

ONTARIO SCHOOL DISTRICT NO. 8C

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

**Together with
Independent Auditor's Report**

ONTARIO SCHOOL DISTRICT NO. 8C

DISTRICT OFFICIALS

JUNE 30, 2025

Name

Bret Uptmor, Chair

Blanca Rodriguez, Vice Chair

Matt Stringer

Mike Blackaby

Bret Uptmor

All board members receive mail at the address below

ADMINISTRATIVE

195 SW 3rd Ave.

Ontario, Oregon 97914

Nicole Albisu

Superintendent (Registered Agent)

Devin Collins

Finance Director

The School Board of Ontario School District No. 8C is comprised of five members. The School Board meets the fourth Monday of each month. The meetings are held in the District Administration Building of the Ontario School District located at 195 SW 3rd Ave., Ontario, Oregon, or as otherwise scheduled. In addition, special meetings and work sessions are scheduled throughout the year.

ONTARIO SCHOOL DISTRICT NO. 8C

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audited Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ontario School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Ontario School District as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ontario School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of matters

We draw attention to Note 20 of the financial statements, which describes the restatement of beginning fund balance and net position as a result of prior period adjustments. The adjustments relate to the correction of errors in the recognition of accounts payable, payroll liabilities, accounts receivable and construction in progress in the prior year. Accordingly, the comparative information has been restated to reflect the correction. Our opinion is not modified in respect of this matter.

As discussed in Note 19 to the financial statements, the District implemented GASB 101 – *Compensated Absences*, effective for the fiscal year ended June 30, 2025. This implementation required a change in accounting principle related to the recognition and measurement of compensated absences. As a result, the beginning net position of governmental activities as of July 1, 2024 has been restated to reflect the cumulative effect of applying the new standard. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Ontario School District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ontario School District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ontario School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ontario School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis (MD&A) be presented to supplement the basic financial statements. The MD&A is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the general fund and major special revenue funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the general and major special revenue funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ontario School District's basic financial statements. The non-major combining fund statements and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The non-major combining fund statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the non-major fund combining schedules, as titled in the table of contents, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the non-major fund budgetary schedules and schedules listed as Other Information in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2026 on our consideration of Ontario School District'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 solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Ontario School District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Standards, we have also issued a report titled Independent Auditors' Report Required by Oregon State Regulations dated January 8, 2026, which is also not a required part of the financial statements. The purpose of that report is to address specific matters required by the State of Oregon.



Brenda Bartlett, CPA

Sensiba LLP
Bend, Oregon

January 8, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

ONTARIO SCHOOL DISTRICT NO. 8C
Management's Discussion & Analysis
Year Ended June 30, 2025

As management of Ontario School District 8C (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the balance of information presented in this report.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets of the District exceeded its liabilities at June 30, 2025 by \$31.1 million. This amount is the net result of three components: \$193 million represents the District's investment in capital assets (net of related debt); \$21.3 million is restricted for debt service, special programs and the RHIA post-employment asset. The District's remaining negative unrestricted net position is generally related to the \$27 million unfunded actuarial pension obligation.
- The District's change in net position of \$4.3 million was generally related to increases in general revenues offsetting expenses.
- The District's state school funding decreased by \$203 thousand from the previous year.
- The District's governmental funds balance sheet shows combined ending fund balances of \$39.7 million of which \$25.1 million is restricted or assigned specific uses.
- The District's principal payments toward long-term debt were \$1 million during the 2025 fiscal year.
- Management identified errors in its previously issued financial statements as of June 30, 2024 and reported an error correction impacting beginning net position. The error was related to recognition of accounts payable, accounts receivable and construction in progress in the prior period.
- Effective July 20, 2025, the District reported previously non-major funds as major. Additionally, it reclassified funds previously classified as enterprise funds as special revenue funds in accordance with GASB 54. The change in reporting entity impacted the beginning net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis document is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements include:

The Statement of Net Position. The statement of net position presents information on all of the assets and liabilities of the District at year end. Net position is the resources that remain after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities. The statement of activities presents information showing how the net position of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing or related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Examples are uncollected property taxes and earned but unused vacation leave.

ONTARIO SCHOOL DISTRICT NO. 8C

Management's Discussion & Analysis

Year Ended June 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

In the government-wide financial statements the District's activities are shown in one category:

Governmental activities. All of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities maintenance. These activities are primarily financed through property taxes, the Oregon State School Fund and other intergovernmental revenues.

Fund financial statements. The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Ontario School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental funds. The governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position and Activities.

The District maintains seventeen individual governmental funds. Five funds are major, the General Fund, the Federal Programs Fund, the Debt Service Fund, State and Local Grants Program Fund, and the Building Improvement Fund. The remaining non-major funds are aggregated for purposes of reporting.

Notes to the financial statements. These notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

ONTARIO SCHOOL DISTRICT NO. 8C
Management's Discussion & Analysis
Year Ended June 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position. The following table reflects the condensed Statement of Net Position for the current year, compared to the prior year.

	June 30,		Increase
	2025	2024	(Decrease)
Assets			
Current and other assets	\$ 45,261,529	\$ 44,444,707	\$ 816,822
Capital assets (net)	41,673,391	35,729,153	5,944,238
Total assets	<u>86,934,920</u>	<u>80,173,860</u>	<u>6,761,060</u>
Deferred outflows	<u>10,428,163.00</u>	<u>9,931,925</u>	<u>496,238</u>
Liabilities			
Current liabilities	6,371,925	6,592,355	(220,430)
Long term liabilities	<u>51,290,161</u>	<u>46,715,691</u>	<u>4,574,470</u>
Total liabilities	<u>57,662,086</u>	<u>53,308,046</u>	<u>4,354,040</u>
Deferred inflows	<u>4,302,393</u>	<u>5,246,870</u>	<u>(944,477)</u>
Net position			
Net investment in capital assets	22,566,393	16,672,713	5,893,680
Restricted	21,606,787	20,388,821	1,217,966
Unrestricted	<u>(8,774,576)</u>	<u>(5,510,665)</u>	<u>(3,263,911)</u>
Total net position	<u>\$ 35,398,604</u>	<u>\$ 31,550,869</u>	<u>\$ 3,847,735</u>

Investment in capital assets represents 22% of total assets. The remaining assets consist primarily of investments, cash and receivables.

The District's long-term liabilities are the outstanding balances of general obligation bonds and pension obligation bonds. Long-term liabilities also include \$ 2,129,323, which represents the District's implicit rate subsidy related to post-employment health care premiums and \$26,940,043 as the District's share of the total PERS system net pension liabilities as of June 30, 2025.

A large portion of the District's net position reflects its investment in capital assets less any related debt used to acquire those assets. The District uses these capital assets to provide services to students and other District residents. Consequently, these assets are not available for future spending.

During the year ended June 30, 2025, the District restated its balances reported as of June 30, 2024. Errors were identified related to accounts payable, payroll liabilities, accounts receivable and construction in progress. Additionally, beginning net position was restated for the adoption of GASB 101 – *Compensated Absences*. Detail of the changes to net position is further described in Footnote 20.

ONTARIO SCHOOL DISTRICT NO. 8C**Management's Discussion & Analysis****Year Ended June 30, 2025**

Statement of Activities. The following schedule compares the revenues and expenditure for the current and previous year.

	June 30,		Increase
	2025	2024	(Decrease)
REVENUES			
Program revenues			
Charges for services	\$ 417,968	\$ 2,392,459	\$ (1,974,491)
Operating grants and contributions	13,298,634	22,509,529	(9,210,895)
Capital grants and contributions	2,421,812	-	2,421,812
Total program revenues	16,138,414	24,901,988	(8,763,574)
General revenues			
Property taxes	7,483,991	6,525,017	958,974
State school fund - general support	28,381,754	28,469,448	(87,694)
State school fund - restricted	-	115,103	(115,103)
Other state and local sources	1,275,438	1,415,891	(140,453)
Earnings on investments	1,991,193	472,305	1,518,888
Other	2,516,433	-	2,516,433
Gain (loss) on sale of capital assets	8,503	18,494	(9,991)
Total general revenues	41,657,312	37,016,258	4,641,054
Total revenues	57,795,726	61,918,246	(4,122,520)
EXPENSES			
Instruction	30,013,178	27,078,685	2,934,493
Support services	19,460,274	17,067,906	2,392,368
Community services	2,572,662	2,534,662	38,000
Facilities acquisition & construction	184,168	-	184,168
Interest expense	1,298,361	1,305,823	(7,462)
Total expenses	53,528,643	47,987,076	5,541,567
Change in net position	4,267,083	13,931,170	(9,664,087)
Net position - as previously stated	31,550,869	16,474,026	15,076,843
Accounting principle change	(1,697,004)	-	(1,697,004)
Change in financial reporting entity	84,019	-	84,019
Error corrections	1,193,637	1,145,673	47,964
Net position - as restated	31,131,521	17,619,699	13,511,822
Net position - ending	\$ 35,398,604	\$ 31,550,869	\$ 3,847,735

ONTARIO SCHOOL DISTRICT NO. 8C

Management's Discussion & Analysis

Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental funds. 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. The unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2025, the District's governmental funds reported combined ending fund balances of \$46.2 million. Of this balance, \$25.1m is restricted or assigned for a specific purpose.

General Fund. The General Fund is the chief operating fund of the District. It records all transactions not properly accounted for in any other fund.

BUDGETARY HIGHLIGHTS

The School Board made no changes to the adopted budget for fiscal year ended June 30, 2025. As further described in Footnote 22, the District over-expended its legal budget authority in several funds and spending categories during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The District's investment in capital assets includes land, buildings, improvements, vehicles, equipment, and construction in progress. Capital assets include non-cancellable leases and subscription-based information technology contracts reported net of amortization in the amount of \$ 349,256. During the year, depreciation expense recorded on capital assets did not exceed the cost of asset additions. Total increases to the District's capital assets, net of depreciation and amortization was \$14,669,662.

Additional information on the District's capital assets can be found in the notes to the financial statements.

Long-term debt. At the end of the fiscal year the District had \$21.5 million in outstanding long-term debt, consisting of pension obligation bonds used to fund a portion of the unfunded PERS pension liability and a construction bond used to fund various District capital improvement projects.

Additional information on the District's long-term debt can be found in the footnotes to the basic financial statements.

ONTARIO SCHOOL DISTRICT NO. 8C

Management's Discussion & Analysis

Year Ended June 30, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The significant economic factors that the District is facing and will face in future years are reductions in funding from Federal Grants, reductions in funding from State Grants due to the state's current budget deficit and reductions in funding due to continued declining student enrollment in Ontario and throughout the state of Oregon.

Recent federal tax and spending legislation is expected to reduce the federal funds flowing to Oregon over the next few years; additionally, the state is projecting revenue losses during the current biennium. Oregon is facing a budget gap in the current biennium which leads to cost-cutting initiatives from the Governor's Office. The District is anticipating budget cuts in all federal and state grants. Continued declines in student enrollment have resulted in a corresponding reduction in funding received from the Oregon State School Fund. The District has already felt these impacts and cuts and is actively preparing and adjusting for these reductions.

The District will continue to evaluate cost saving opportunities by managing staffing levels through attrition and limiting new hires where appropriate. The District will also implement virtual learning opportunities in hopes of increasing student enrollment in future years. In conclusion, the 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.

REQUESTS FOR INFORMATION

This financial report is designed to present the user with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Finance Director at 195 SW 3rd Ave, Ontario, Oregon.

GOVERNMENT WIDE FINANCIAL STATEMENTS

ONTARIO SCHOOL DISTRICT NO. 8C**Statement of Net Position****June 30, 2025**ASSETS:

Current assets:

Cash and investments	\$	42,015,104
Taxes receivable		278,772
Accounts receivable		2,967,653

Long-term assets:

Inventory		110,516
Net OPEB asset - RHIA		496,482
Capital assets, not being depreciated		1,286,589
Capital assets, net of depreciation		39,430,548
Lease right-to-use asset, net of amortization		269,959
Subscription right-to-use asset, net of amortization		79,297

Total assets		<u>86,934,920</u>
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DEFERRED OUTFLOWS OF RESOURCES:

OPEB related deferrals		302,711
OPEB related deferrals (stipends)		49,831
OPEB related deferrals (RHIA)		14,018
Pension related deferrals (PERS)		<u>10,061,603</u>

Total deferred outflows of resources		<u>10,428,163</u>
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Total assets and deferred outflows		<u>97,363,083</u>
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LIABILITIES:

Current liabilities:

Accounts payable		1,336,102
Accrued payroll, taxes, and employee withholdings		3,245,558
Accrued interest payable		43,043
Deferred revenue		393
Current portion of long-term liabilities		1,746,829

Non-current liabilities:

Net pension liability - PERS		26,940,043
Long-term liabilities		20,350,000
Lease liability, long term		188,159
Accrued compensated absences		1,682,636
OPEB liability		<u>2,129,323</u>

Total liabilities		<u>57,662,086</u>
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DEFERRED INFLOWS OF RESOURCES:

OPEB related deferrals (health insurance)		490,551
OPEB related deferrals (stipends)		94,761
OPEB related deferrals (RHIA)		58,257
Pension related deferrals (PERS)		<u>3,658,824</u>

Total deferred inflows of resources		<u>4,302,393</u>
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Total liabilities and deferred inflows of resources		<u>61,964,479</u>
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NET POSITION

Net investment in capital assets		22,566,393
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Restricted for:

Debt service		18,330,491
Special programs		2,779,814
OPEB RHIA asset		496,482

Unrestricted		<u>(8,774,576)</u>
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Total net position	\$	<u><u>35,398,604</u></u>
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The footnotes are an integral part of the financial statements

ONTARIO SCHOOL DISTRICT NO. 8C

Statement of Activities Year Ended June 30, 2025

<u>FUNCTIONS</u>	<u>Expenditures</u>	<u>PROGRAM REVENUES</u>			<u>Net (expense) revenue and changes in net position</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	
Governmental activities:					
Instruction	\$ 30,013,178	\$ 404,760	\$ 11,189,138	\$ 2,421,812	\$ (15,997,468)
Support services	19,460,274	-	-	-	(19,460,274)
Community services	2,572,662	13,208	2,109,496	-	(449,958)
Facilities acquisition/construction	184,168	-	-	-	(184,168)
Interest on long-term debt	1,298,361	-	-	-	(1,298,361)
Total governmental activities	<u>\$ 53,528,643</u>	<u>\$ 417,968</u>	<u>\$ 13,298,634</u>	<u>\$ 2,421,812</u>	<u>(37,390,229)</u>
General revenues:					
					6,152,126
					1,331,865
					28,381,754
					312,110
					963,328
					2,516,433
					1,991,193
					8,503
					<u>41,657,312</u>
					<u>4,267,083</u>
Change in net position					
					<u>31,550,869</u>
					(1,697,004)
					84,019
					<u>1,193,637</u>
					<u>31,131,521</u>
					<u>\$ 35,398,604</u>

