

**WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J**

**CLACKAMAS COUNTY, OREGON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2005

Prepared by the Business Office

R. William Knowles  
Business Manager

Jolene S. May  
Accounting Supervisor

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**West Linn-Wilsonville School District 3J**

**Clackamas County, Oregon**

Administration Building  
PO Box 35  
West Linn, Oregon 97068

Dr. Roger L. Woehl  
Dr. Michael A. Tannenbaum  
Dr. Jane M. Stickney  
R. William Knowles

Superintendent  
Deputy Superintendent  
Assistant Superintendent for Instruction  
Business Manager

BOARD OF DIRECTORS AS OF JUNE 30, 2005

	<u>Term Expires</u>
Mary Furrow, Board Chair	June 30, 2007
Tom Bruggere, Vice Chair	June 30, 2009
Dale Hoogestraat	June 30, 2009
Pat Hanlin	June 30, 2007
David Goode	June 30, 2009

All board members receive mail at the address above.

Legal and Bond Counsel

Mersereau & Shannon  
1600 Benjamin Franklin Plaza  
One S.W. Columbia Street  
Portland, Oregon 97258

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**WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J  
CLACKAMAS COUNTY, OREGON**

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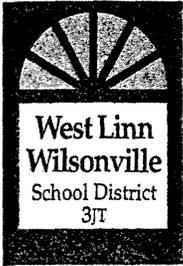
**WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J**  
**CLACKAMAS COUNTY, OREGON**

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# Introductory Section

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# West Linn-Wilsonville School District 3J

## ADMINISTRATION BUILDING

P.O. Box 35 · West Linn, Oregon 97068 · 503-673-7000 or Fax 503-673-7001

November 4, 2005

Board of Directors  
West Linn-Wilsonville School District 3J  
PO Box 35  
West Linn, OR 97068

In accordance with the provisions of Oregon Revised Statutes Sections 297.405 through 297.555, known as Municipal Audit Law, submitted herewith is the Comprehensive Annual Financial Report (CAFR) of West Linn-Wilsonville School District 3J, Clackamas and Washington counties, Oregon for the year ended June 30, 2005.

This report was prepared by the Business Office of West Linn-Wilsonville School District 3J. The responsibility for the completeness, fairness, and accuracy of the data presented and all accompanying disclosures rests with the District. To provide a reasonable basis for making these representations, the District's management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Pauly, Rogers and Co., P.C. a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal control and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Single Audit Section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the

basis financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

## REPORT CONTENTS

The Comprehensive Annual Financial Report is presented in five sections. These sections and their components are as follows:

The **Introductory Section** includes this Letter of Transmittal, the District's organizational chart, and the District's financial reporting awards.

The **Financial Section** includes the independent auditor's report, Management Discussion and Analysis, basic financial statements for the entity as a whole, notes to the basic financial statements, required supplemental information and supplemental information.

The **Statistical Section** includes government wide summary financial data, ten years of summary fund financial data, debt computations, and a variety of demographic, economic and general information.

The **Audit Comments and Disclosure Section** contains the disclosures required by the Minimum Standards or Audits for Oregon Municipal Corporations.

The **Single Audit Section** contains reports required by the Single Audit Act of 1984 and OMB Circular A-133, including the schedule of expenditures of federal awards.

## THE DISTRICT

The District is a municipal corporation governed by an elected five-member board. As required by generally accepted accounting principles, these financial statements present West Linn-Wilsonville School District No. 3J (the primary government) and any component units. Component units, as established by GASB statement 14, are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. Three Rivers Charter School is a component unit of the West Linn-Wilsonville School District.

Under Oregon State law the District is responsible for educating the children of the District. The District discharges this responsibility by building, operating, and maintaining school facilities; developing and maintaining approved educational programs and courses of study, including vocational programs and programs for handicapped students, in accordance with State standards; and carrying out programs for transportation and feeding of pupils in accordance with District, State, and Federal requirements.

The District is located seven miles south of the City of Portland, Oregon. Within the District's 42 square miles are the cities of West Linn and Wilsonville, as well as several unincorporated towns and areas of Clackamas and Washington Counties. The District was originally formed in 1933 through the consolidation of three smaller districts.

The District and surrounding communities have experienced steady constant growth over the past decade. The estimated population of the District has grown from 16,876 in 1980 to 40,329 in 2005. Enrollment as of September 30, 2005 was 7,870, which compares to 3,277 in fiscal year 1980. The real market value of property located in the district has grown from just under \$285 million to over \$5.81 billion in the same period.

