
1210 Programs for talented and gifted	97,334	42,909	6,250	854	-	-	-	147,347
1226 Home instruction	7,564	2,140	-	-	-	-	-	9,704
1233 Other designated programs	-	-	-	-	-	-	-	-
1250 Resource rooms	854,989	462,261	2,148	7,667	-	-	-	1,327,065
1283 District alternative programs	198,906	87,726	-	1,134	-	-	-	287,766
1288 Charter School	-	-	998,842	-	-	-	-	998,842
1291 English second language programs	406,030	191,718	-	10,543	-	-	-	608,291
1292 Teen parent programs	-	-	-	-	-	-	-	-
1299 Other programs	-	-	-	-	-	-	-	-
1430 High school summer school programs	-	-	-	-	-	-	-	-
Total 1000 instruction	8,292,176	4,046,367	1,208,561	579,595	29,967	9,269	-	14,165,935
2000 Support services								
2115 Student safety	-	-	95,632	-	-	-	-	95,632
2122 Counseling services	310,057	154,239	2,112	3,872	-	-	-	470,280
2134 Nurse services	-	-	-	-	-	-	-	-
2139 Other health services	-	-	16,470	651	-	-	-	17,121
2190 Student direction support	35,472	14,738	6,860	1,089	-	565	-	58,724
2213 Curriculum development	129,260	48,367	7,186	4,276	-	-	-	189,089
2219 Other improvement of instruction services	-	-	-	-	-	-	-	-
2222 Library media center	238,552	125,351	1,390	37,019	-	-	-	402,312
2223 Multimedia services	-	-	160	2,395	-	-	-	2,555
2230 Assessment and testing	90,335	38,019	350	4,467	-	-	-	133,171
2240 Instructional staff development	37,671	7,750	16,316	225	-	-	-	61,962
2310 Board of education	-	-	79,299	1,648	-	46,454	-	127,401
2321 Office of the superintendent services	168,958	102,087	7,509	1,893	-	368	-	280,815
2410 Office of the principal	1,250,086	527,390	15,834	23,497	-	11,700	-	1,828,507
2521 Fiscal services	72,044	30,329	46,969	13,561	-	2,581	-	165,484
2524 Payroll services	40,856	19,402	-	-	-	-	-	60,258
2525 Financial accounting services	24,411	15,094	-	-	-	-	-	39,505
2541 Operation and maintenance of plant services	72,352	39,511	-	-	-	-	-	111,863
2542 Care and upkeep of building services	636,561	349,829	640,125	165,282	9,364	71,758	-	1,872,919
2543 Care and upkeep of grounds	69,683	26,129	2,953	22,724	-	58	-	121,547
2551 Student transportation services	84,941	45,060	-	-	-	-	-	130,001
2552 Vehicle operation services	341,716	154,283	(52,853)	185,449	381,861	20,441	-	1,030,897
2559 Other student transportation services	-	-	76,544	-	-	-	-	76,544
2573 Warehouse and distribution	18,399	11,061	-	-	-	-	-	29,460
2620 Planning, research, development services	-	-	-	-	-	-	-	-
2626 Grant writing	-	-	-	-	-	-	-	-
2633 Public information services	32,036	19,912	3,054	2,537	-	540	-	58,079
2640 Staff services	-	-	232	842	-	-	-	1,074
2641 Staff Services-service area direction	84,590	38,220	19,083	7,382	-	3,527	-	152,802
2660 Technology services	284,400	128,236	39,655	93,037	-	200	-	545,528
2700 Supplemental retirement program	119,550	3,958	-	-	-	-	-	123,508
Total 2000 support services	4,141,930	1,898,965	1,024,880	571,846	391,225	158,192	-	8,187,038
3000 Enterprise and community services								
3300 Community services	-	-	16,258	-	-	-	-	16,258
Total 3000 enterprise and community	-	-	16,258	-	-	-	-	16,258
4000 Facilities acquisition and construction								
4150 Building acquisition, construction and improvement services	-	-	697	8,481	79,797	-	-	88,975
Total 4000 facilities acquisition and construction	-	-	697	8,481	79,797	-	-	88,975
5000 Other uses								
5110 Long-term debt service	-	-	-	-	-	-	-	-
5120 Short-term debt retirement	-	-	-	-	-	-	-	-
5200 Transfer of Funds	-	-	-	-	-	-	2,856,588	2,856,588
Total 5000 other uses	-	-	-	-	-	-	2,856,588	2,856,588
6000 Contingencies								
6110 Operating contingency	-	-	-	-	-	-	-	-
Total 6000 contingencies	-	-	-	-	-	-	-	-
Total expenditures	\$ 12,434,106	\$ 5,945,332	\$ 2,250,396	\$ 1,159,922	\$ 500,989	\$ 167,461	\$ 2,856,588	\$ 25,314,794