The footnotes are an integral part of the financial statements

FUND FINANCIAL STATEMENTS

ONTARIO SCHOOL DISTRICT NO. 8C

Balance Sheet – Governmental Funds June 30, 2025

	General Fund	Federal Programs Fund	Debt Service Fund	State and Local Grant Programs	Building Improvement Fund	Nonmajor Governmental Funds	Total
<u>ASSETS:</u>							
Cash and investments	\$ 13,968,816	\$ -	\$ -	\$ -	\$ 6,106,673	\$ 3,258,891	\$ 23,334,380
Property taxes receivable	228,285	-	50,487	-	-	-	278,772
Accounts and grants receivable	435,883	1,358,214	-	1,084,295	-	89,261	2,967,653
Due from other funds	1,368,092	-	-	-	-	-	1,368,092
Restricted cash	-	-	18,323,342	-	-	-	18,323,342
<u>Total assets</u>	<u>\$ 16,001,076</u>	<u>\$ 1,358,214</u>	<u>\$ 18,373,829</u>	<u>\$ 1,084,295</u>	<u>\$ 6,106,673</u>	<u>\$ 3,348,152</u>	<u>\$ 46,272,239</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>							
<u>Liabilities:</u>							
Accounts payable	\$ 788,298	\$ 15,852	\$ -	\$ 511,620	\$ 3,081	\$ 17,251	\$ 1,336,102
Accrued payroll and payroll taxes	2,660,840	252,924	-	179,688	-	151,893	3,245,345
Deferred revenue	-	-	-	393	-	-	393
Due to other funds	-	1,212,061	-	156,031	-	-	1,368,092
<u>Total liabilities</u>	<u>3,449,138</u>	<u>1,480,837</u>	<u>-</u>	<u>847,732</u>	<u>3,081</u>	<u>169,144</u>	<u>5,949,932</u>
<u>Deferred inflows of resources:</u>							
Unavailable revenue - property taxes	196,774	-	43,338	-	-	-	240,112
<u>Fund balance:</u>							
Restricted	-	-	18,330,491	236,563	-	2,543,251	21,110,305
Assigned	-	-	-	-	6,103,592	635,757	6,739,349
Unassigned	12,355,164	(122,623)	-	-	-	-	12,232,541
<u>Total fund balance</u>	<u>12,355,164</u>	<u>(122,623)</u>	<u>18,330,491</u>	<u>236,563</u>	<u>6,103,592</u>	<u>3,179,008</u>	<u>40,082,195</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>	<u>\$ 16,001,076</u>	<u>\$ 1,358,214</u>	<u>\$ 18,373,829</u>	<u>\$ 1,084,295</u>	<u>\$ 6,106,673</u>	<u>\$ 3,348,152</u>	<u>\$ 46,272,239</u>

The footnotes are an integral part of the financial statements

ONTARIO SCHOOL DISTRICT NO. 8C
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2025

Total fund balances - governmental funds	\$	40,082,195	
The net PERS pension asset (liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.			(26,940,043)
The proportionate share of the OPEB Retiree Health Insurance Account (RHIA) OPEB asset is not reported as an asset in the District's governmental activities.			496,482
Inventory not consumed within sixty days in not included in the fund financial statements.			110,516
Deferred inflows and outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.			
Deferred Outflows (PERS)	\$	10,061,603	
Deferred Inflows (PERS)		(3,658,824)	
Deferred Outflows (OPEB RHIA)		14,018	
Deferred Inflows (OPEB RHIA)		(58,257)	
Deferred Outflows (OPEB Stipends)		49,831	
Deferred Inflows (OPEB Stipends)		(94,761)	
Deferred Outflows (OPEB Health)		302,711	
Deferred Inflows (OPEB Health)		<u>(490,551)</u>	6,125,770
The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole.			
Capital assets, net		40,717,137	
Lease Right to Use Asset, Net		269,959	
Subscription Right to Use Asset, Net		<u>79,297</u>	41,066,393
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.			
Long-Term Liabilities			
OPEB Liability - Stipends		(2,129,323)	
Long-term debt		(20,350,000)	
Compensated absences		(1,682,636)	
Lease Liability		<u>(1,934,988)</u>	(26,096,947)
Interest on long-term debt is not reported on the governmental fund statements			(43,043)
Internal Service Funds are considered a proprietary fund and grouped with business-type activities; however, when Internal Service Funds that primarily serve Governmental Funds are combined with Governmental Funds on the Government-Wide Statement of Net Position and Statement of Activities.			357,169
Unearned Revenue Related to Property Taxes - General Fund		196,774	
Unearned Revenue Related to Property Taxes - Debt Service Fund		<u>43,338</u>	240,112
Net Position	\$		<u>35,398,604</u>

The footnotes are an integral part of the financial statements

ONTARIO SCHOOL DISTRICT NO. 8C

Statement of Revenues, Expenditures, and Changes in Governmental Fund Balances Year Ended June 30, 2025

	General Fund	Federal Programs Fund	Debt Service Fund	State and Local Grant Programs	Building Improvement Fund	Nonmajor Governmental Funds	Total
REVENUES:							
Taxes	\$ 6,136,164	\$ -	\$ 1,328,113	\$ -	\$ -	\$ -	\$ 7,464,277
Local sources	1,802,492	-	2,404,812	31,282	14,605	541,419	4,794,610
Intermediate sources	963,328	-	-	-	-	-	963,328
State sources	28,711,898	-	-	6,146,803	-	103,673	34,962,374
Federal sources	2,249,116	4,202,269	459,689	293,320	-	2,378,633	9,583,027
Total revenues	39,862,998	4,202,269	4,192,614	6,471,405	14,605	3,023,725	57,767,616
EXPENDITURES:							
Instruction							
Regular programs	11,768,588	-	-	1,092,429	-	132,052	12,993,069
Special programs	10,243,922	2,262,747	-	157,154	-	506,764	13,170,587
Summer programs	-	653,638	-	428,737	-	-	1,082,375
Support services							
Students	1,811,489	872,974	-	1,579,044	-	138,987	4,402,494
Improvement of instruction	705,275	185,298	-	284,533	-	1,620	1,176,726
General administration	1,002,664	-	-	-	-	-	1,002,664
School administration	3,226,571	-	-	383,472	-	-	3,610,043
Business services	5,985,740	-	-	6,240	-	66,864	6,058,844
Central activities	1,721,029	77,531	-	329,530	-	11,044	2,139,134
Supplemental retirement program	38,392	-	-	-	-	-	38,392
Enterprise and community services							
Food services	-	-	-	-	-	2,337,863	2,337,863
Community services	-	150,783	-	1,885,439	-	-	2,036,222
Facilities acquisition and construction	2,052,239	-	-	1,084,299	1,327,547	-	4,464,085
Debt service							
Principal	-	-	1,020,000	-	-	-	1,020,000
Interest	-	-	1,255,318	-	-	-	1,255,318
Capital outlay	-	-	-	-	-	-	-
Total expenditures	38,555,909	4,202,971	2,275,318	7,230,877	1,327,547	3,195,194	56,787,816
Revenues over (under) expenditures	1,307,089	(702)	1,917,296	(759,472)	(1,312,942)	(171,469)	979,800
OTHER FINANCING SOURCES (USES):							
Transfer in	-	-	-	7,800	1,089,200	103,000	1,200,000
Transfer out	(1,200,000)	-	-	-	-	-	(1,200,000)
Sale of fixed assets	8,503	-	-	-	-	-	8,503
Total other financing sources (uses)	(1,191,497)	-	-	7,800	1,089,200	103,000	8,503
Net change in fund balances	115,592	(702)	1,917,296	(751,672)	(223,742)	(68,469)	988,303
FUND BALANCES -							
AS PREVIOUSLY STATED	11,625,148	104,790	16,461,648	-	-	10,160,440	38,352,026
Change in reporting entity	-	(258,899)	-	973,899	6,327,334	(6,958,322)	84,012
Error corrections	614,424	32,188	(48,453)	14,336	-	45,359	657,854
FUND BALANCES -							
AS RESTATED	12,239,572	(121,921)	16,413,195	988,235	6,327,334	3,247,477	39,093,892
FUND BALANCES - END OF YEAR	\$ 12,355,164	\$ (122,623)	\$ 18,330,491	\$ 236,563	\$ 6,103,592	\$ 3,179,008	\$ 40,082,195

The footnotes are an integral part of the financial statements

ONTARIO SCHOOL DISTRICT NO. 8C
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Governmental Fund Balances to the Statement of Activities
Year Ended June 30, 2025

Total net changes in fund balances - governmental funds	\$ 988,303
The PERS pension expense represents the changes in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.	(2,310,713)
OPEB - RHIA income (expense) represents the net change in total OPEB liability from year to year related to the medical benefit OPEB and is not included in the governmental funds.	21,379
Inventory not consumed within sixty days in not included in the fund financial statements.	3,711
Capital Outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation.	
Capital asset additions	\$ 6,680,147
Right of use asset additions	121,363
Depreciation and amortization	<u>(1,819,993)</u> 4,981,517
Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items 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 in the treatment of longterm debt and related items.	
Debt principle payments	1,020,000
Payments on lease and SBITA liabilities	85,102
Unpaid interest	(43,043)
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.	19,714
Expenditures related to compensated absence liability	(494,449)
Internal Service Fund change in net position	<u>(4,438)</u>
Change in net position of governmental activities	<u>\$ 4,267,083</u>

The footnotes are an integral part of the financial statements

ONTARIO SCHOOL DISTRICT NO. 8C

**Statement of Net Position
Internal Service Fund
Year Ended June 30, 2025**

	<u>Internal Service Funds</u>
<u>ASSETS</u>	
Current assets	
Cash and investments	\$ 357,382
Accounts receivable	<u>-</u>
<u>Total assets</u>	<u>\$ 357,382</u>
<u>LIABILITIES</u>	
Current liabilities	
Accounts payable	\$ -
Accrued payroll and payroll taxes	<u>213</u>
<u>Total liabilities</u>	<u>213</u>
<u>NET POSITION</u>	
Unrestricted	<u>357,169</u>
Total net position	<u>357,169</u>
<u>TOTAL LIABILITIES & NET ASSETS</u>	<u>\$ 357,382</u>

The footnotes are an integral part of the financial statements

ONTARIO SCHOOL DISTRICT NO. 8C
Statement of Revenues, Expenses, and Change in Net Position
Internal Service Fund
Year Ended June 30, 2025

	Internal Service Funds
Operating expenses	
Salaries and benefits	\$ 4,438
Supplies	-
Total operating expenses	<u>4,438</u>
Operating income	<u>(4,438)</u>
Change in net position	(4,438)
Total net position - beginning	<u>361,607</u>
Total net position - ending	<u>\$ 357,169</u>

The footnotes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

ONTARIO SCHOOL DISTRICT NO. 8C

Notes to the Financial Statements

June 30, 2025

Note 1: Summary of significant accounting policies

The basic financial statements of have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting entity: Ontario School District No. 8C (the District), Malheur County, Oregon, is governed by an elected Board of Directors and was organized under provisions of Oregon Revised Statutes Chapter 332 for the purpose of operating elementary and secondary schools.

For basic financial statement reporting purposes, the reporting entity consists of the District, any organization for which the District is financially accountable and any other organization that, because of the nature and significance of their relationship with the District, may not be excluded from the financial reporting entity.

The District is a municipal corporation governed by an independently elected board of directors and is legally separate from all other entities. It is also financially independent of other state and local governmental units. It has the power to levy taxes, responsibility for its debts, and entitlement to any surpluses. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate organizations that are included in the District's reporting because of the significance of their operational or financial relationships with the District. There are no component units.

Government wide and fund financial statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities. For the most part, the effect of inter-fund activity has been removed from these statements. Exceptions to this rule include charges between various programs and functions. Elimination of these charges would distort the direct costs and revenues reported for the various activities involved.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segments. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segments and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

ONTARIO SCHOOL DISTRICT NO. 8C

Notes to the Financial Statements

June 30, 2025

Separate basic financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

Measurement focus, basis of accounting, and financial statement preparation: The government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available (*susceptible to accrual*). Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period:

- Property taxes are recognized as revenues of the current fiscal period if received within 60 days of year-end.
- 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.
- Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

Expenditures are recorded when the related fund liability is incurred, with certain exceptions:

- Un-matured interest on long-term debt is not recognized until due.
- Compensated absences, pension liabilities and OPEB liabilities, and claims and judgments are not recognized until the obligations are expected to be liquidated with expendable available resources.
- Expenditures for inventory are recognized when inventory is consumed, rather than when inventory is purchased.

Other major differences between the modified accrual basis and the accrual basis are:

- Capital outlay expenditures are recognized as expenditures when the assets are acquired (depreciation is not recorded.)
- Proceeds of long-term borrowing are recognized as an "other financing source" and principal paid is considered expenditure when paid.
- Bond issue costs are recognized as expenditures when bonds are issued (rather than amortizing over the life of the bonds).

ONTARIO SCHOOL DISTRICT NO. 8C

Notes to the Financial Statements

June 30, 2025

Governmental fund types

The District has the following *major governmental* funds:

General Fund: This is the primary operating fund. It accounts for all general operating revenues and expenditures, except those required to be accounted for in another fund. The General Fund's principal revenue sources are property taxes and an apportionment from the State School Fund.

Federal Programs Funds: This fund's purpose is to account for various federal grants received.

State and Local Grant Programs Funds: This fund's purpose is to account for various state and local grants received.

Debt Service Funds: This fund type is used to account for funds needed to make principal and interest payments on outstanding debt issues. For 2024-25, the non-major Bond Debt Service Fund was combined with the Debt Service Fund as a major fund.

Building Improvement Funds: This fund type is used to account for the proceeds and expenditures related to building improvement.

Additionally the District reports the following fund types:

- *Special Revenue Funds* - Special revenue funds account for revenue sources that are legally restricted to expenditures for specified purposes (other than major capital projects).
- *Capital Projects Funds* - Capital projects funds account for revenue and expenditures related to major repairs, renovations, and construction of the District buildings.