The early economy of this area grew as a result of fertile agricultural and timberlands and its access to the Willamette and Columbia rivers. The area then began developing as a suburb of Portland, but over the past two decades has developed its own economic base which includes high technology firms and retail trade and distribution. Despite its rapid development, however, the County still contains prime agricultural land and a strong agricultural economy.

Interstate Highway 5, which runs through southwestern Clackamas County, has proven to be a major economic stimulus. The area between Wilsonville and Lake Oswego has seen greatly increased commercial and retail activity.

To the south, in the Wilsonville area, the close proximity of I-5 has encouraged warehousing and distribution activities, which require area for expansion and easy transportation connections. Retail stores have become more prominent in the area.

Easy access to the freeway system has also benefited those areas along Interstate Highway 205, which bisects the County and the District. This bypass link of I-5 runs between Wilsonville in the south and Clark County, Washington to the north. I-205 also connects Clackamas County to Portland International Airport. Most of the segments through Clackamas County were completed during the mid-1970s. At that time major retail and commercial developments occurred in the areas bordering the freeway.

## **ECONOMIC CONDITION**

In November, 1996, the voters of the State of Oregon voted by referendum a property tax limitation measure known as "Measure 47." This measure as amended by Measure 50 along with Measure 5, which was approved in November 1990, provide two property tax limitations in the Oregon Constitution. Measure 5 limits the property tax rate to \$5 per \$1,000 in real market value for schools; Measure 50 is a limitation that is based on the assessed value of each parcel of property. Measure 50 was initiated in 1997 by "cutting" the tax on each property to the lesser of the 1996 total property tax reduced by 10% or the 1995 total property tax for schools. Measure 50 also "caps" total operating taxes on each property to a 3% annual increase. Neither of these constitutional measures limits taxes for capital construction bonds.

Legislation passed subsequent to Measure 50 allows school districts to refer to voters a "local option" tax. This tax can be levied for up to five years for operation purposes. The tax cannot collect more than the \$5.00 per thousand of real market value allowed under measure 5 from any property in the school district. On May 16, 2000, voters of the West Linn-Wilsonville School District passed a local option tax. This five-year taxing authority commenced during the 2000-01 fiscal year and ended June 30, 2005. The average "Local Option" taxpayer burden during 2004-05 was \$.97 per thousand assessed value. On November 2, 2004 57% of district voters approved another Local Option Tax Levy at the same \$1.50 per thousand assessed value rate that passed May 16, 2000. This taxing authority begins with fiscal 2005-06 and runs through fiscal 2009-10.

In response to the rate limitation of Measure 5, the state legislature employs a funding formula which equalizes the annual revenues to each school district based on a per pupil allocation. Excluding local option taxes, individual school districts are only indirectly dependent upon local property taxes for operating purposes.

Oregon has been experiencing one of the highest unemployment rates in the nation. The most recent rate of 5.9% remains above the national average.

The economic downturn has challenged legislators to try and find new ways to fund schools. Unlike most other industries, the K-12 public education sector has a presence in every community in Oregon and effects local economies in many ways. K-12 spending supports significant economic activity for workers and businesses throughout Oregon. Given Oregon's weak economy and related budget shortfalls, policymakers are beginning to understand the relationship between public sector spending and local economies, as well as the economic consequences of their fiscal decisions. With the uncertainties of world events there is no indication that

Oregon's economy will return in the next biennium to the robust growth of the past decade. Oregon's current personal income-reliant revenue base will continue to have the stability and adequacy shortcomings it now experiences. The taxation base is not broad enough to raise the revenues needed for public education and other needed services the state must provide. Oregon must look for a more diverse tax structure to meet the state's future needs.

## **MAJOR PROGRAMS**

The mission of the West Linn-Wilsonville School District is constantly to improve the learning environment in order to develop and nurture each student's potential for life-long intellectual and cultural growth. The district measures its success almost exclusively by the level of student learning and achievement.

Launching a new superintendency, and in response to local, state and national mandates for school improvement, including the Oregon Educational Act for the 21<sup>st</sup> Century, the school district held two Futures Conferences in the spring of 1994. These major events, preceded by a year of planning, were a part of our strategic planning to move West Linn-Wilsonville Schools into the 21<sup>st</sup> century. The Futures Conferences sought common ground through dialogue using the Marvin Weisberg conference model. Participants painted broad strokes of consensus about the qualities this community would like its school district to exemplify in the future. One hundred fifty students, teachers, administrators, parents, and members from all sectors of the community spent two-and-a-half rigorous days at each conference.

The six vision themes from these Futures Conferences presented the community and schools with an inviting picture of possibility and launched the district on a challenging and rewarding journey. These themes arch over and create lines through every dimension of the work of this school district. These vision themes guide the work of school board members, teachers, site councils, administrators, children, school support staff and, to an increasing degree, community members in ways that are both global and specific.