ONTARIO SCHOOL DISTRICT NO 8C
Ontario, Malheur County, Oregon
STATEMENT OF EXPENDITURES - (BUDGET BASIS)
SPECIAL REVENUE FUND
For the Year Ended
June 30, 2008

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	700 Transfers	Total
1000 Instruction								\$ 214,224
1111 Primary, K-3	\$ 110,813	\$ 69,203	\$ -	\$ 34,208	\$ -	\$ -	\$ -	18,453
1112 Intermediate programs	-	-	2,162	45,742	4,082	-	-	51,986
1121 Middle and junior high programs	-	-	7,500	6,589	15,590	-	-	29,679
1131 High school programs	-	-	-	-	-	-	-	-
1132 High school extracurricular	-	-	-	60	-	-	-	217
1210 Programs for talented and gifted	145	12	-	-	-	1,500	-	439,503
1250 Resource rooms	217,564	138,129	22,292	60,018	-	-	-	775,758
1272 Title I	479,215	237,397	-	21,630	-	37,516	-	69,418
1288 Charter School	-	-	69,418	-	-	-	-	17,975
1291 English second language programs	-	-	2,150	15,825	-	-	-	63,981
1293 Migrant	40,908	18,930	4,124	19	-	10,572	-	189,089
1299 Other programs	55,400	14,781	89,251	19,085	-	-	-	-
1300 Adult Education	-	-	-	-	-	-	-	129,160
1400 Summer School	94,999	25,663	-	8,498	-	-	-	1,999,443
Total 1000 instruction	<u>999,044</u>	<u>504,115</u>	<u>196,897</u>	<u>230,127</u>	<u>19,672</u>	<u>49,588</u>	<u>-</u>	
2000 Support services								9,560
2110 Social Services	4,057	2,308	-	3,195	-	-	-	20
2139 Other health services	-	-	20	-	-	-	-	266,332
2190 Student direction support	170,251	62,224	28,937	4,920	-	-	-	215,666
2213 Curriculum development	137,397	69,310	2,108	-	-	6,851	-	61,818
2219 Improvement of instruction services	42,750	9,689	8,764	615	-	-	-	7,614
2222 Library media center	5,925	1,689	-	-	-	-	-	15
2230 Assessment and testing	42	(27)	-	-	-	228	-	195,834
2240 Instructional staff development	55,215	8,229	115,581	16,601	-	-	-	7,507
2410 Office of the principal	-	-	-	7,507	-	-	-	9,469
2521 Fiscal services	-	-	-	1,304	8,165	-	-	8,125
2542 Care and upkeep of building services	6,222	1,903	-	-	-	-	-	2,028
2551 Student transportation services	1,548	480	-	-	-	-	-	10,077
2552 Vehicle operation services	-	-	10,077	-	-	-	-	-
2559 Other student transportation services	-	-	-	-	-	-	-	-
2620 Planning, research, development services	-	-	-	-	-	-	-	-
2626 Grant writing	-	-	7,112	4,450	-	-	-	145,983
2630 Parent Center Coordinator	100,396	34,025	5,611	179,893	75,738	-	-	261,242
2660 Technology services	-	-	-	-	83,903	7,079	-	1,281,248
Total 2000 support services	<u>574,153</u>	<u>215,346</u>	<u>182,282</u>	<u>218,485</u>	<u>83,903</u>	<u>7,079</u>	<u>-</u>	
3000 Enterprise and community services								71,062
3110 Food services director	43,357	23,374	3,236	-	-	1,095	-	1,108,430
3120 Food preparation	291,544	187,867	22,463	606,556	-	-	-	61,525
3130 Food delivery	18,399	11,060	252	3,390	28,424	-	-	-
3300 Community services	-	-	-	-	-	-	-	-
Total 3000 enterprise and community	<u>353,300</u>	<u>222,301</u>	<u>25,951</u>	<u>609,946</u>	<u>28,424</u>	<u>1,095</u>	<u>-</u>	<u>1,241,017</u>
4000 Facilities acquisition and construction								-
4150 Building acquisition, construction and improvement services	-	-	-	-	-	-	-	-
Total 4000 facilities acquisition and construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 1,926,497</u>	<u>\$ 941,762</u>	<u>\$ 405,130</u>	<u>\$ 1,058,558</u>	<u>\$ 131,999</u>	<u>\$ 57,762</u>	<u>\$ -</u>	<u>\$ 4,521,708</u>