Net position is reported as restricted when constraints placed on net position use is either externally restricted, imposed by creditors, or through constitutional provisions or enabling resolutions. When both restricted and unrestricted resources are available, it is the policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and investments: Cash is stated at cost, which approximates market value. The investments during the year consisted of deposits in the State of Oregon Local Government Investment Pool, which is authorized by state statutes. Investments are stated at fair value.

Property taxes: Property taxes are levied on all taxable property as of January 1. Property taxes become a lien on July 1. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the full amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are shown in the Statement of Net Position. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

ONTARIO SCHOOL DISTRICT NO. 8C

Notes to the Financial Statements

June 30, 2025

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

Supply inventories: The costs of inventories that are not consumed within sixty days in governmental fund types are recorded as expenditures when purchased and as inventory in the government-wide statements. Inventories are valued at cost using the first in first out method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items both in the government-wide and fund financial statements.

Grants: Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability in the balance sheet and Statement of Net Position.

Capital assets: Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects when constructed.

The capital assets are depreciated using the straight-line method over the following estimated useful lives:

Equipment and furniture	40 to 112 years
Vehicles and buses	10 to 15 years
Buildings and improvements	40 to 112 years

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

ONTARIO SCHOOL DISTRICT NO. 8C

Notes to the Financial Statements

June 30, 2025

Long term obligations: In the government-wide financial statements long-term debt and other long term obligations are reported as liabilities in the Statement of Net Position. In the fund financial statements, the face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the debt proceeds received, are reported as expenditures.

Accounts and other receivables: Accounts and other receivables are comprised primarily of claims for reimbursement of costs under various federal, state and local grants. All are considered collectible by management and therefore there is no allowance for uncollectible accounts.

Budget: A budget is prepared for each governmental fund in accordance with the modified accrual method of accounting and legal requirements set forth in the Oregon Local Budget Law. For governmental fund types and proprietary funds, the budgetary basis of accounting is not the same as generally accepted accounting principles.

In compliance with Oregon State Department of Education requirements, a "program budget" format is used. Under the program budgeting concept, expenditures are classified by program or activity rather than by the functional nature of the expenditure. The concept is designed to provide an indication of the emphasis placed on various programs and activities as measured by the amount of financial support allotted to each program or activity.

Expenditures are appropriated at the major program level for each fund. Appropriations may not be legally overexpended except in the case of grant receipts, which could not be reasonably estimated at the time the budget was adopted.

Expenditures are controlled by appropriations adopted by resolution of the Board of Directors. Appropriations are made by major program categories and lapse at the end of each fiscal year. Budget amounts include the original budget and approved supplemental appropriations. Appropriations lapse at the end of the year.

Use of estimates: The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. 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 revenue and expenses during the period reported. 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. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

ONTARIO SCHOOL DISTRICT NO. 8C

Notes to the Financial Statements

June 30, 2025

Compensated absences: 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.

Deferred outflows/inflows of resources: In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Fund balance: In the fund financial statements, Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the five fund balance components listed below:

Nonspendable: This component includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted: This component consists of amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutional provisions, or enabling legislation.

Committed: This component consists of amounts that can only be used for the specific purposes determined by a formal action of the District's highest level of decision-making authority, which includes resolutions. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (resolution) it employed previously to commit those amounts.

Assigned: This component consists of amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The authority for assigning fund balance is expressed by the Board of Directors, or their designee as established in the District's fund balance policy.

Unassigned: This residual classification of fund balance includes all spendable amounts that have not been restricted, committed, or assigned.

There were no nonspendable and committed fund balances at year end. The board authorized the Superintendent and the Director of Finance to make assignments of ending fund balance. Assignments of fund balances can be done at any time, including after fiscal year end date.

ONTARIO SCHOOL DISTRICT NO. 8C

Notes to the Financial Statements

June 30, 2025

The governing body has established a policy on the order in which unrestricted resources are to be used when these amounts are available for expenditure. The Board approved the following fund balance order of spending policy:

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

Net position: Net position comprises the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified and displayed in three components:

Net Investment in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted: Consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted: Consists of all other assets that are not included in the categories previously mentioned.

Lease Assets: Lease assets are assets which the government leases for a term of more than one year. The value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

Leases Payable: In the government-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

Net Other Post-Employment Benefits Obligation (Net OPEB): For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of Subsidized Early Retirement Health Benefits (SERHB) and additions to/deductions from SERHB's fiduciary net position have been determined by actuarial reports.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the Retiree Health Insurance Account (RHIA) and additions to/deductions from RHIA's fiduciary net position have been determined on the same basis as they are reported by the Oregon Public Employees Retirement System (PERS).

Subscription Assets: Subscription assets are assets in which the government obtains control of the right to use the underlying IT asset. The value of the subscription asset is initially measured as the sum of the initial subscription liability amount, any payments made to the IT software vendor before commencement of the subscription term, and any capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized in a straight-line manner over the course of the subscription term.

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Notes to the Financial Statements

June 30, 2025

Subscription Liabilities: In the government-wide financial statements, subscription liabilities are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of subscription payments expected to be made during the subscription term is reported as other financing sources. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

Fair value inputs and methodologies hierarchy: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 - unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 - other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 - unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Note 2: Cash and investments

The District's cash and investments at June 30, 2025 are as follows:

<u>Deposits with financial institutions:</u>	
Demand deposits	\$ 1,457,524
State Treasurer's investment pool	40,556,410
Petty cash	1,170
Total deposits with financial institutions	<u>\$ 42,015,104</u>

Deposits: Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved

ONTARIO SCHOOL DISTRICT NO. 8C

Notes to the Financial Statements

June 30, 2025

depository as identified by the Treasury. The total bank balance per the bank statements as of June 30, 2025 was \$ 2,406,372.56 of which \$252,000 was covered by federal depository insurance and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

Interest Rate Risk – Investments: Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted and reviewed by the Oregon Short-Term Fund Board (OSTFB). There are no investments that have a maturity date of more than 3 months.

Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk.

Concentration Risk: At June 30, 2025, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

Investments: Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2025. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it *materially approximates fair value*.

The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2025, the fair value of the position in the *LGIP is 100.49%* of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

The audited financial reports of the Oregon Short Term Fund can be found here:

<https://www.oregon.gov/treasury/public-financial-services/oregon-short-term-funds/Pages/default.aspx>

If the link has expired please contact the Oregon Short Term Fund directly.

ONTARIO SCHOOL DISTRICT NO. 8C**Notes to the Financial Statements****June 30, 2025**

As of June 30, 2025, the following investments and maturities are reported:

Investment type:	Investment Maturities (in Months)			
	Fair Value	Less than 3	3-18	18-59
State Treasurer's investment pool	\$ 40,556,410	\$ 40,556,410	\$	\$
Total	\$ 40,556,410	\$ 40,556,410	\$ -	\$ -

Note 3: Accounts Receivable

Accounts receivable are comprised of the following at June 30, 2025:

Fund	Revenue Source	Amount
General Fund	Miscellaneous	\$ 435,883
Federal Programs	Federal Grants	1,358,214
State and Local Programs	Grants	1,084,295
Non Major Funds	Grants	89,261
		\$ 2,967,653

Note 4: Interfund Balances and Transfer

Interfund balances and transfers are comprised of the following as of June 30, 2025:

	Due from	Due to
Governmental Funds		
General Fund	\$ 1,368,092	\$ -
Federal Programs Fund	-	1,212,061
State and Local Programs	-	156,031
	\$ 1,368,092	\$ 1,368,092

	Transfers out	Transfers in
General Fund	\$ 1,200,000	\$ -
State and Local Grant Programs	-	7,800
Equipment Replacement Fund	-	40,000
Technology Fund	-	63,000
Building Improvement	-	1,089,200
Total	\$ 1,200,000	\$ 1,200,000

ONTARIO SCHOOL DISTRICT NO. 8C**Notes to the Financial Statements****June 30, 2025****Note 5: Capital assets**

At June 30, 2025, capital assets consisted of the following:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not being depreciated				
Construction in progress	\$ 9,841,555	\$ 6,721,100	\$ (15,839,175)	\$ 723,480
Land	563,110	-	-	563,110
Total assets not being depreciated	<u>\$ 10,404,665</u>	<u>\$ 6,721,100</u>	<u>\$ (15,839,175)</u>	<u>\$ 1,286,590</u>
Capital assets being depreciated				
Buildings and improvements	38,960,816	15,900,834	-	54,861,650
Equipment	3,312,709	35,606	-	3,348,315
Vehicles	3,937,772	397,570	(93,584)	4,241,758
Total assets being depreciated	<u>46,211,297</u>	<u>16,334,010</u>	<u>(93,584)</u>	<u>62,451,723</u>
Accumulated depreciation and amortization				
Buildings and improvements	(15,470,549)	(1,279,165)	-	(16,749,714)
Equipment	(2,998,346)	(108,205)	-	(3,106,551)
Vehicles	(2,981,513)	(276,978)	93,584	(3,164,907)
Total accumulated depreciation	<u>(21,450,408)</u>	<u>(1,664,348)</u>	<u>93,584</u>	<u>(23,021,172)</u>
Total depreciable assets, net	<u>\$ 24,760,889</u>	<u>\$ 14,669,662</u>	<u>\$ -</u>	<u>\$ 39,430,551</u>
Total capital assets, net	<u>35,165,554</u>			<u>40,717,141</u>

Depreciation Expense for governmental activities is charged to functions as follows:

Instruction	\$ 966,033
Support services	607,890
Community services	90,424
	<u>\$ 1,664,348</u>

Note 6: Long term obligations

On May 18, 2010 the voters in the district approved an \$18,500,000 bond for new construction and capital improvements. The general obligation bonds were sold on July 21, 2010 using the Qualified School Construction Bond (QSCB) program. The bonds have a fixed interest rate of 5.584%, but the federal government will pay 5.27% of the interest cost on the bonds. Interest is due and payable on December 15th and June 15th of each year. Principal is due at maturity on June 15, 2027, funds are to be set aside in a dedicated account for this future principal payment.

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 3.06 to 6.10 percent. Interest payments are to be made semiannually on June 30 and December 30. Principal payments are to be made on June 30 of each year. Debt service is financed by a self-imposed pension expense based on a percentage of payroll costs.

ONTARIO SCHOOL DISTRICT NO. 8C**Notes to the Financial Statements****June 30, 2025**

The following is a summary of long-term debt transactions for the year ended June 30, 2025:

	Interest Rates	Principal			Outstanding Ending Balance	Due within One Year
		Outstanding Beginning Balance	Additions	Reductions		
Bonds payable:						
May 18, 2010	5.584	\$ 18,500,000	\$ -	\$ -	\$ 18,500,000	\$ -
October 31, 2002	2.06-6.10	4,005,000	-	(1,020,000)	2,985,000	1,135,000
Total		22,505,000	-	(1,020,000)	21,485,000	1,135,000

Debt service requirements to maturity comprise the following:

Fiscal Year Ending	Principal	Interest	Total Requirements
General Obligation Bonds			
2026	\$ -	\$ 1,033,040	\$ 1,033,040
2027	18,500,000	1,033,040	19,533,040
Total	\$ 18,500,000	\$ 2,066,080	\$ 20,566,080
Limited Tax Pension Bonds			
2026	\$ 1,135,000	\$ 165,668	\$ 1,300,668
2027	1,260,000	102,676	1,362,676
2028	590,000	32,746	622,746
Total	\$ 2,985,000	\$ 301,090	\$ 3,286,090
Total debt and interest	\$ 21,485,000	\$ 2,367,170	\$ 23,852,170

Note 7: Defined Benefit Pension Plan**General information about the pension plan**

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

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Benefits provided**1. Tier One/Tier Two Retirement Benefit ORS Chapter 238**

Pension benefits: The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members

ONTARIO SCHOOL DISTRICT NO. 8C

Notes to the Financial Statements

June 30, 2025

who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit will be equal to \$197,730 in 2021 and will be indexed with inflation in later years.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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

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

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

Benefit changes after retirement: Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

2. OPSRP Defined Benefit Pension Program (OPSRP DB)

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

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

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

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit will be equal to \$197,730 in 2021 and will be indexed with inflation in later years.

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

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

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

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

3. OPSRP Individual Account Program (OPSRP IAP) – Defined Contribution Plan

Pension benefits: The IAP is an individual defined contribution, account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

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

Employer contributions: PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period

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Notes to the Financial Statements

June 30, 2025

were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions. Employer contributions for the year ended June 30, 2025 were \$- excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2025 were 13.33 percent for Tier One/Tier Two General Service Member, 10.49 percent for OPSRP Pension Program General Service Members.

Employee contributions: Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements.

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than \$2,500 per month (increased to \$2,535 per month on January 1, 2021) 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2025, the District reported a liability of \$- for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2025, the District's proportion was .12120281 percent, which was a decrease from its proportion of .12388439 percent at June 30, 2024.

For the year ended June 30, 2025, the District recognized pension expense of \$3,785,964.

ONTARIO SCHOOL DISTRICT NO. 8C**Notes to the Financial Statements****June 30, 2025**

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 1,595,948	\$ 64,297
Changes of assumptions	2,708,561	3,470
Net difference between projected and actual earnings on investments	1,711,446	-
Changes in proportionate share	922,706	1,975,513
Differences between employer contributions and employer's proportionate share of system contributions	35,326	1,615,544
Total (prior to post-MD contributions)	6,973,987	3,658,824
Contributions subsequent to the MD	3,087,616	
Net deferred outflow/(inflow) of resources	\$ 10,061,603	\$ 3,658,824

The District's contributions subsequent to the measurement date of \$3,087,616 are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Amount
2026	\$ (559,329)
2027	2,367,236
2028	873,079
2029	494,065
2030	140,111
Total	\$ 3,315,162

Actuarial assumptions: The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2022 Experience Study which reviewed experience for the four-year period ending on December 31, 2022.