The work of this school district is to enliven and make real these vision themes:

*Personal and Academic Excellence, Personalized Education, Circle of Support, Community Partnerships, Educating the Whole Child, Integrating Technologies in Daily Learning.*

Staff development and in-service training continue to be a major focus and emphasis in the district. We are committed to the strategy of improving the skills and training of our staff in order to deliver more effective services to students and parents. The district continues to make major investments in staff training and development.

November 5, 2002 voters authorized the sale of \$75 million in general obligation debt. This bond issue was sold June 17, 2003. Most of the bond proceeds were reserved for construction projects while \$3.1 million was used to retire the 2000 Full Faith issue. Construction projects include major upgrades to both Wilsonville and West Linn High Schools, as well as smaller projects at the primary and middle schools in the district. A vast majority of the projects will be completed in fiscal 2005-06.

## **FINANCIAL INFORMATION**

### **Cash Management**

The Business Office maintains an aggressive cash management program with a philosophy of maximizing the yield while safeguarding the investment principal. All cash temporarily idle during the year is invested in direct obligations of the Treasury of The United States, commercial bank certificates of deposit, bankers' acceptances and the Oregon State Treasurer's Short-Term Investment Fund. This state operated short-term investment fund maintains an average maturity of 90 days.

Interest earnings for the year ended June 30, 2005 were \$971,582 down \$34,767 from the previous year. Interest income was steady in that reduced balances in the capital projects fund were offset by higher percentage returns in 2004-05.

While there is no formally adopted investment policy, the Board of Directors does adopt a resolution at the beginning of each year designating the approved Depositories. Allowable investment instruments include only those allowed governmental units under Oregon Statute. Additional discussion of the District's cash management and investments is contained in the Notes To The Financial Statements, and in the section titled "Audit Comments and Disclosures Required by State Regulations".

The District has complied with the disclosure requirements of Governmental Accounting Standards Board Statement 3 regarding Deposits with Financial Institutions and Investments as set forth Note 2 to the Basic Financial Statements.

### **Risk Management**

The District to date has elected to transfer risk other than that represented by minimal deductible amounts per loss by purchasing insurance. Worker's Compensation insurance is purchased on a fiscal year basis. The district currently enjoys a favorable workers comp modification rate. Property/Casualty insurance is currently in force at replacement value with a \$100,000 per loss deductible. Comprehensive General Liability insurance provides \$5,000,000 Basic coverage. Comprehensive Automotive liability insurance provides \$1,000,000 Basic coverage. Excess insurance over the Basic coverage is in force at \$5,000,000. The district is also covered against earthquake and flood damage with an amount currently in force of \$5,000,000 subject to a 5% deductible per loss.

**Pension and Other Post Employment Benefits.** The District contributes to the Oregon Public Employees Retirement Fund, a defined benefit pension plan administered by the Oregon Public Employees Retirement System (PERS). PERS provides retirement and disability benefits, post employment health care benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

In addition, the District provides early retirement and post employment health care benefits for certain retirees. As of the end of the current fiscal year, there were 55 retired employees receiving these benefits. The District fully funds each year's annual required contribution to the early retirement plan. The District finances the post employment health care benefits on a pay-as-you-go basis. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information on the District's pension arrangements and post employment benefits can be found in Note 7 and 8 on pages 28-29, in the notes to the basic financial statements.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the West Linn-Wilsonville School District for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This was the twelfth consecutive year that the district has achieved this prestigious award. In order to be awarded a Certificate of

Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

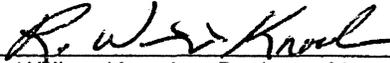
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**ACKNOWLEDGMENTS**