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
STATEMENT OF EXPENDITURES - (BUDGET BASIS)
DEBT SERVICE FUND
For the Year Ended
June 30, 2008

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	-	-	-	-	-	526,633	-	526,633
5120 Short-term debt retirement	-	-	-	-	-	-	-	-
5200 Transfers	-	-	-	-	-	-	-	-
Total 5000 other uses	-	-	-	-	-	526,633	-	526,633
Total expenditures	\$ -	\$ -	\$ 121	\$ -	\$ -	\$ 526,633	\$ -	\$ 526,754

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
STATEMENT OF EXPENDITURES - (BUDGET BASIS)
CAPITAL PROJECTS FUND
For the Year Ended
June 30, 2008

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	\$ -	\$ -	\$ 263,090	\$ -	\$ 153,187	\$ -	\$ 416,277
Total 4000 facilities acquisition and construction	-	-	263,090	-	153,187	-	416,277
Total expenditures	\$ -	\$ -	\$ 263,090	\$ -	\$ 153,187	\$ -	\$ 416,277

ONTARIO SCHOOL DISTRICT NO. 8C
 Ontario, Malheur County, Oregon
STATEMENT OF EXPENDITURES - (BUDGET BASIS)
INTERNAL SERVICE FUND
 For the Year Ended
 June 30, 2008

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials	500 Capital Outlay	600 Other Objects	Total
2000 Support services	\$ -	\$ 40,327	\$ -	\$ -	\$ -	\$ -	\$ 40,327
2649 Other staff services	-	40,327	-	-	-	-	40,327
Total 2000 support services	-	40,327	-	-	-	-	40,327
Total expenditures	\$ -	\$ 40,327	\$ -	\$ -	\$ -	\$ -	\$ 40,327

SUPPLEMENTAL INFORMATION, 2007-2008

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	\$	404,412
Function 2550	\$	7,290

B. Replacement of Equipment - General Fund:

Include all General Fund expenditures in object 542, except for the following exclusions:

Exclude these functions:

1113, 1122 & 1132 Co-curricular Activities
 1140 Pre-Kindergarten
 1300 Continuing Education
 1400 Summer School

Exclude these functions:

4150 Construction
 2550 Pupil Transportation
 3100 Food Service
 3300 Community Services

\$	20,742
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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, 2008

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

Accounting Systems and Control Structure

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

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

As we have stated in the following report on compliance and on internal control over financial reporting in accordance with *Government Auditing Standards*, we do not express an opinion on the district's effectiveness in those areas. However, we did note certain matters that we reported to management in a separate letter dated December 8, 2008.

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 2007-2008 and 2008-2009 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 2007-2008 budget. We noted the following budget violation due to overexpenditure:

General Fund	Community and Enterprise Services (3000)	\$1,258
--------------	--	---------

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, 2008 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

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
AUDIT COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON
June 30, 2008

Programs Funded from Outside Sources

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

Public Contracts and Purchasing

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

Collateral

Ontario School District No. 8C bank balances of deposit at June 30, 2008, were entirely insured or collateralized with the Federal Deposit Insurance Corporation and by a certificate of participation. The balances throughout the year were not 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, 2008, 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 June 30, 2007 to June 30, 2008

Total Revenues and/or Receipts - All Funds		<u>\$ 29,531,082</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>\$ 29,531,082</u>
Total Expenditures and/or Disbursements - All Funds		<u>27,596,025</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>\$ 27,596,025</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)
0	\$ 50,000	\$ 20	
\$ 50,000	150,000	40	
150,000	500,000	150	
500,000	1,000,000	200	...The filing fee shall be determined by the total expenditures made by the municipal corporation for any and all purposes during the calendar or fiscal year audited, <u>except</u> that
1,000,000	5,000,000	250	expenditures for principal of bonded debt, principal of short-term loans, principal of warrants
5,000,000	10,000,000	300	redeemed which were issued during prior audit periods, transfers of loans between funds and
10,000,000	50,000,000	350	turnovers of taxes or other trust moneys to other municipal corporations shall not be
50,000,000		400	included in the total expenditures upon which the amount of fee is based.
<i>(Net Expenditures and/or Disbursements)</i>			

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

For Use by Division of Audits

Account Code _____ Firm Code _____ Filing Fee _____

ONTARIO SCHOOL DISTRICT NO. 8C

SINGLE AUDIT

For the Year Ended June 30, 2008

ONTARIO SCHOOL DISTRICT NO. 8C
SINGLE AUDIT
June 30, 2008

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ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2008