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Notes to the Financial Statements

June 30, 2025

Measurement date	June 30, 2024
Experience study	2022, published July 24, 2022
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40%
Long-term expected rate of return	6.90%
Discount rate	6.90%
Projected salary increases	3.40%
Cost of living adjustments	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service
Mortality	<p>Healthy retirees and beneficiaries Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and setbacks as described in valuation</p> <p>Active members Pub-2010 Employee, sex-distinct, generational with unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees Pub-2010 Disabled retiree, sex-distinct, generational with unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Long-term expected rate of return: To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class/Strategy</u>	<u>Assumed Asset Allocation</u>		
	<u>Low Range</u>	<u>High Range</u>	<u>Target</u>
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Portfolio	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	5.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			<u>100.0%</u>

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Notes to the Financial Statements

June 30, 2025

<u>Long-Term Expected Rate of Return</u> ¹				
Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Global Equity	27.50 %	8.57 %	7.07 %	17.99 %
Private Equity	25.50	12.89	8.83	30.00
Core Fixed Income	25.00	4.59	4.50	4.22
Real Estate	12.25	6.90	5.83	15.13
Master Limited Partnerships	0.75	9.41	6.02	27.04
Infrastructure	1.50	7.88	6.51	17.11
Hedge Fund of Funds - Multistrategy	1.25	6.81	6.27	9.04
Hedge Fund Equity - Hedge	0.63	7.39	6.48	12.04
Hedge Fund - Macro	5.62	5.44	4.83	7.49
Assumed Inflation - Mean			2.35 %	1.41 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on January 25, 2023.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

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

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

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.

GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses. PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.

ONTARIO SCHOOL DISTRICT NO. 8C

Notes to the Financial Statements

June 30, 2025

Discount rate: The discount rate used to measure the total pension liability was 6.9 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined

Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.9 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of system NPL/(A)	\$ 42,496,823	\$ 26,940,043	\$ 13,910,479

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

Changes in plan provisions subsequent to measurement date: There were no significant changes in plan provisions subsequent to the measurement date.

Note 8: Other Post-Employment Benefits (RHIA)

Plan Description: As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281- 3700.

ONTARIO SCHOOL DISTRICT NO. 8C

Notes to the Financial Statements

June 30, 2025

Funding Policy: Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.05% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2024. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The District's contributions to RHIA are included with PERS and equaled the required contributions for the year.

At June 30, 2025, the District reported a net OPEB asset of \$496,482 for its proportionate share of the net OPEB asset. The OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2021. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB asset is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement dates of June 30, 2024 and 2023, the District's proportion was 0.10 percent and 0.12 percent, respectively. OPEB income for the year ended June 30, 2025 was \$119,762.

ONTARIO SCHOOL DISTRICT NO. 8C**Notes to the Financial Statements****June 30, 2025****Components of Deferred Outflows/Inflows of Resources:**

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 9,710
Changes of assumptions	-	6,280
Net difference between projected and actual earnings on investments	14,018	-
Changes in proportionate share	-	42,267
Total (prior to post-MD contributions)	14,018	58,257
Contributions subsequent to the MD	309	-
Net deferred outflow/(inflow) of resources	\$ <u>14,327</u>	\$ <u>58,257</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB asset in the fiscal year ended June 30, 2026. The remaining inflows and outflows will be recognized in OPEB expense as follows:

Year ending June 30,	Amount
2026	\$ (66,659)
2027	13,217
2028	7,584
2029	1,618
Total	\$ <u>(44,240)</u>

All assumptions, methods and plan provisions used in these calculations are described in Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the year ended June 30, 2024.

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the year ended June 30, 2024.

ONTARIO SCHOOL DISTRICT NO. 8C**Notes to the Financial Statements****June 30, 2025****Actuarial Methods and Assumptions:**

Actuarial valuation date	December 31, 2022
Measurement date	June 30, 2024
Experience study	2022, published July 24, 2023
Actuarial cost method	Entry age normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost-of-living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p><i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i> Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2020 Experience Study which is reviewed for the four-year period ending December 31, 2020.

Discount Rate: The discount rate used to measure the total OPEB liability as of the measurement date of June 30, 2024 was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

ONTARIO SCHOOL DISTRICT NO. 8C

Notes to the Financial Statements

June 30, 2025

Long-term expected rate of return: To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Global Equity	27.50%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge Fund of Funds - Multistrategy	1.25%	6.27%
Hedge Fund of Equity - Hedge	0.63%	6.48%
Hedge Fund - Macro	5.62%	4.83%
<i>Assumed Inflation - Mean</i>		2.35%

(Source: June 30, 2024 PERSACFR; p. 88)

Sensitivity of the District's proportionate share of the net OPEB asset to changes in the discount rate- The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB Asset	\$ 459,591	\$ 496,482	\$ 528,245

Changes Subsequent to the Measurement Date: There are no changes subsequent to the June 30, 2024 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

ONTARIO SCHOOL DISTRICT NO. 8C

Notes to the Financial Statements

June 30, 2025

Note 9: Other Post-Employment Benefits (OPEB)

The District operates a single-employer retiree benefit plan that provides access to post-employment health benefits to eligible employees and their spouses. Benefits and eligibility for members are established through the collective bargaining agreements.

The District's post-retirement health insurance program was established in accordance with ORS 243.303. ORS stipulates that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree health insurance premiums, represents the District's implicit employer contribution. The plan is currently unfunded in accordance with GASB Statement No. 75.

There were 371 active participants , 55 retired participants, and 1 spouse of an ineligible retiree as of the July 1, 2024 actuarial valuation date.

The District's total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date	July 1, 2024
Actuarial Cost Method	Entry Age Normal, level percent of salary.
Discount Rate	5.25% per year. These rates reflect the Bond Buyer 20-year General Obligation Bond Index. Reporting Dates follow measurement dates by one full year.
Health Care Cost Trend	No implicit subsidy due to dental or vision costs. Health cost trend affects both the projected health care costs as well as the projected health care premiums.
Annual Premium Increase Rate	4.00% increase in 2024-25 with later increases reducing annually by 0.1% to 0.5% and stable thereafter.
Inflation Rate	2.50% per year, used to develop other economic assumptions
Salary Scale	3.50% per year

ONTARIO SCHOOL DISTRICT NO. 8C**Notes to the Financial Statements****June 30, 2025**

Changes in Total OPEB Liability:

Balance, June 30, 2024	\$	1,592,152
Service cost		204,402
Interest		63,800
Change in assumptions		(44,226)
Experience (gain)/loss		-
Benefit payments		(98,079)
Net changes		<u>125,897</u>
Balance, June 30, 2025	\$	<u><u>1,718,049</u></u>

Sensitivity of the total OPEB Liability to changes in discount rate: the following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate 1 percentage point higher and lower than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

Discount Rate Sensitivity:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 1,880,177	\$ 1,718,049	\$ 1,573,196

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	\$ 1,507,596	\$ 1,718,049	\$ 1,972,287

The actuary reported the following deferred outflows and deferred inflows of resources related to OPEB:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ (338,905)
Changes of assumptions	184,842	(151,646)
Benefit payments	<u>117,869</u>	<u>-</u>
Net Deferred Outflow/(Inflow) of Resources	<u><u>\$ 302,711</u></u>	<u><u>\$ (490,551)</u></u>

ONTARIO SCHOOL DISTRICT NO. 8C

Notes to the Financial Statements

June 30, 2025

Benefit payments will decrease the OPEB liability in the year ending June 30, 2026. The remaining deferred outflows and inflows of resources will be recognized in pension expense as follows:

Ending June 30,		Amount
2025	\$	(39,824)
2026		(44,529)
2027		(59,826)
2028		(69,114)
2029		(50,572)
Thereafter		(41,844)
Total	\$	<u>(305,709)</u>

Actuarial calculations of the OPEB plan reflect a long-term perspective and actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

Note 10: Commitments and contingencies

Federal Funding: Substantially all amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

State School Funding: A substantial portion of operating funding is received from the State of Oregon. State funding is determined through state wide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Since these projections and pupil counts fluctuate they can cause increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the operations cannot be determined.

Note 11: Risk management

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; torts; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage for any of the past three fiscal years.

ONTARIO SCHOOL DISTRICT NO. 8C

Notes to the Financial Statements

June 30, 2025

Note 12: Property Tax Limitations

The voters of the State of Oregon approved ballot measure 5, a constitutional limit on property taxes for schools and non-school government operations, in November, 1990. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for school operations are limited to \$5 .00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this initiative has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue. The voters of the State of Oregon passed ballot measure 50 in May, 1997 to further reduce property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit.

Measure 50 reduced the amount of operating property tax revenues available for its 1997-98 fiscal year, and thereafter. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the property tax limitations. The measure also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State of Oregon to minimize the impact of the tax cuts to the school districts.

Note 13: Tax abatements

As of June 30, 2025, the District had tax abatements through the following program that impacted their levied taxes.

Food Processor (ORS 307.455):

- ORS 307.455 allows a property tax exemption for food processors' qualified real and personal property machinery and equipment (M&E) that is certified by the Oregon Department of Agriculture (ODA). The exemption begins the first tax year following certification and filing of the claim for exemption and continues for the next four succeeding tax years if, as of January 1 of each year, the certified M&E remains qualified.

For the fiscal year ended June 30, 2025, the District had abated property taxes totaling \$228,009 under this programs.

		Amount of Taxes Abated during the Fiscal Year
	<u>Tax Abatement Program</u>	
ORS 307.453-.459	Food Processor EXM	\$ <u>228,009</u>

ONTARIO SCHOOL DISTRICT NO. 8C

Notes to the Financial Statements

June 30, 2025

Note 14: Fund Balance Classifications

Below is a schedule of ending fund balances, classified in accordance with GASB Statement No. 54:

	General Fund	Federal Programs Fund	Debt Service Fund	State and Local Grant Programs	Building Improvement Fund	Nonmajor Governmental Funds	Total
FUND BALANCES:							
Restricted							
Restricted grant programs	\$ -	\$ -	\$ -	\$ 236,563	\$ -	\$ -	\$ 236,563
Debt service	-	-	18,330,491	-	-	-	18,330,491
Food service	-	-	-	-	-	2,543,251	2,543,251
Total Restricted	-	-	18,330,491	236,563	-	2,543,251	21,110,305
Assigned to:							
Building maintenance	-	-	-	-	6,103,592	-	6,103,592
Equipment reserve	-	-	-	-	-	38,036	38,036
Technological equipment	-	-	-	-	-	166,811	166,811
Student body use	-	-	-	-	-	268,403	268,403
Teen parent program	-	-	-	-	-	154,271	154,271
Boxing	-	-	-	-	-	8,236	8,236
Total Assigned	-	-	-	-	6,103,592	635,757	6,739,349
Unassigned	12,355,164	(122,623)	-	-	-	-	12,232,541
TOTAL FUND BALANCES	\$ 12,355,164	\$ (122,623)	\$ 18,330,491	\$ 236,563	\$ 6,103,592	\$ 3,179,008	\$ 40,082,195

Note 15: Lease Liability

For the year ended June 30, 2025, the District had 5 active leases. The leases have payments that range from \$8,536 to \$86,400 and interest rates of 5%. As of June 30, 2025, the total combined value of the lease liability is \$250,895, the total combined value of the short-term lease liability is \$108,065. The combined value of the right to use asset, as of June 30, 2025 of \$385,498 with accumulated amortization of \$115,539 is included within the Lease Class activities table found below.

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Due within a year
Equipment	\$ 44,772	\$ 310,879	\$ 87,533	\$ 268,118	\$ 79,959
Building	-	42,990	19,937	23,053	23,053
Total	\$ 44,772	\$ 353,869	\$ 107,470	\$ 291,171	\$ 103,012

Future maturities of principal and interest are as follows:

Fiscal Year Ending June 30,	Equipment Principal	Interest	Building Principal	Interest	Total Payments
2026	\$ 85,012	\$ 17,090	\$ 23,053	\$ 947	\$ 126,102
2027	78,128	10,994	-	-	89,122
2028	83,645	4,947	-	-	88,592
2029	21,333	267	-	-	21,600
Total	\$ 268,118	\$ 33,298	\$ 23,053	\$ 947	\$ 325,416

ONTARIO SCHOOL DISTRICT NO. 8C**Notes to the Financial Statements****June 30, 2025****Note 16: Right to Use Lease Asset**

As further described in Note 15, the District was obligated under various non-cancellable leases for the right to use a lessor's assets. Leased asset activity for the year ended June 30, 2025 was as follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
Equipment	\$ 238,916	\$ 295,374	\$ -	\$ 534,290
Building	-	42,990	-	42,990
Accumulated Amortization				
Equipment	(191,782)	(93,110)	-	(284,892)
Building	-	(22,429)	-	(22,429)
Total Lease Assets, Net	\$ 47,134	\$ 222,825	\$ -	\$ 269,959

Note 17: Subscription Based Information Technology Arrangements (SBITA)

As of June 30, 2025, the District had 7 active subscriptions. The subscriptions have payments that range from \$69 to \$13,058 and interest rates of 5.0%. As of June 30, 2025, the total combined value of the subscription liability is \$60,676, and the total combined value of the short-term subscription liability is \$11,175. The combined value of the right to use asset, as of June 30, 2025 of \$41,031 with accumulated amortization of \$41,031 is included within the Subscription Class activities table found below.

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
SBITA Obligations	\$ 36,234	\$ -	\$ 36,234	\$ -

Note 18: Subscription Based Information Technology Arrangement (SBITA) Asset

As further described in Note 17, the District was obligated under various non-cancellable subscription information technology contracts for the right to use vendors' software. SBITA asset activity for the year ended June 30, 2025 was as follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
Software	\$ 62,759	\$ 78,373	\$ -	\$ 141,132
Accumulated Amortization				
Software	(21,728)	(40,107)	-	(61,835)
Total Software Assets, Net	\$ 41,031	\$ 38,266	\$ -	\$ 79,297

ONTARIO SCHOOL DISTRICT NO. 8C

Notes to the Financial Statements

June 30, 2025

Note 19: Compensated absences

The District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the fiscal year ended June 30, 2025. GASB Statement No. 101 establishes a single recognition and measurement model for all types of compensated absences, including vacation, sick leave, paid time off, holidays, parental leave, bereavement leave, and certain types of sabbatical leave. The Statement requires that a liability for compensated absences be recognized for leave that has been earned based on services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability is measured using the pay or salary rates in effect as of the financial statement date and includes salary-related payments directly and incrementally associated with payments for compensated absences.

The District's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits, subject to certain limitations. The liability for compensated absences is reported in the government-wide financial statements. In governmental funds, only the portion of the liability that is expected to be liquidated with expendable available financial resources is reported. As of June 30, 2025, no part of the liability was recognized in the governmental fund statements.