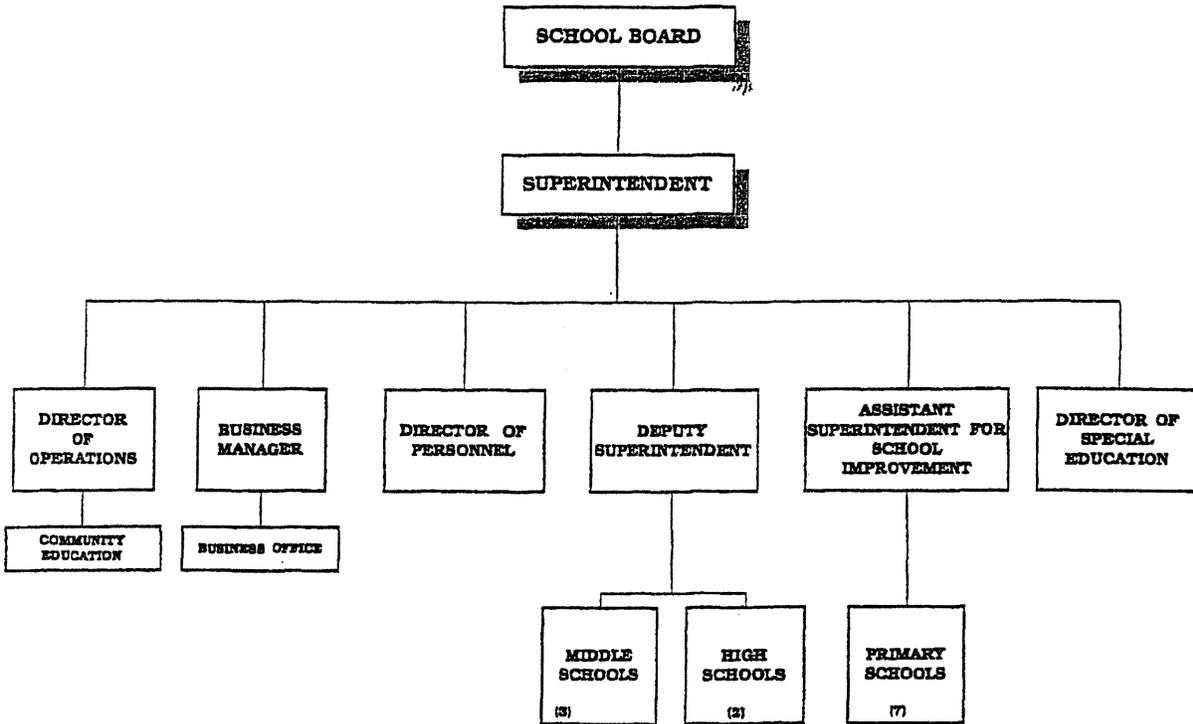
We wish to express our appreciation to the staff of the Business Office and members of other District departments who assisted in the preparation of this Comprehensive Annual Financial Report. We also wish to extend our appreciation to the members of the Board of Education, administrators, employees, and citizens of the district whose continued cooperation, support, and assistance have contributed greatly to the financial stability of the West Linn-Wilsonville School District.