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	* 10.555	\$ -	\$ 651,746	\$ -	\$ 651,746	\$ 651,746
National School Lunch Program, School Breakfast	* 10.553		271,288		271,288	271,288
Child Nutrition Programs-Commodity Distribution	* 10.550		72,980		72,980	72,980
			<u>996,013</u>		<u>996,013</u>	<u>996,013</u>
Total Department of Agriculture						
U.S. Department of Education						
Passed through Oregon Department of Education						
Elementary and Secondary Education Act - Title IA	* 84.010	(187,817)	1,045,004	206,301	1,063,488	1,063,488
Elementary and Secondary Education Act - Migrant Education	* 84.011	(41,949)	365,844	41,791	365,686	365,686
Individuals with Disabilities Education Act, Part B	* 84.027	(39,724)	434,918	89,105	484,299	484,300
Comprehensive school reform demonstration program	84.332				-	-
Elementary and Secondary Education Act - Title V	84.298	(1,896)	2,569	11,013	11,686	11,686
Elementary and Secondary Education Act - Title VI	84.298				-	-
Elementary and Secondary Education Act-Title IIA, Improving Teacher Quality	84.367	(31,210)	224,485	62,825	256,100	256,100
Elementary and Secondary Education Act-Title IID, Enhancing Ed Thru Tech	84.338	(13,605)	21,048	1,124	8,567	8,567
Program Improve Grant for Children with Disabilities	84.323		7,268	510	7,778	7,778
Elementary and Secondary Education Act-Title VI, Part B, Rural Education Act	84.358	(18,835)	101,234	5,426	87,825	87,825
Elementary and Secondary Education Act-Title III-English Acquisition Grant	84.365	(5,094)	48,168	18,270	61,344	61,344
Department of Education Appropriations Act of 2001-School Renovation	84.352	-	-	-	-	-
Reading First	84.357	(36,295)	203,805	44,886	212,396	212,397
Elementary and Secondary Education Act - Title IV - Safe and Drug Free Schools	84.186	(909)	14,102	6,552	19,745	19,745
Physical Education Expansion K-8	84.162			2,971	2,971	2,971
		<u>(377,334)</u>	<u>2,468,447</u>	<u>490,774</u>	<u>2,581,887</u>	<u>2,581,887</u>
Direct Programs						
Elementary and Secondary Education Act - Title VII - Bilingual Education	84.288	-	-		-	-
Elementary and Secondary Education Act - Title VII - Training for all Teachers	84.195	-	-		-	-
Elementary and Secondary Education Act - Elementary School Foreign Languages	84.294A				-	-
TOYER Teaching Others to Enjoy Reading	84.364A	-	-		-	-
FIE Earmark Grant	84.215K				-	-
Alcohol Abuse Reduction Grants	* 84.184A	(22,353)	265,145	84,195	326,987	326,988
After School Learning Centers	84.287	-	-		-	-
		<u>(22,353)</u>	<u>265,145</u>	<u>84,195</u>	<u>326,987</u>	<u>326,988</u>
Total Department of Education		<u>(399,687)</u>	<u>2,733,592</u>	<u>574,969</u>	<u>2,908,874</u>	<u>2,908,875</u>
Total federal assistance		<u>\$ (399,687)</u>	<u>\$ 3,729,605</u>	<u>\$ 574,969</u>	<u>\$ 3,904,888</u>	<u>\$ 3,904,888</u>

* 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, 2008

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, 2008

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 Agriculture (passed through Oregon Department of Education)

National School Lunch Program	10.555	\$651,746
National School Lunch Program, School Breakfast	10.553	271,288
Child Nutrition Programs – Commodity Distribution	10.550	72,980

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

Elementary and Secondary Education Act - Title IA	84.010	\$1,063,488
Elementary and Secondary Education Act – Migrant Ed	84.011	365,686
Individuals with Disabilities Education Act, Part B	84.027	484,299
Alcohol Abuse Reduction Grants	84.184A	326,988

ONTARIO SCHOOL DISTRICT NO. 8C
Ontario, Malheur County, Oregon
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2008

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

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

Risk Classification of Auditee

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

FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Current Year Findings

Our audit did not disclose any findings and questioned costs as defined by OMB Circular A-133 for the year ended June 30, 2008.

Prior Year Findings

The audit for the year ended June 30, 2007 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 internal service fund, each major fund, and the aggregate remaining fund information of Ontario School District No. 8C, as of and for the year ended June 30, 2008, which collectively comprise the Ontario School District No. 8C's basic financial statements and have issued our report thereon dated December 8, 2008. 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 December 8, 2008.

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
December 8, 2008

**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, 2008. 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, 2008. 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.

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

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
December 8, 2008