The following table summarizes the changes in the District's compensated absences liability for the year ended June 30, 2025:

Beginning Balance	Net Change	Ending Balance	Due Within One Year
1,697,004	494,449	2,191,453	508,817

Note 20: Accounting changes and error corrections

Error corrections

During fiscal year 2025, the District identified an error in the prior period related to the recognition of accounts payable, accounts receivable and construction in progress. The combined errors resulted in an overstatement of expenses and understatement of net position in the governmental activities.

Change in financial reporting entity

Effective July 1, 2025, the District reported previously non-major funds as major. Additionally, it reclassified funds previously classified as enterprise funds as special revenue funds in accordance with GASB 54.

Change in accounting principle

The District adopted GASB Statement No. 101, *Compensated Absences*, in fiscal year 2025. As a result, the District changed its method of accounting for employee leave. The cumulative effect of this change was recognized by restating beginning net position as of July 1, 2024.

ONTARIO SCHOOL DISTRICT NO. 8C

Notes to the Financial Statements

June 30, 2025

The tables below illustrate the changes for each category of restatement.

	General Fund	Federal Programs Fund	State and Local Grant Programs	Debt Service Fund	Building Improvement Fund	Enterprise Funds	Nonmajor Governmental Funds	Total
Beginning fund balance as previously stated	\$ 11,625,148	\$ 104,790	\$ -	\$ 10,461,648	\$ -	\$ 84,012	\$ 10,160,440	\$ 32,436,038
<u>Error corrections</u>								
Remove duplicate property tax receivable	-	-	-	(48,453)	-	-	-	(48,453)
Accounts receivable not reported	241,336	-	-	-	-	-	-	241,336
Accounts payable errors	77,949	-	-	-	-	-	24,851	102,800
Payroll liability overstatement	295,139	32,188	14,366	-	-	-	20,508	362,201
Subtotal - error corrections	614,424	32,188	14,366	(48,453)	-	-	45,359	657,884
<u>Change in financial reporting entity</u>								
Measure 98 fund erroneously included in federal program fund	-	(258,899)	258,899	-	-	-	-	-
Special revenue funds reported as enterprise funds in error	-	-	-	-	-	(84,012)	84,012	-
State and local grant program fund reported as major in current year	-	-	715,000	-	-	-	(715,000)	-
Building improvement fund reported as major in current year	-	-	-	-	6,327,334	-	(6,327,334)	-
Subtotal - error corrections	-	(258,899)	973,899	-	6,327,334	(84,012)	(6,958,322)	-
Beginning fund balance as restated	\$ 12,239,572	\$ (121,921)	\$ 988,265	\$ 10,413,195	\$ 6,327,334	\$ -	\$ 3,247,477	\$ 33,093,922

	<u>Governmental Activities</u>
Beginning net position as previously reported	31,550,869
<u>Error corrections</u>	
Impact of fund error corrections	657,884
Construction in progress	535,783
Subtotal - error corrections	<u>1,193,667</u>
<u>Change in financial reporting entity</u>	
Special revenue funds reported as enterprise funds in error	<u>84,012</u>
<u>Change in accounting principle</u>	
GASB 101 - Compensated absences	<u>(1,697,004)</u>
Beginning net position as restated	<u><u>31,131,544</u></u>

Note 21: Deficit fund balance

At June 30, 2025, the federal programs fund had a deficit fund balance in the amount of \$122,623.

Note 22: Over-expenditure of appropriations

During the year ended June 30, 2025, The District overspent its legal spending appropriations as follows:

ONTARIO SCHOOL DISTRICT NO. 8C**Notes to the Financial Statements****June 30, 2025**

	Federal Programs Fund	State and Local Grant Programs	Student Activity Fund	Food Service Fund	Boxing Fund
Instruction	\$ -	\$ -	\$ 930	\$ -	\$ 799
Support	186,184	819,071	-	3,444	-
Enterprise and community services	66,641	-	-	-	-

REQUIRED SUPPLEMENTARY INFORMATION

ONTARIO SCHOOL DISTRICT NO. 8C

Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Budgetary Basis - General Fund Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance
<u>REVENUES:</u>				
Taxes	\$ 5,120,000	\$ 5,120,000	\$ 6,136,164	\$ (1,016,164)
Local sources	686,500	686,500	1,802,492	(1,115,992)
Intermediate sources	915,000	915,000	963,328	(48,328)
State sources	28,301,312	28,301,312	28,711,898	(410,586)
Federal sources	3,230,000	3,230,000	2,249,116	980,884
<u>TOTAL REVENUES</u>	<u>38,252,812</u>	<u>38,252,812</u>	<u>39,862,998</u>	<u>(1,610,186)</u>
<u>EXPENDITURES:</u>				
Instruction				
Regular Programs	13,615,717	13,615,717	11,768,588	1,847,129
Special Programs	10,123,965	10,123,965	10,243,922	(119,957)
Total Instruction	23,739,682	23,739,682 (1)	22,012,510	1,727,172
Support Services				
Students	2,174,104	2,174,104	1,811,489	362,615
Improvement of instruction	877,980	877,980	705,275	172,705
General administration	2,037,392	2,037,392	1,002,664	1,034,728
School administration	3,388,879	3,388,879	3,226,571	162,308
Business services	5,985,386	5,985,386	5,985,740	(354)
Central activities	2,012,634	2,012,634	1,721,029	291,605
Supplemental retirement program	54,850	54,850	38,392	16,458
Total Support Services	16,531,225	16,531,225 (1)	14,491,160	2,040,065
Facilities acquisition and construction	3,290,000	3,290,000 (1)	2,052,239	1,237,761
Contingency	70,000	70,000 (1)		70,000
<u>TOTAL EXPENDITURES</u>	<u>43,630,907</u>	<u>43,630,907</u>	<u>38,555,909</u>	<u>5,074,998</u>
Excess of revenues over (under) expenditures	(5,378,095)	(5,378,095)	1,307,089	3,464,812
<u>OTHER FINANCING SOURCES AND (USES):</u>				
Transfers out	(1,200,000)	(1,200,000) (1)	(1,200,000)	-
Sale of fixed assets	15,000	15,000	8,503	(6,497)
<u>TOTAL OTHER FINANCING SOURCES AND USES</u>	<u>(1,185,000)</u>	<u>(1,185,000)</u>	<u>(1,191,497)</u>	<u>(6,497)</u>
Net changes in fund balance	(6,563,095)	(6,563,095)	115,592	3,458,315
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>10,635,959</u>	<u>10,635,959</u>	<u>12,239,572</u>	<u>1,603,613</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$ 4,072,864</u>	<u>\$ 4,072,864</u>	<u>\$ 12,355,164</u>	<u>\$ 8,166,708</u>

(1) Appropriation Level

The footnotes are an integral part of the financial statements

ONTARIO SCHOOL DISTRICT NO. 8C

Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Budgetary Basis - Federal Programs Fund Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance
<u>REVENUES:</u>				
State Sources	\$ -	\$ -	\$ -	\$ -
Federal sources	4,235,652	4,235,652	4,202,269	33,383
<u>TOTAL REVENUES</u>	<u>4,235,652</u>	<u>4,235,652</u>	<u>4,202,269</u>	<u>33,383</u>
<u>EXPENDITURES:</u>				
Instruction				
Regular Programs	1,949,661	1,949,661	-	1,949,661
Special Programs	783,050	783,050	2,262,747	(1,479,697)
Summer School Programs	469,179	469,179	653,638	(184,459)
Total Instruction	<u>3,201,890</u>	<u>3,201,890 (1)</u>	<u>2,916,385</u>	<u>285,505</u>
Support Services				
Students	659,839	659,839	872,974	(213,135)
Improvement of instruction	178,339	178,339	185,298	(6,959)
Central activities	111,441	111,441	77,531	33,910
Total Support Services	<u>949,619</u>	<u>949,619 (1)</u>	<u>1,135,803</u>	<u>(186,184)</u>
Enterprise & Community Services	<u>84,142</u>	<u>84,142 (1)</u>	<u>150,783</u>	<u>(66,641)</u>
<u>TOTAL EXPENDITURES</u>	<u>4,235,651</u>	<u>4,235,651</u>	<u>4,202,971</u>	<u>32,680</u>
Net changes in fund balance	<u>-</u>	<u>-</u>	<u>(702)</u>	<u>(702)</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>-</u>	<u>-</u>	<u>(121,921)</u>	<u>(121,921)</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(122,623) \$</u>	<u>(122,623)</u>

(1) Appropriation Level

ONTARIO SCHOOL DISTRICT NO. 8C

Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Budgetary Basis – State and Local Grant Fund Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance
<u>REVENUES:</u>				
Local sources	\$ 4,000	\$ 4,000	\$ 31,282	\$ 27,282
State sources	7,698,211	7,698,211	6,440,123	(1,258,088)
Federal sources	150,000	150,000	-	(150,000)
<u>TOTAL REVENUES</u>	<u>7,852,211</u>	<u>7,852,211</u>	<u>6,471,405</u>	<u>(1,380,806)</u>
<u>EXPENDITURES:</u>				
Instruction				
Regular Programs	1,029,885	1,029,885	1,092,429	62,544
Special Programs	181,134	181,134	157,154	(23,980)
Summer School Programs	700,000	700,000	428,737	(271,263)
Total Instruction	<u>1,911,019</u>	<u>1,911,019</u> (1)	<u>1,678,320</u>	<u>(232,699)</u>
Support Services				
Students	1,338,609	1,338,609	1,579,044	240,435
Improvement of instruction	4,422	4,422	284,533	280,111
School administration	237,247	237,247	383,472	146,225
Business services	3,953	3,953	6,240	2,287
Central activities	179,517	179,517	329,530	150,013
Total Support Services	<u>1,763,748</u>	<u>1,763,748</u> (1)	<u>2,582,819</u>	<u>819,071</u>
Enterprise & Community Services	2,492,630	2,492,630 (1)	1,885,439	(607,191)
Facilities acquisition	1,723,791	1,723,791 (1)	1,084,299	(639,492)
<u>TOTAL EXPENDITURES</u>	<u>7,891,188</u>	<u>7,891,188</u>	<u>7,230,877</u>	<u>(660,311)</u>
Excess of revenues over (under) expenditures	<u>(38,977)</u>	<u>(38,977)</u>	<u>(759,472)</u>	<u>(720,495)</u>
<u>OTHER FINANCING SOURCES AND (USES):</u>				
Transfer in	7,800	7,800	7,800	-
<u>TOTAL OTHER FINANCING SOURCES AND USES</u>	<u>7,800</u>	<u>7,800</u>	<u>7,800</u>	<u>-</u>
Net changes in fund balance	(31,177)	(31,177)	(751,672)	(720,495)
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>31,176</u>	<u>31,176</u>	<u>988,235</u>	<u>957,059</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ 236,563</u>	<u>\$ 236,564</u>

(1) Appropriation Level

ONTARIO SCHOOL DISTRICT NO. 8C
Schedule of the Proportionate Share of the Net Pension Liability
For the Last Ten Fiscal Years:

Year Ended June 30,	(a) District's proportion of the net pension liability (asset)	(b) District's proportionate share of the net pension liability (asset)	(c) District's covered payroll	(b/c) District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.12%	\$ 26,940,043	\$ 22,363,944	120.5%	79.3%
2024	0.12	23,204,396	21,703,556	106.9	81.7
2023	0.14	21,600,017	17,780,998	121.5	84.5
2022	0.13	15,490,492	17,184,134	90.1	87.6
2021	0.13	28,060,373	16,755,745	167.5	75.8
2020	0.13	22,337,973	16,051,696	139.2	80.2
2019	0.13	20,021,658	15,187,443	131.8	82.1
2018	0.14	19,125,630	14,597,750	131.0	83.1
2017	0.14	21,559,605	13,498,920	159.7	80.5
2016	0.16	8,940,183	12,565,430	71.1	91.9

Schedule of the Contributions:

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) District's covered payroll	(b/c) Contributions as a percent of covered payroll
2025	\$ 4,706,584	\$ 4,706,584	-	\$ 22,363,944	21.05%
2024	4,554,789	4,554,789	-	21,042,377	21.6
2023	4,062,351	4,062,351	-	21,703,556	18.7
2022	3,681,681	3,681,681	-	17,780,998	20.7
2021	4,117,990	4,117,990	-	17,184,134	24.0
2020	3,900,046	3,900,046	-	16,755,745	23.3
2019	3,096,863	3,096,863	-	16,051,696	19.3
2018	2,988,956	2,988,956	-	15,187,443	19.7
2017	1,246,367	1,246,367	-	14,597,750	8.5
2016	1,364,191	1,364,191	-	13,498,920	10.1

ONTARIO SCHOOL DISTRICT NO. 8C

OPEB – RHIA:

SCHEDULE OF THE PROPRATE SHARE OF THE NET PENSION ASSET/(LIABILITY):

Year Ended June 30,	(a) District's proportion of the net OPEB liability (asset)	(b) District's proportionate share of the net OPEB liability (asset)	(c) District's covered payroll	(b/c) District's proportionate share of the net OPEB liability (asset) as a percentage of its covered	Plan fiduciary net position as a percentage of the total OPEB liability
2025	0.1%	\$ 496,482	\$ 22,363,944	\$ 2.0%	220.6%
2024	0.10	368,629	21,703,556	1.7	201.6
2023	0.10	348,852	17,780,998	2.0	194.6
2022	0.06	202,774	17,184,134	1.2	183.9
2021	0.22	451,715	16,755,745	2.7	150.1
2020	0.13	253,076	16,051,696	1.6	144.4
2019	0.13	146,066	15,187,443	1.0	124.0
2018	0.13	52,595	14,597,750	0.4	108.9
2017	0.13	(36,021)	13,498,920	(0.3)	90.0

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

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

SCHEDULE OF CONTRIBUTIONS FOR RHIA

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) Districts covered payroll	(b/c) Contributions as a percent of covered payroll
2025	\$ -	\$ -	-	\$ 22,363,944	- %
2024	309	309	-	21,042,377	0.0
2023	1,984	1,984	-	21,703,556	0.0
2022	2,420	2,420	-	17,780,998	0.0
2021	1,580	16,262	-	17,184,134	0.0
2020	15,831	71,502	-	16,755,745	0.1
2019	64,910	64,910	-	16,051,696	0.4
2018	63,259	63,259	-	15,187,443	0.4
2017	N/A	N/A	N/A	14,597,750	N/A

ONTARIO SCHOOL DISTRICT NO. 8C
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFITS
JUNE 30, 2025

PLAN I (STIPENDS)
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS

Year Ended June 30,	Total OPEB Liability - Beginning	Service Cost	Interest	Changes of Benefit Terms	Changes of Assumptions	Benefit Payments	Experience (Gain)/Loss	Total OPEB Liability - End of Year
2025	\$ 414,816	\$ 26,225	\$ 15,428	\$ -	(8,128)	\$ (37,067)	\$ -	\$ 411,274
2024	475,589	32,119	17,082	-	(21,753)	(50,768)	(37,453)	414,816
2023	524,850	37,512	11,588	-	(46,316)	(52,045)	-	475,589
2022	552,803	38,752	12,354	-	4,150	(65,458)	(17,751)	524,850
2021	527,337	32,363	18,426	-	41,719	(67,042)	-	552,803
2020	531,906	30,926	20,715	-	(1,005)	(55,642)	437	527,337
2019	553,173	30,534	19,797	-	(9,621)	(61,977)	-	531,906
2018	645,824	29,269	18,183	-	(24,951)	(74,724)	(40,428)	553,173

Covered Payroll **

Total Pension Liability as a % of covered payroll

The amounts presented for each fiscal year were actuarial determined at July 1, 2021 and rolled forward to the measurement date

There are no assets accumulated in a trust that meets the criteria in GASB 73 paragraph 4.