Respectfully submitted,

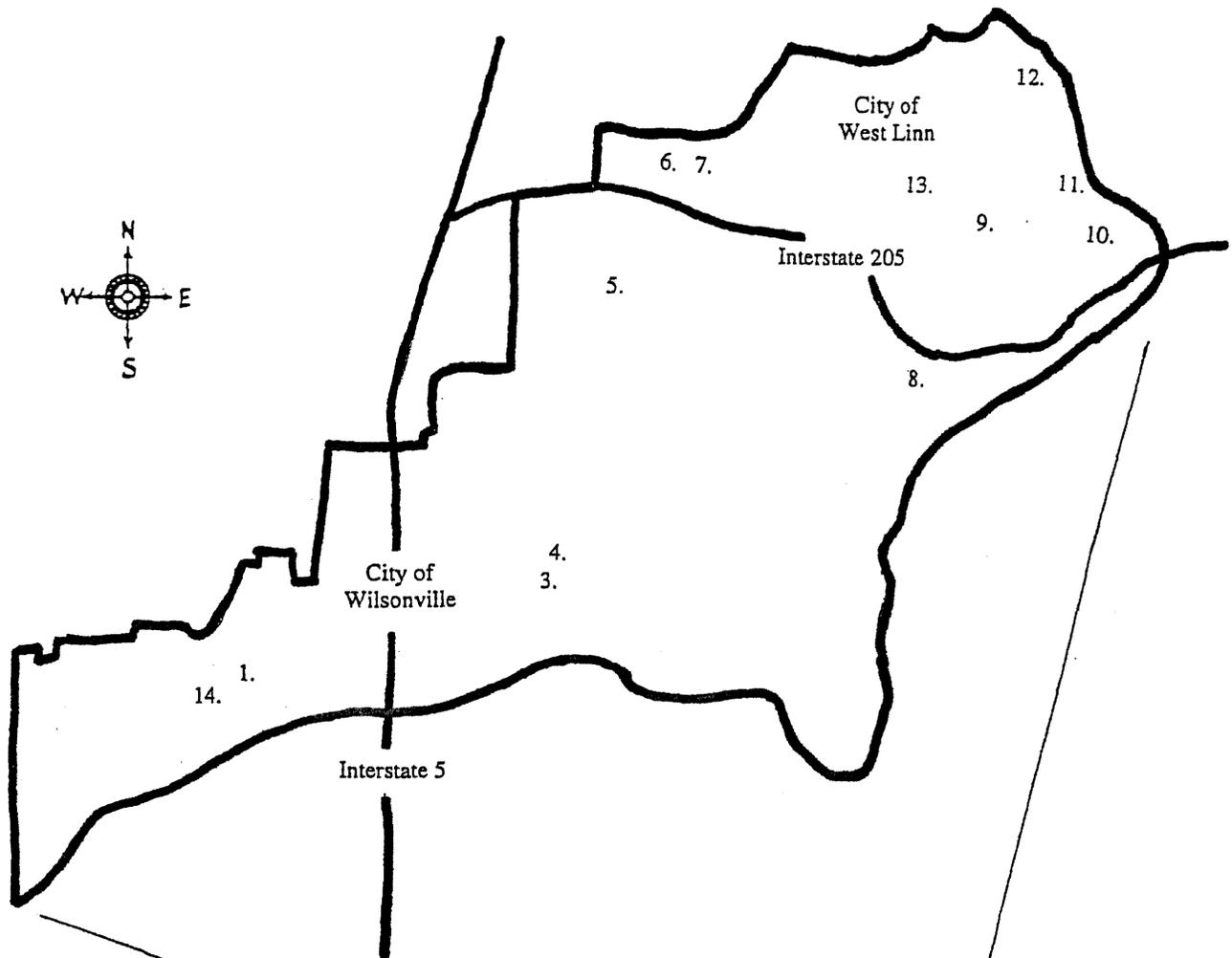
  
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Roger L. Woehl, Superintendent

  
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R. William Knowles, Business Manager

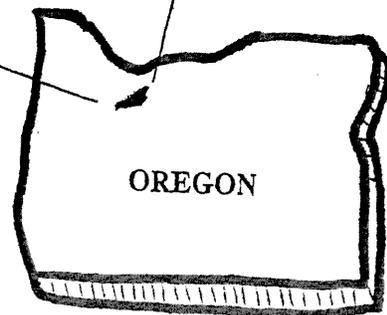
WEST LINN-WILSONVILLE SCHOOL DISTRICT 3JT  
ORGANIZATION CHART



# WEST LINN-WILSONVILLE SCHOOL DISTRICT No. 3J



1. Inza R. Wood Middle
3. Wilsonville High
4. Boeckman Creek Primary
5. Administration Building
6. Athey Creek Middle
7. Stafford Primary
8. Willamette Primary
9. Sunset Primary
10. West Linn High
11. Bolton Primary
12. Cedaroak Park Primary
13. Rosemont Ridge Middle
14. Boones Ferry Primary



# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
West Linn-Wilsonville  
School District No. 3J,  
Oregon

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Zjelle*

President

*Jeffrey R. Emer*

Executive Director

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# Financial Section

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# PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

- 
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
  - (503) 620-2632 • FAX (503) 684-7523

November 4, 2005

To the Board of Directors  
West Linn-Wilsonville School District 3J  
Clackamas County, Oregon

## INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the West Linn-Wilsonville School District 3J, Clackamas County, Oregon, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the West Linn-Wilsonville School District 3J, Clackamas County, Oregon, at June 30, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 4, 2005, on our consideration of West Linn-Wilsonville School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Managements' Discussion and Analysis, as listed on the table of contents, is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Linn-Wilsonville School District's basic financial statements. The Supplementary Information, including budgetary comparison schedules as listed in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as listed in the table of contents, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The Supplementary Information and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Pauly, Rogers and Co. P.C.*  
PAULY, ROGERS AND CO., P.C.

**WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2005**

As management of West Linn-Wilsonville School District 3J (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, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Transmittal Letter, which can be found on pages i - vi of this report.

**FINANCIAL HIGHLIGHTS**

- In the government-wide statements, the assets of the District exceeded its liabilities at June 30, 2005 by \$24,255,714.
- The District's governmental funds report combined ending fund balance of \$25,629,468.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis 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 themselves.

**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 Assets.* The *statement of net assets* presents information on all of the assets and liabilities of the District at year end. Net assets are what remain after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net assets 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 assets of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net assets. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 (e.g., uncollected taxes and earned but unused vacation leave).

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

- *Governmental activities.* Most of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's 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. The West Linn-Wilsonville 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 can be divided into two categories: governmental funds and fiduciary 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 Assets and Activities.

The District maintains 31 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Debt Service, and Capital Projects Funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided as Supplemental Information.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is the same as the government-wide financial statements, only in more detail.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's progress in funding its obligation to provide pension benefits to its employees

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

A comparative analysis discussing and analyzing significant differences is provided below.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$24,255,714 at June 30, 2005.