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

**Contributions are not made according to payroll, therefore, there is no covered payroll.

ONTARIO SCHOOL DISTRICT NO. 8C
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFITS
JUNE 30, 2025

PLAN II (HEALTH INSURANCE):
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS:

Year Ended June 30,	Total OPEB Liability - Beginning	Service Cost	Interest	Changes of Benefit Terms	Changes of Assumptions	Benefit Payments	Experience (Gain)/Loss	Total OPEB Liability - End of Year
2025	\$ 1,592,152	\$ 204,402	\$ 63,800	\$ -	(44,226)	\$ (98,079)	\$ -	\$ 1,718,049
2024	1,659,647	160,491	61,760	-	151,293	(152,327)	(288,712)	1,592,152
2023	1,748,857	187,177	40,289	-	(174,342)	(142,334)	-	1,659,647
2022	1,914,704	188,627	44,515	-	2,964	(179,166)	(222,787)	1,748,857
2021	1,748,052	162,637	63,795	-	117,676	(177,456)	-	1,914,704
2020	1,578,615	118,059	63,225	-	131,939	(127,096)	(16,690)	1,748,052
2019	1,580,141	116,855	58,206	-	(33,075)	(143,512)	-	1,578,615
2018	1,637,701	123,395	48,115	-	(82,373)	(146,697)	-	1,580,141

Covered Payroll **

Total Pension Liability as a% of covered payroll

The amounts presented for each fiscal year were actuarial determined at July 1, 2021 and rolled forward to the measurement date

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

**Contributions are not made according to payroll, therefore, there is no covered payroll.

SUPPLEMENTARY INFORMATION

ONTARIO SCHOOL DISTRICT NO. 8C

Combining Balance Sheet Nonmajor Governmental Funds

	Special Revenue Funds					Capital Projects			
	Medicaid Reimbursement Fund	Student Body	Food Service	OHS Teen Parent Program	Boxing	Equipment Replacement	Technology	Chromebook Reserve	Total
<u>ASSETS:</u>									
Cash and cash equivalents	\$ 449,234	\$ 272,243	\$ 2,155,911	\$ 164,451	\$ 8,236	\$ 42,005	\$ 154,674	\$ 12,137	\$ 3,258,891
Accounts and grants receivable	-	-	89,261	-	-	-	-	-	89,261
<u>TOTAL ASSETS</u>	<u>\$ 449,234</u>	<u>\$ 272,243</u>	<u>\$ 2,245,172</u>	<u>\$ 164,451</u>	<u>\$ 8,236</u>	<u>\$ 42,005</u>	<u>\$ 154,674</u>	<u>\$ 12,137</u>	<u>\$ 3,348,152</u>
<u>LIABILITIES AND FUND BALANCES</u>									
<u>LIABILITIES:</u>									
Accounts payable	\$ 105	\$ 3,840	\$ 9,143	\$ 194	\$ -	\$ 3,969	\$ -	\$ -	\$ 17,251
Accrued payroll and payroll taxes	27,857	-	114,050	9,986	-	-	-	-	151,893
Deferred revenue	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
<u>TOTAL LIABILITIES</u>	<u>27,962</u>	<u>3,840</u>	<u>123,193</u>	<u>10,180</u>	<u>-</u>	<u>3,969</u>	<u>-</u>	<u>-</u>	<u>169,144</u>
<u>FUND BALANCES:</u>									
Fund Balances									
Restricted	421,272	-	2,121,979	-	-	-	-	-	2,543,251
Assigned	-	268,403	-	154,271	8,236	38,036	154,674	12,137	635,757
<u>TOTAL FUND BALANCES</u>	<u>421,272</u>	<u>268,403</u>	<u>2,121,979</u>	<u>154,271</u>	<u>8,236</u>	<u>38,036</u>	<u>154,674</u>	<u>12,137</u>	<u>3,179,008</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>									
<u>FUND BALANCES</u>	<u>\$ 449,234</u>	<u>\$ 272,243</u>	<u>\$ 2,245,172</u>	<u>\$ 164,451</u>	<u>\$ 8,236</u>	<u>\$ 42,005</u>	<u>\$ 154,674</u>	<u>\$ 12,137</u>	<u>\$ 3,348,152</u>

ONTARIO SCHOOL DISTRICT NO. 8C

Combining Schedules of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

	Special Revenue Funds							Capital Projects				
	Medicaid Reimbursement Fund	Student Body	Food Service	OHS Teen Parent Program	Boxing	OHS Bistro	Sources of Strength	Suicide Prevention	Equipment Replacement	Technology	Chromebook Reserve	Total
REVENUES:												
Local sources	\$ -	\$ 379,987	\$ 8,662	\$ 150,616	\$ 3,385	\$ (1,242)	\$ (516)	\$ -	\$ 484	\$ 43	\$ -	\$ 541,419
State sources	-	-	64,003	39,670	-	-	-	-	-	-	-	103,673
Federal sources	95,208	-	2,283,425	-	-	-	-	-	-	-	-	2,378,633
TOTAL REVENUES	95,208	379,987	2,356,090	190,286	3,385	(1,242)	(516)	-	484	43	-	3,023,725
EXPENDITURES:												
Instruction												
Regular programs	131,208	-	-	-	-	-	-	844	-	-	-	132,052
Special programs	58,050	360,930	-	86,985	799	-	-	-	-	-	-	506,764
Summer school programs	-	-	-	-	-	-	-	-	-	-	-	-
Support services												
Students	114,191	-	-	24,796	-	-	-	-	-	-	-	138,987
Improvement of instruction	1,620	-	-	-	-	-	-	-	-	-	-	1,620
School administration	-	-	-	-	-	-	-	-	-	-	-	-
Business services	-	-	25,394	-	-	-	-	-	41,470	-	-	66,864
Central activities	-	-	-	-	-	-	-	-	-	-	11,044	11,044
Enterprise and community services												
Food services	-	-	2,337,863	-	-	-	-	-	-	-	-	2,337,863
Community services	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	305,069	360,930	2,363,257	111,781	799	-	-	844	41,470	-	11,044	3,195,194
Excess of revenues over (under) expenditures	(209,861)	19,057	(7,167)	78,505	2,586	(1,242)	(516)	(844)	(40,986)	43	(11,044)	(171,469)
OTHER FINANCING SOURCES AND (USES):												
Transfers in	-	-	-	-	-	-	-	-	40,000	63,000	-	103,000
TOTAL OTHER FINANCING SOURCES AND USES	-	-	-	-	-	-	-	-	40,000	63,000	-	103,000
Net changes in fund balance	(209,861)	19,057	(7,167)	78,505	2,586	(1,242)	(516)	(844)	(986)	63,043	(11,044)	(68,469)
FUND BALANCES - AS PREVIOUSLY STATED	631,994	249,346	2,110,615	75,766	5,650	1,242	516	844	15,194	91,631	23,181	3,205,979
Error corrections	(861)	-	18,531	-	-	-	-	-	23,828	-	-	41,498
FUND BALANCE - BEGINNING OF YEAR, RESTATED	631,133	249,346	2,129,146	75,766	5,650	1,242	516	844	39,022	91,631	23,181	3,247,477
FUND BALANCE - END OF YEAR	\$ 421,272	\$ 268,403	\$ 2,121,979	\$ 154,271	\$ 8,236	\$ -	\$ -	\$ -	38,036	154,674	12,137	\$ 3,179,008

ONTARIO SCHOOL DISTRICT NO. 8C**Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual –
Budgetary Basis – Debt Service Fund
Year Ended June 30, 2025**

	Original Budget	Final Budget	Actual	Variance
<u>REVENUES:</u>				
Taxes	\$ 1,285,000	\$ 1,285,000	\$ 1,328,113	\$ 43,113
Local sources	400,000	400,000	819,233	419,233
Federal sources	910,000	910,000	459,689	(450,311)
<u>TOTAL REVENUES</u>	<u>2,595,000</u>	<u>2,595,000</u>	<u>2,607,035</u>	<u>12,035</u>
<u>EXPENDITURES:</u>				
Debt service	<u>1,033,040</u>	<u>1,033,040</u>	<u>1,033,040</u>	<u>-</u>
Net changes in fund balance	1,561,960	1,561,960	1,573,995	12,035
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>15,000,000</u>	<u>15,000,000</u>	<u>14,892,562</u>	<u>(107,438)</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$ 16,561,960</u>	<u>\$ 16,561,960</u>	<u>\$ 16,466,557</u>	<u>\$ (95,403)</u>

(1) Appropriation Level

ONTARIO SCHOOL DISTRICT NO. 8C**Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual –
Budgetary Basis – PERS Bond Fund
Year Ended June 30, 2025**

	Original Budget	Final Budget	Actual	Variance
<u>REVENUES:</u>				
Local sources	\$ 20,000	\$ 20,000	\$ 33,353	\$ 13,353
Services provided to other funds	1,222,378	1,222,378	1,552,226	329,848
<u>TOTAL REVENUES</u>	<u>1,242,378</u>	<u>1,242,378</u>	<u>1,585,579</u>	<u>343,201</u>
<u>EXPENDITURES:</u>				
Support Services	100	100	-	(100)
Debt service	1,242,278	1,242,278	1,242,278	-
<u>TOTAL EXPENDITURES</u>	<u>1,242,378</u>	<u>1,242,378</u>	<u>1,242,278</u>	<u>(100)</u>
Net changes in fund balance	-	-	343,301	343,301
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>-</u>	<u>-</u>	<u>1,520,633</u>	<u>1,520,633</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,863,934</u>	<u>\$ 1,863,934</u>

(1) Appropriation Level

ONTARIO SCHOOL DISTRICT NO. 8C
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual –
Budgetary Basis – Building Improvement Fund
Year Ended June 30, 2025

	BUDGETED AMOUNTS			
	Original	Final	Actual	Variance
<u>REVENUES:</u>				
Local sources	\$ -	\$ -	\$ 14,605	\$ 14,605
<u>TOTAL REVENUES</u>	<u>-</u>	<u>-</u>	<u>14,605</u>	<u>14,605</u>
<u>EXPENDITURES:</u>				
Facilities acquisition and construction	5,250,000	5,250,000 (1)	1,327,547	3,922,453
<u>TOTAL EXPENDITURES</u>	<u>5,250,000</u>	<u>5,250,000</u>	<u>1,327,547</u>	<u>3,922,453</u>
Excess of revenues over (under) expenditures	<u>(5,250,000)</u>	<u>(5,250,000)</u>	<u>(1,312,942)</u>	<u>3,937,058</u>
<u>OTHER FINANCING SOURCES</u> <u>AND (USES):</u>				
Transfers in	1,250,000	1,250,000	1,089,200	(160,800)
<u>TOTAL OTHER FINANCING SOURCES</u> <u>AND USES</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,089,200</u>	<u>(160,800)</u>
Net changes in fund balance	(4,000,000)	(4,000,000)	(223,742)	3,776,258
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>6,327,334</u>	<u>2,327,334</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,103,592</u>	<u>\$ 6,103,592</u>

(1) Appropriation Level

ONTARIO SCHOOL DISTRICT NO. 8C
Medicaid Reimbursement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025

	BUDGETED AMOUNTS			
	Original	Final	Actual	Variance
<u>REVENUES:</u>				
Federal sources	\$ 400,000	\$ 400,000	\$ 95,208	\$ 304,792
<u>TOTAL REVENUES</u>	<u>400,000</u>	<u>400,000</u>	<u>95,208</u>	<u>304,792</u>
<u>EXPENDITURES:</u>				
Instruction				
Regular Programs	-	-	131,208	(131,208)
Special Programs	422,690	422,690	58,050	364,640
Total Instruction	422,690	422,690	(1) 189,258	233,432
Support Services				
Students	188,751	188,751	114,191	74,560
Business services	450,000	450,000	1,620	448,380
Total Support Services	638,751	638,751	(1) 115,811	522,940
<u>TOTAL EXPENDITURES</u>	<u>1,061,441</u>	<u>1,061,441</u>	<u>305,069</u>	<u>756,372</u>
Excess of revenues over (under) expenditures	(661,441)	(661,441)	(209,861)	(451,580)
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>750,000</u>	<u>750,000</u>	<u>631,133</u>	<u>(118,867)</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$ 88,559</u>	<u>\$ 88,559</u>	<u>\$ 421,272</u>	<u>\$ 332,713</u>

(1) Appropriation Level

ONTARIO SCHOOL DISTRICT NO. 8C
Student Body Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025

	<u>BUDGETED AMOUNTS</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<u>REVENUES:</u>				
Local sources	\$ 285,000	\$ 285,000	\$ 379,987	\$ (94,987)
<u>TOTAL REVENUES</u>	<u>285,000</u>	<u>285,000</u>	<u>379,987</u>	<u>(94,987)</u>
<u>EXPENDITURES:</u>				
Instruction	<u>360,000</u>	<u>360,000</u>	<u>360,930</u>	<u>(930)</u>
Net changes in fund balance	(75,000)	(75,000)	19,057	(94,057)
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>215,000</u>	<u>215,000</u>	<u>249,346</u>	<u>(34,346)</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$ 140,000</u>	<u>\$ 140,000</u>	<u>\$ 268,403</u>	<u>\$ 128,403</u>

(1) Appropriation Level

ONTARIO SCHOOL DISTRICT NO. 8C
Food Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025