Capital assets, which consist of the District's land, buildings, building improvements, construction in progress, vehicles, and equipment, represent about 48 percent of total assets. The remaining assets consist mainly of investments and cash, grants, and property taxes receivable.

The District's largest liability is for the repayment of general obligation bonds. Current liabilities, representing about 5 percent of the District's total liabilities, consist almost entirely of payables on accounts, payroll withholdings, and the current portion of long-term debt.

Net Assets of the District were comprised of the following :

	June 30, 2005	June 30, 2004	Change
Current and Other Assets	\$ 75,063,440	\$ 112,273,115	\$ (37,209,675)
Capital Assets	147,835,489	113,695,823	34,139,666
<b>Total Assets</b>	<b>222,898,929</b>	<b>225,968,938</b>	<b>(3,070,009)</b>
Current Liabilities	9,740,146	8,176,562	1,563,584
Long-Term Liabilities	188,903,069	196,767,766	(7,864,697)
<b>Total Liabilities</b>	<b>198,643,215</b>	<b>204,944,328</b>	<b>(6,301,113)</b>
Net Assets:			
Invested in Capital Assets, net of related debt	28,889,967	20,366,412	8,523,555
Restricted for Debt Service	3,141,291	2,635,997	505,294
Unrestricted	(7,775,544)	(1,977,799)	(5,797,745)
<b>Total Net Assets</b>	<b>\$ 24,255,714</b>	<b>\$ 21,024,610</b>	<b>\$ 3,231,104</b>

**Governmental activities.** A comparative analysis discussing and analyzing significant differences from the prior year to the current year is provided below. During the current fiscal year, the District's net assets increased by \$3,494,585.

The Changes in Net Assets for the District were as follows:

	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>Change</u>
<b>REVENUES:</b>			
Program Revenues			
Charges for Services	\$ 2,509,632	\$ 2,732,738	\$ (223,106)
Operating Grants and Contributions	2,878,652	2,474,175	404,477
General Revenues			
Property Taxes	35,389,208	33,403,772	1,985,436
State School Fund - General Support	24,556,149	26,318,728	(1,762,579)
Earnings on Investments	971,582	1,006,349	(34,767)
Other Federal, State and Local Sources	4,918,708	748,760	4,169,948
<b>Total Revenues</b>	<u>71,223,931</u>	<u>66,684,522</u>	<u>4,539,409</u>
<b>EXPENSES</b>			
Instruction	38,656,948	35,492,665	3,164,283
Support Services	20,811,534	19,800,606	1,010,928
Enterprise and Community Services	1,997,921	1,884,698	113,223
Facilities Acquisition and Construction	-	86,168	(86,168)
Interest on Long-Term Debt	6,262,943	4,813,531	1,449,412
<b>Total Expenses</b>	<u>67,729,346</u>	<u>62,077,668</u>	<u>5,651,678</u>
Change in Net Assets	3,494,585	4,606,854	(1,112,269)
Prior Period Adjustment	(263,481)	-	(263,481)
Beginning Net Assets	<u>21,024,610</u>	<u>16,417,756</u>	<u>4,606,854</u>
Ending Net Assets	<u>\$ 24,255,714</u>	<u>\$ 21,024,610</u>	<u>\$ 3,231,104</u>

#### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resource's available for spending at the end of a fiscal year.

At June 30, 2005, the District's governmental funds reported combined ending fund balances of \$25,629,468, a decrease of \$36,825,016 in comparison with the prior year. This decrease was due in large part to the continued spending out of construction bond proceeds.

*General Fund.* The General Fund is the chief operating fund of the District. As of June 30, 2005, unreserved fund balance was \$1,020,304. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents about 3 percent of total General Fund expenditures.

The fund balance decreased by \$1,722,491 during the current fiscal year. This decrease was attributable to the State of Oregon providing more funding in the first year than the second year of the biennium. The decrease in ending fund balance is budgeted in fiscal 2005-06.

*Debt Service Fund.* As of June 30, 2005 the ending fund balance is \$3,141,291, a decrease of \$538,833 as compared to prior year. This balance is consistent with what is required to service general obligation debt between July 1, 2005 and late November 2005 when taxes are received from the treasurers of both Clackamas and Washington Counties.

*Capital Projects Fund.* The Capital Projects Fund has a total fund balance of \$21,402,101, all of which is designated for ongoing capital projects, as authorized by District voters in the November 2002 election.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

After four months of discussion and analysis the school board voted to participate in a financing that paid off the actuarial liability associated with the districts participation in the state public employee retirement system. A supplemental budget was adopted during the year to accommodate this financing. Payments for retirement benefits are now made to pension bond holders as well as directly to Oregon PERS. This taxable bond issue was made possible through legislative changes and made feasible through historic low interest rates. The financing allows the District to lower the interest rate charged by PERS against the District's unfunded actuarial liability from 8.0 to 5.7 percent.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. As of June 30, 2005, the District had invested \$147,835,489 in capital assets, net of depreciation.

The major capital asset events for the year include:

- New Classroom space at Boones Ferry Primary
- Completion of the District Operations Center located between Athey Creek Middle and Stafford Primary
- New stadium turf field at West Linn High School
- The beginning of a major addition at Wilsonville High School
- The beginning of smaller projects at five other schools

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

**Long-term debt.** At the end of the current fiscal year, the District had total debt outstanding of \$188,903,069. The district elected to participate in a taxable financing to pay down the unfunded actuarial liability associated with participation in the Oregon Public Employee Retirement System. This debt was issued in February 2004 and totaled \$42,180,000.

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

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The 2005-06 budget was built on state revenue assumptions that appear to be holding steady for this the second year of the legislative biennium.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) 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 Officer at 22210 SW Stafford Road, West Linn, Oregon 97068.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

STATEMENT OF NET ASSETS  
 JUNE 30, 2005

	<u>Component Unit</u>	
	<u>Governmental Activities</u>	<u>Three Rivers Charter School</u>
<b>ASSETS:</b>		
Cash and Investments	\$ 32,881,066	\$ 114,967
Property Taxes Receivable	1,566,049	-
Other Receivables	1,563,604	34,274
Inventory	106,522	-
Prepaid Expenses	164,685	3,292
Prepaid Pension Asset	37,198,140	-
Bond Issue Costs	1,583,374	-
Non-Depreciable Capital Assets	58,626,169	
Capital Assets, Net of Depreciation:	<u>89,209,320</u>	<u>53,078</u>
<b>TOTAL ASSETS</b>	<u>222,898,929</u>	<u>205,611</u>
<b>LIABILITIES:</b>		
Accounts Payable	2,850,444	12,519
Retainage Payable	1,443,558	-
Accrued Salaries and Benefits	4,893,065	4,911
Due to Fiduciary	7,479	-
Unearned Revenue	65,918	-
Accrued Compensated Absences Payable	124,971	-
Accrued Interest	354,711	-
Long-Term Liabilities:		
Portion Due or Payable Within One Year:	8,834,161	
Portion Due or Payable After One Year:	<u>180,068,908</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>198,643,215</u>	<u>17,430</u>
<b>NET ASSETS:</b>		
Invested in Capital Assets, Net of Related Debt	28,889,967	53,078
Restricted for:		
Debt Service	3,141,291	
Unrestricted	<u>(7,775,544)</u>	<u>135,103</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 24,255,714</u>	<u>\$ 188,181</u>

See notes to basic financial statements.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change in Net Assets</u>	<u>Component Unit</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Three Rivers Charter School</u>
Governmental Activities:					
Instruction	\$ 38,656,948	\$ 1,412,614	\$ 1,674,651	\$ (35,569,683)	\$ 11,270
Support	20,811,534	-	570,528	(20,241,006)	(73,570)
Enterprise and Community Services	1,997,921	1,097,018	633,473	(267,430)	-
Unallocated Depreciation	-	-	-	-	(19,006)
Interest on Long-Term Debt	6,262,943	-	-	(6,262,943)	-
<b>Total Governmental Activities</b>	<b>\$ 67,729,346</b>	<b>\$ 2,509,632</b>	<b>\$ 2,878,652</b>	<b>\$ (62,341,062)</b>	<b>(81,306)</b>
<b>Component Unit</b>					
Three Rivers Charter School	\$ 700,582	13,321	\$ 605,955	\$ (81,306)	

General revenues:

Property Taxes Levied for General Purposes	23,631,979	-
Property Taxes Levied for Debt Service	11,757,229	-
State School Fund - General Support	24,556,149	-
Common School Fund	647,782	-
Unrestricted State and Local Sources	4,050,009	11,047
Unrestricted Federal Sources	205,531	-
Unrestricted County School	15,386	-
Earnings on Investments	971,582	1,066
<b>Total general revenues</b>	<b>65,835,647</b>	<b>12,113</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,494,585</b>	<b>(69,193)</b>
Prior Period Adjustment	(263,481)	-
Net Assets - July 1, 2004	21,024,610	257,374
Net Assets - June 30, 2005	<b>\$ 24,255,714</b>	<b>\$ 188,181</b>