	BUDGETED AMOUNTS			
	Original	Final	Actual	Variance
<u>REVENUES:</u>				
Local sources	\$ 22,000	\$ 22,000	\$ 8,662	\$ 13,338
State sources	32,500	32,500	(2) 64,003	(31,503)
Federal sources	2,140,000	2,140,000	2,283,425	(143,425)
<u>TOTAL REVENUES</u>	<u>2,194,500</u>	<u>2,194,500</u>	<u>2,356,090</u>	<u>(161,590)</u>
<u>EXPENDITURES:</u>				
Support Services				
Business services	21,950	21,950	25,394	(3,444)
Total Support Services	21,950	21,950	(1) 25,394	(3,444)
Enterprise and community services				
Food services	3,682,550	3,682,550	(1) 2,337,863	1,344,687
<u>TOTAL EXPENDITURES</u>	<u>3,704,500</u>	<u>3,704,500</u>	<u>2,363,257</u>	<u>1,341,243</u>
Excess of revenues over (under) expenditures	<u>(1,510,000)</u>	<u>(1,510,000)</u>	<u>(7,167)</u>	<u>1,179,653</u>
<u>OTHER FINANCING SOURCES AND (USES):</u>				
Proceeds from asset disposals	10,000	10,000	-	10,000
Net changes in fund balance	(1,500,000)	(1,500,000)	(7,167)	1,189,653
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>2,129,146</u>	<u>(629,146)</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,121,979</u>	<u>\$ 2,121,979</u>

(1) Appropriation Level

(2) Included in this fund is the required match of \$17,500 the District must provide for National School lunch support,

ONTARIO SCHOOL DISTRICT NO. 8C
Equipment Replacement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025

	<u>BUDGETED AMOUNTS</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<u>REVENUES:</u>				
Local sources	\$ -	\$ -	\$ 484	\$ (484)
<u>TOTAL REVENUES</u>	<u>-</u>	<u>-</u>	<u>484</u>	<u>(484)</u>
<u>EXPENDITURES:</u>				
Support Services				
Business services	295,000	295,000 (1)	41,470	253,530
<u>TOTAL EXPENDITURES</u>	<u>295,000</u>	<u>295,000</u>	<u>41,470</u>	<u>253,530</u>
Excess of revenues over (under) expenditures	(295,000)	(295,000)	(40,986)	253,046
<u>OTHER FINANCING SOURCES AND (USES):</u>				
Transfers from other funds	40,000	40,000	40,000	-
Net changes in fund balance	(255,000)	(255,000)	(986)	253,046
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>255,000</u>	<u>255,000</u>	<u>39,022</u>	<u>(215,978)</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,036</u>	<u>\$ 38,036</u>

(1) Appropriation Level

ONTARIO SCHOOL DISTRICT NO. 8C
Technology Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<u>REVENUES:</u>				
Local sources	\$	\$	43	\$ 43
<u>TOTAL REVENUES</u>	<u>-</u>	<u>-</u>	<u>43</u>	<u>43</u>
<u>EXPENDITURES:</u>				
Support Services	88,000	88,000 (1)	-	(88,000)
<u>TOTAL EXPENDITURES</u>	<u>88,000</u>	<u>88,000</u>	<u>-</u>	<u>(88,000)</u>
<u>OTHER FINANCING SOURCES</u>				
<u>AND (USES):</u>				
Transfers in	63,000	63,000	63,000	-
<u>TOTAL OTHER FINANCING SOURCES</u>				
<u>AND USES</u>	<u>63,000</u>	<u>63,000</u>	<u>63,000</u>	<u>-</u>
Net changes in fund balance	(25,000)	(25,000)	63,043	88,043
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>25,000</u>	<u>25,000</u>	<u>91,631</u>	<u>(66,631)</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,674</u>	<u>\$ (154,674)</u>

(1) Appropriation Level

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ONTARIO SCHOOL DISTRICT NO. 8C
Chromebook Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<u>REVENUES:</u>				
Local sources	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
<u>TOTAL REVENUES</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
<u>EXPENDITURES:</u>				
Support services				
Central activities	32,000	32,000 (1)	11,044	20,956
<u>TOTAL EXPENDITURES</u>	<u>32,000</u>	<u>32,000</u>	<u>11,044</u>	<u>20,956</u>
Net changes in fund balance	(22,000)	(22,000)	(11,044)	(30,956)
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>22,000</u>	<u>22,000</u>	<u>23,181</u>	<u>1,181</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,137</u>	<u>\$ 12,137</u>

(1) Appropriation Level

ONTARIO SCHOOL DISTRICT NO. 8C
OHS Teen Parent Program
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025

	<u>BUDGETED AMOUNTS</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<u>REVENUES:</u>				
Local sources	\$ 100,000	\$ 100,000	\$ 150,616	\$ (50,616)
State sources	-	-	39,670	(39,670)
<u>TOTAL REVENUES</u>	<u>100,000</u>	<u>100,000</u>	<u>190,286</u>	<u>(50,616)</u>
<u>EXPENDITURES:</u>				
Instruction				
Special Programs	95,000	95,000 (1)	86,985	8,015
Support Services				
Student	25,000	25,000 (1)	24,796	204
<u>TOTAL EXPENDITURES</u>	<u>120,000</u>	<u>120,000</u>	<u>111,781</u>	<u>8,219</u>
Net changes in fund balance	(20,000)	(20,000)	78,505	(42,397)
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>20,000</u>	<u>20,000</u>	<u>75,766</u>	<u>(55,766)</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,271</u>	<u>\$ 154,271</u>

(1) Appropriation Level

ONTARIO SCHOOL DISTRICT NO. 8C**Boxing****Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2025**

	<u>BUDGETED AMOUNTS</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<u>REVENUES:</u>				
Local sources	\$ 10,000	\$ 10,000	\$ 3,385	\$ 6,615
<u>TOTAL REVENUES</u>	<u>10,000</u>	<u>10,000</u>	<u>3,385</u>	<u>6,615</u>
<u>EXPENDITURES:</u>				
Special programs			799	(799)
Enterprise and community services	10,000	10,000 (1)	-	10,000
<u>TOTAL EXPENDITURES</u>	<u>10,000</u>	<u>10,000</u>	<u>799</u>	<u>9,201</u>
Net changes in fund balance	-	-	2,586	15,816
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>-</u>	<u>-</u>	<u>5,650</u>	<u>5,650</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,236</u>	<u>\$ 8,236</u>

(1) Appropriation Level

OTHER FINANCIAL SCHEDULES

ONTARIO SCHOOL DISTRICT NO. 8C
Continuing Disclosures Required for Bonded Debt

2024-25 Assessed valuation of taxable property \$ 1,521,361,395

Tax rate (dollars per \$1,000 assessed value) \$ 3.9293

Ratio of annual debt service requirements for bonded debt to total General Fund expenditures and transfers:

	Principal	Interest	Total Bonded Debt Services	General Fund Expenditures and Transfers	Ratio of Debt Service to General Fund Expenditures and transfers
2024-25	\$ 1,020,000	\$ 1,144,179	\$ 2,164,179	\$ 39,716,648	5.45%

Ratio of net bonded debt to assessed value:

	Assessed Valuation	Net Bonded Debt (1)	Ratio of Net Bonded Debt to Assessed Value
2024-25	\$ 1,521,361,395	\$ 3,652,357	0.24%

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

Principal taxpayers in Ontario School District 8C

	Assessed Valuation	Percent of Total County Value
<u>Private enterprises</u>		
Simplot US Food Group Holdings	\$ 173,799,584	11.42%
Fry Foods Inc	34,514,062	2.27%
Walmart Real Est Busuness Trs	14,202,962	0.93%
HD Development of Maryland Inc	12,564,442	0.83%
Americold Realty Inc	11,183,500	0.74%
Cypress Creek Renewables	12,910,000	0.85%
Murakami Farms Inc	9,242,535	0.61%
Union Pacific Railroad	9,891,665	0.65%
<u>Public utilities</u>		
Idaho Power Co.	68,239,000	4.49%
Cable One Inc	9,396,730	0.62%
<u>All other taxpayers</u>	<u>1,165,416,915</u>	<u>76.60%</u>
Total assessed value	<u>\$ 1,521,361,395</u>	<u>100.00%</u>

ONTARIO SCHOOL DISTRICT NO. 8C
Continuing Disclosures Required for Bonded Debt

Summary of General Fund Oregon State Revenue:

	State Sources	State Sources as % of Total Revenues	Total Revenues
2024-25	\$ 28,711,898	72.97%	\$ 39,348,079

Computation of legal debt margin:

Real market value	\$ 2,605,530,060
Allowable portion	0.0795
Debt limit: 7.95% of real market value (1)	207,139,640

Amount of debt applicable to debt limit:

Bonded debt	21,475,000
Less amount available in debt service funds	(17,822,643)
Amount of debt applicable to debt limit	3,652,357

Legal debt margin 203,487,283

(1) ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Aggregates are governed by real market values of all taxable properties within the district based on the following:

- A. For each grade from kindergarten to eighth for which the district operates schools, fifty-five one hundredths of one percent of the real market value.
- B. For each grade from ninth to twelfth for which the district operates schools, seventy-five one hundredths of one percent of the real market value.

Allowable percentage of real market value:

A. Kindergarten through eighth grade, 9 x .0055	4.95%
B. Ninth through twelfth, 4 x .0075	3.00%
Allowable percentage	7.95%



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Board of Directors
Ontario School District
Ontario, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ontario School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in black ink that reads "Brenda Bartlett". The signature is written in a cursive, flowing style.

Brenda Bartlett, CPA
Sensiba, LLP
Bend, Oregon

January 8, 2026



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

Board of Directors
Ontario School District 8C
Ontario, Oregon

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ontario School 8C (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 8, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs, identified as items 2025-001, 2025-002, and 2025-003 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs, identified as item 2025-004 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 financial statements. 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.

Ontario School District 8C's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



Brenda Bartlett, CPA
Sensiba, LLP
Bend, Oregon

January 8, 2026

ONTARIO SCHOOL DISTRICT NO. 8C
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/ Program Title	Assistance		Expenditures
	Listing Number	Subgrant Number	
<u>U.S. Department of Agriculture</u>			
Passed through Oregon Department of Education			
National School Lunch Program, School Breakfast	10.553	N/A	490,045
National School Lunch Program, Sec 4 and 11	10.555	N/A	1,270,606
Child Nutrition Programs-Commodity Distribution	10.555	N/A	135,471
Summer Food Service Program	10.559	N/A	210,886
Fresh Fruit and Vegetable Program	10.582	N/A	121,475
Subtotal - Child Nutrition Cluster			<u>2,228,483</u>
Local Food For Schools (LFS) Cooperative	10.185	N/A	19,022
Child Nutrition Programs-Block-Child	10.558	N/A	<u>35,919</u>
Total Department of Agriculture			<u>2,283,425</u>
<u>U.S. Department of Education</u>			
Passed through Oregon Department of Education			
Elementary and Secondary Education Act - Title IA	84.010	76544	957,184
Elementary and Secondary Education Act - Title IA	84.010	82228	926,933
Elementary and Secondary Education Act - Title IA			<u>1,884,117</u>
Elementary and Secondary Education Act - Migrant Education	84.011	70945	30,403
Elementary and Secondary Education Act - Migrant Education	84.011	75619	143,677
Elementary and Secondary Education Act - Migrant Education	84.011	76959	23,703
Elementary and Secondary Education Act - Migrant Education	84.011	77042	551,092
Elementary and Secondary Education Act - Migrant Education	84.011	80390	26,429
Elementary and Secondary Education Act - Migrant Education	84.011	82768	338,030
Elementary and Secondary Education Act - Migrant Education	84.011	82787	12,674
Elementary and Secondary Education Act - Migrant Education			<u>1,126,008</u>
Individuals with Disabilities Education Act, Part B	84.027	74089	127,638
Individuals with Disabilities Education Act, Part B	84.027	78029	492,968
Individuals with Disabilities Education Act, Part B, Section 619	84.173	77844	5,286
Subtotal - Special education cluster			<u>625,892</u>
Rural School Library Revitalization-Minibus	84.215	83885	<u>10,950</u>
Elementary and Secondary Education Act-Title VI, Part B, Rural Education Act	84.358	76941	45,060
Elementary and Secondary Education Act-Title VI, Part B, Rural Education Act	84.358	82094	80,961
Elementary and Secondary Education Act-Title VI, Part B, Rural Education Act			<u>126,021</u>
Elementary and Secondary Education Act-Title III-English Acquisition Grant	84.365	77002	24,160
Elementary and Secondary Education Act-Title III-English Acquisition Grant	84.365	82342	9,815
Elementary and Secondary Education Act-Title III-English Acquisition Grant			<u>33,974</u>

The notes to the schedules of expenditures of federal awards are an integral part of this schedule.

ONTARIO SCHOOL DISTRICT NO. 8C
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Elementary and Secondary Education Act-Title IIA, Improving Teacher Q	84.367	76741	35,591
Elementary and Secondary Education Act-Title IIA, Improving Teacher Q	84.367	82491	117,946
Elementary and Secondary Education Act-Title IIA, Improving Teacher Q	84.367	81284	15,000
Elementary and Secondary Education Act-Title IIA, Improving Teacher Quality			168,537
Student Support and Academic Enrichment Program	84.424A	77164	25,002
Stronger Connections	84.424A	81222	293,320
Student Support and Academic Enrichment Program	84.424A	82688	83,167
Student Support and Academic Enrichment Program			401,489
COVID-19 - Education Stabilization Fund	84.425D	64952	2,223,167
COVID-19 - Education Stabilization Fund	84.425W	69381	11,690
COVID-19 - Education Stabilization Fund	84.425U	74701	132,858
COVID-19 - Education Stabilization Fund			2,367,715
Total Department of Education			6,744,703
Total federal assistance			9,028,128
* Denotes program tested as major program			
Reconciliation to federal revenue:			
Qualified School Construction Bond interest subsidy			459,689
Medicaid reimbursements			95,208
			9,583,025

The notes to the schedules of expenditures of federal awards are an integral part of this schedule.

ONTARIO SCHOOL DISTRICT NO. 8C

Notes to the Schedule of Federal Awards

Year Ended June 30, 2025

Note 1: Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant awards activity of Ontario School District 8C (the District) under programs of the federal government for the year ended June 30, 2025. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the District.

Note 2: Summary of significant accounting principles

Expenditures reported in the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect cost rates

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance, and instead uses the rate approved annually by Oregon Department of Education.

Note 4: Non-cash awards

The schedule of expenditures of federal awards includes amounts for food donations provided through the Child Nutrition Program. The value of the food is determined by the grantor and included in the total program value reported on the Schedule of Expenditures of Federal awards.

ONTARIO SCHOOL DISTRICT NO. 8C
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I: Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified?
- Significant deficiencies?

Yes

Yes

Noncompliance material to the financial statements noted?

No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified?
- Significant deficiencies identified?

No

No

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?

No

Identification of major federal programs:

<u>Assistance Listing No.</u>	<u>Name of Federal Program or Cluster</u>
84.425U, 84.425W, 84.425D	Elementary and Secondary School Emergency Relief Fund
84.011	Migrant Education – State Grant Program
84.424A	Student Support and Academic Enrichment

Dollar threshold used to distinguish between Type A and Type B programs

\$750,000

Auditee qualified as low-risk auditee?

No

ONTARIO SCHOOL DISTRICT NO. 8C
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section II: Financial Statement Findings

Finding 2025-001

Criteria: Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Condition: There is a lack of formal secondary review controls over journal entries.

Context: We noted that the CFO inputs journal entries with no oversight or secondary review.

Cause: The District's finance staff is small and not all duties are currently segregated.

Effect: There is a risk of material misstatement due to a lack of formal secondary review to timely identify errors or fraud in account balances.

Recommendation: We recommend the finance department implement a process where a finance team member enter journal entries with review by CFO. The implementation should be accompanied by changes to user access within the accounting system where the entries are initiated, but not posted to the system, until the CFO review is complete. The CFO's access to initiating journal entries should be removed.

Views of Responsible Officials: The District agrees with this finding and will implement a formal review and approval process for all adjusting journal entries. This includes the approval of the entry and supporting documentation by someone with appropriate authority to sign and date. This plan has been implemented during the 25-26 school year.

Finding 2025-002 (Repeat finding, prior year 2024-2)

Criteria: Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Condition: During the course of our audit, we identified material errors in balance sheet accounts such as accounts receivable, accounts payable and capital assets. We identified errors in the debt service fund where internal transactions were not properly accounted for resulting in improper reporting of a payroll liability. Additionally, we noted errors in classification of expenditures within the governmental fund statements.

Context: The errors identified were systemic, with multiple errors identified in accounts receivable and accounts payable.

Cause: The cause is related to a lack of complete and accurate subsidiary ledgers to support the balances in the general ledger, as well as no evident review process where subsidiary ledgers and reviewed and reconciled to the general ledger.

ONTARIO SCHOOL DISTRICT NO. 8C
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Effect: The District's controls were not sufficient to prevent or detect an error or omission related to significant balance sheet accounts and expenditure transaction classification.

Recommendation: We recommend the District improve the current process for preparing subsidiary records that support significant general ledger balances. For example, the accounts payable subsidiary ledger should include the vendor, invoice number, date, fund and amount due. The total of each of these line items should agree to the general ledger balance, by fund, reported at year end for accounts payable. A similar subsidiary ledger should be prepared and maintained for each significant asset or liability account.

Views of Responsible Officials: The District agrees with this finding and will implement a process to prepare subsidiary records for the significant general ledger balances and create procedures to review and approve these records to ensure they tie back to the general ledger. Additionally, the District will set up the Accounts Receivable module in the accounting system to assist with this process. The District will implement this process during the 25-26 school year.

Finding 2025-003

Criteria: Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Condition: During our procedures related to student body accounting, we identified that student activity accounting for the middle and elementary schools occurs outside of the District's main accounting system. The activity outside of the general ledger is recorded via general journal entry into the accounting system. The activity was entered into the accounting records, net into one expenditure account called supplies, rather than recording the proper revenue and expenditures for the student activity funds. Additionally, we were not able to identify any monitoring internal controls over the completeness of student activity revenue.

Context: This method of recording the District's activity misstated both revenue and expenditures related to student activity in the middle and elementary schools. For all student activity, we did not identify that the District performs monitoring to ensure that all amounts raised on behalf of the students are deposited to the bank accounts.

Cause: The cause is related to the decentralized nature of the accounting for student activity funds. When transactions occur outside of the primary accounting system, without additional mitigating internal controls being implemented, it is possible that errors or fraud may occur without detection. Although the high school activity occurs within the accounting system, we were not able to identify controls over the completeness of revenue.

Effect: The District is unlikely to prevent or detect an error or omission related to student activity funds in a timely manner.

ONTARIO SCHOOL DISTRICT NO. 8C
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Recommendation: Amounts raised by student activity funds should be recorded in the accounting system in appropriate categories, according to the Oregon Department of Education chart of accounts. We further recommend the District consider implementing additional oversight into the process, including ongoing monitoring of student activity receipts. Oversight should include review of fundraiser activity to ensure that each fundraiser is properly deposited into the bank accounts and accounted for. Spending in excess of fundraising should trigger a review as this can be an indicator that revenue is not complete. Club advisors should be held accountable for reporting on student fundraisers using standardized forms designed to report the activity at a level sufficient for the District to conclude on whether revenue was properly accounted for and deposited into the bank account.

Views of Responsible Officials: The District agrees with this finding and will set up the accounting system to properly record all Revenues and Expenditures that take place in the Student Body Accounts. The accounting system will show all approved transactions with backup documentation and account balances for each club account. The District will implement this process during the 25-26 school year.

Finding 2025-004

Criteria: Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Condition: The CFO reconciles the bank accounts monthly, however reconciliations are not subject to documented supervisory review.

Context: The lack of supervisory review was systemic across all bank account reconciliations during the year.

Cause: We are unsure of the cause, however note the finance staff is small and may lack a suitable number of people to ensure segregation of duties in this cycle.

Effect: Absent secondary review, errors and irregularities may be undetected.

Recommendation: We recommend the District implement a formal review process for all bank reconciliations. If the review is to be performed by someone outside of the finance office, for example the superintendent, a checklist can be created to assist in the monthly review. The checklist should include tasks such as tracing the bank statement balance used in the reconciliation to the bank statement, reviewing check images for reasonableness, tracing the ending balance on the reconciliation to the general ledger, and identifying unusual or stale reconciling items for further investigation.

Views of Responsible Officials: The District agrees with this finding and will implement a formal review and approval process of the monthly bank reconciliations. This plan has been implemented during the 25-26 school year.

ONTARIO SCHOOL DISTRICT NO. 8C

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Section III - Federal Award Findings and Questioned Costs

None identified

Section IV: State Award Findings and Questioned Costs

None identified



Devin Collins, Finance Director

Ontario School District 8C

195 SW 3rd Ave. Ontario, Oregon 97914

Phone: 541-889-5374 **Fax:** 541-889-8553

January 8, 2026

Plan of Action for Ontario School District 8C

Ontario School District 8C respectfully submits the following corrective action plan in response to deficiencies reported in our audit of fiscal year ended June 30, 2025. The audit was completed by the independent auditing firm, Sensiba LLP, and reported the deficiencies listed below. The plan of action will be adopted by the members of the governing body at their meeting on January 26, 2026.

The deficiencies are listed below, including the adopted plan of action and timeframe for each.

1. Finding 2025-001

- a. Condition:** There is a lack of formal secondary review controls over journal entries.
- b. Auditor Recommendation:** We recommend that the finance department implement a process where a finance team member enter journal entries with review by CFO. The implementation should be accompanied by changes to user access withing the accounting system where the entries are initiated, but not posted to the system, until the CFO review in complete. The CFO's access to initiating journal entries should be removed.
- c. District's plan of action:** The District will implement a formal review and approval process for all adjusting journal entries. This includes the approval of the entry and supporting documentation by someone with appropriate authority to sign and date. This plan has been implemented during the 25-26 school year.
- d. Responsible official:** Devin Collins, Finance Director

2. Finding 2025-002

- a. Condition:** During the course of our audit, we identified material errors in balance sheet accounts such as accounts receivable, accounts payable and capital assets. We identified errors in the debt service fund where internal transactions were not properly accounted for resulting in improper reporting of a payroll liability. Additionally, we noted errors in classification of expenditures within the governmental fund statements.
- b. Auditor Recommendation:** We recommend the District improve the current process for preparing subsidiary records that support significant general ledger balances. For example, the accounts payable subsidiary ledger should include the vendor, invoice number, date, fund and amount due. The total of each of these line items should agree to the general ledger balance, by fund, reported at year end for accounts payable. A similar subsidiary ledger should be prepared and maintained for each significant asset or liability account.
- c. District's plan of action:** The District will implement a process to prepare subsidiary records for the significant general ledger balances and create procedures to review and approve these records to ensure they tie back to the general ledger. Additionally, the District will set up the Accounts Receivable module in the accounting system to assist with this process. The District will implement this process during the 25-26 school year.
- d. Responsible official:** Devin Collins, Finance Director

3. Finding 2025-003

- a. Condition:** During our procedures related to student body accounting, we identified that student activity accounting for the middle and elementary schools occurs outside of the District's main accounting system. The activity outside of the general ledger is recorded via general journal entry into the accounting system. The activity was entered into the accounting records, net into one expenditure account called supplies, rather than recording the proper revenue and expenditures from the student activity funds. Additionally, we were not able to identify any monitoring internal controls over the completeness of student activity revenue.

- b. Auditor Recommendation:** Amounts raised by student activity funds should be recorded in the accounting system in appropriate categories, according to the Oregon Department of Education chart of accounts. We further recommend the District consider implementing additional oversight into the process, including ongoing monitoring of student activity receipts. Oversight should include review of fundraiser activity to ensure that each fundraiser is properly deposited into the bank accounts and accounted for. Spending in excess of fundraising should trigger a review as this can be an indicator that revenue is not complete. Club advisors should be held accountable for reporting on student fundraisers using standardized forms designed to report the activity at a level sufficient for the District to conclude on whether revenue was properly accounted for and deposited into the bank account.
- c. District's plan of action:** The District will set up the accounting system to properly record all Revenues and Expenditures that take place in the Student Body Accounts. The accounting system will show all approved transactions with backup documentation and account balances for each club account. The District will implement this process during the 25-26 school year.
- d. Responsible official:** Devin Collins, Finance Director

4. Finding 2025-004

- a. Condition:** The CFO reconciles the bank accounts monthly, however reconciliations are not subject to documented supervisory review.
- b. Auditors Recommendation:** We recommend the District implement a formal review process for all bank reconciliations. If the review is to be performed by someone outside of the finance office, for example the superintendent, a checklist can be created to assist in the monthly review. The checklist should include tasks such as tracing the bank statement balance used in the reconciliation to the bank statement, reviewing check images for reasonableness, tracing the ending balance on the reconciliation to the general ledger, and identifying unusual or stale reconciling items for further investigation.
- c. District's plan of action:** The District will implement a formal review and approval process of the monthly bank reconciliations. This plan has been implemented during the 25-26 school year.
- d. Responsible official:** Devin Collins, Finance Director



Devin Collins, Finance Director
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Status of Prior Year Findings:

1. Deficiency #1

- a. Material Weakness:** During the review of the district's capital asset register we noted that the district did not adequately reconcile or present Construction in Progress in the fiscal year June 30, 2023 audit resulting in a material misstatement of capital expenditures.
- b. Auditor Recommendation:** We recommend that the district consider implementing additional policies and procedures to ensure the capital asset register is reconciled and reported accurately.
- c. District's plan of action:** As part of our fixed asset procedures, we have established a process to review the Construction in Progress section to ensure that all projects are accurately included in the tracking spreadsheet. Additionally, our procedures include tracing the Construction in Progress amounts to the Summary Sheet to verify that the data is both complete and accurate. This plan has been implemented during the 24-25 school year.
- d. Status of Prior Year Findings:** The District has established a process to review all Construction in Progress projects and ensure they are accurately being reported on the Summary Sheet. With the many Construction Projects that have been in effect over the last few years, we'll continue to make sure all transactions are being recorded and depreciated properly.

2. Deficiency #2

- a. Material Weakness:** During our review of the district's working trial balance, we noted the district submitted several working trial balances during the audit. The district requested that we assist in preparing and implementing material adjustments throughout the audit process based on items we noted and brought to the district's attention. We do not believe that the district would have caught the errors on their own.
- b. Auditor Recommendation:** We recommend that the district ensures additional review be performed over financial information be performed prior to submittal for the audit.
- c. District's plan of action:** We have updated our procedure for generating the Trial Balance report from the accounting system to ensure that the report captures all transactions. Specifically, we will expand the date range beyond the system-generated default to guarantee that all relevant transactions are included in the Report. This plan has been implemented during the 24-25 school year

- d. **Status of Prior Year Findings:** The District has implemented a practice to properly pull trial balance from system to expand dates to ensure all transactions are included.

3. Deficiency #3

- a. **Significant Deficiency:** Internal controls should be in place to ensure that an over expenditure in indirect costs does not take place by the district.
- b. **Auditor Recommendation:** We recommend that the district implement a review and approval process to ensure calculations and all adjusting journal entries are reviewed and approved by someone independent of their preparation.
- c. **District's plan of action:** The District will implement a formal review and approval process for indirect charge calculations to ensure that these calculations are consistent with the data recorded in the accounting system. This plan has been implemented during the 24-25 school year.
- d. **Status of Prior Year Findings:** The District has implemented procedures to trace all indirect charge calculations to the accounting system for completeness and accuracy. The District will continue to review these indirect charges and adjust when necessary to ensure over expenditure will not take place.

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS**



INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Ontario School District
Ontario, Oregon

We have audited the financial statements of the governmental activities and each major fund of Ontario School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 8, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **State school fund factors**

We identified instances of non-compliance with Oregon budget law:

- The District did not publish Notice of Budget Hearing as required.
- As more fully described in Footnote 22 to the financial statements, the District over-expended its legal spending appropriation in several funds and functional categories.

In connection with our testing, with the exception of the violations described above, nothing came to our attention that caused us to believe the District was not in substantial compliance with other provisions of laws, regulations, contracts and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements for the governmental activities and each major fund, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

We noted certain matters that we consider to be material weaknesses and significant deficiencies in internal control and have reported these findings to management and the Board of Directors in our *Government Auditing Standards* Report on Internal Control over Financial Reporting contained within the District's Annual Financial Report.

This report is intended solely for the information and use of management, the board of directors and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.



Brenda Bartlett, CPA
Sensiba, LLP
Bend, Oregon

January 8, 2026