See notes to basic financial statements.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2005

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Funds	Total
<b>ASSETS</b>					
Cash and Investments	\$ 6,237,073	\$ 2,193,731	\$ 24,526,716	\$ 1,000	\$ 32,958,520
Due From Other Funds	-	922,612	1,245	180,587	1,104,444
Property Taxes Receivable	1,043,934	522,115	-	-	1,566,049
Other Receivables	385,429	-	120,206	1,057,969	1,563,604
Inventory	59,247	-	-	47,275	106,522
Prepaid Expenditures	164,685	-	-	-	164,685
<b>TOTAL ASSETS</b>	<b>\$ 7,890,368</b>	<b>\$ 3,638,458</b>	<b>\$ 24,648,167</b>	<b>\$ 1,286,831</b>	<b>\$ 37,463,824</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 753,985	\$ -	\$ 3,132,398	\$ 407,619	\$ 4,294,002
Accrued Salaries and Benefits	4,708,180	-	-	184,885	4,893,065
Due To Other Funds	367,903	-	113,668	622,873	1,104,444
Due to Fiduciary Fund	7,479	-	-	-	7,479
Deferred Taxes	972,281	497,167	-	-	1,469,448
Other Deferred Revenue	60,236	-	-	5,682	65,918
<b>TOTAL LIABILITIES</b>	<b>6,870,064</b>	<b>497,167</b>	<b>3,246,066</b>	<b>1,221,059</b>	<b>11,834,356</b>
Fund Balances:					
Reserved for:					
Debt Service Fund	-	3,141,291	-	-	3,141,291
Unreserved, designated for, reported in:					
Capital Projects Fund	-	-	21,402,101	-	21,402,101
Unreserved, undesignated reported in:					
General Fund	1,020,304	-	-	-	1,020,304
Special Revenue Funds	-	-	-	65,772	65,772
<b>TOTAL FUND BALANCES</b>	<b>1,020,304</b>	<b>3,141,291</b>	<b>21,402,101</b>	<b>65,772</b>	<b>25,629,468</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,890,368</b>	<b>\$ 3,638,458</b>	<b>\$ 24,648,167</b>	<b>\$ 1,286,831</b>	<b>\$ 37,463,824</b>

See notes to basic financial statements.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

RECONCILIATION OF GOVERNMENTAL FUNDS  
 BALANCE SHEET TO STATEMENT OF NET ASSETS  
 JUNE 30, 2005

<b>TOTAL FUND BALANCES</b>		\$ 25,629,468
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 172,708,584	
Accumulated depreciation	<u>(24,873,095)</u>	147,835,489
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current years' operations, and therefore are not reported as revenue in the governmental funds.		
		1,469,448
Investments are recorded at amortized cost in the governmental funds. On the statement of net assets investments are recorded at fair market value. This amount represents the adjustment to fair market value for investments in securities.		
		(77,454)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Vested Compensated Absences	(124,971)	
Early Retirement	(920,379)	
Bonds payable	(185,652,237)	
Premium on Bonds Payable	(2,330,453)	
Accrued interest payable	<u>(354,711)</u>	(189,382,751)
The unamortized portion of prepaid pension costs and bond issuance costs is not available to pay for current period expenditures, and therefore is not reported in the governmental funds.		
Prepaid Pension Asset	37,198,140	
Bond Issue Costs	<u>1,583,374</u>	<u>38,781,514</u>
<b>TOTAL NET ASSETS</b>		<u>\$ 24,255,714</u>

See notes to basic financial statements.

**WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J**

**CLACKAMAS COUNTY, OREGON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2005

Prepared by the Business Office

R. William Knowles  
Business Manager

Jolene S. May  
Accounting Supervisor

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**West Linn-Wilsonville School District 3J**

**Clackamas County, Oregon**

Administration Building  
PO Box 35  
West Linn, Oregon 97068

Dr. Roger L. Woehl  
Dr. Michael A. Tannenbaum  
Dr. Jane M. Stickney  
R. William Knowles

Superintendent  
Deputy Superintendent  
Assistant Superintendent for Instruction  
Business Manager

BOARD OF DIRECTORS AS OF JUNE 30, 2005

	<u>Term Expires</u>
Mary Furrow, Board Chair	June 30, 2007
Tom Bruggere, Vice Chair	June 30, 2009
Dale Hoogestraat	June 30, 2009
Pat Hanlin	June 30, 2007
David Goode	June 30, 2009

All board members receive mail at the address above.

Legal and Bond Counsel

Mersereau & Shannon  
1600 Benjamin Franklin Plaza  
One S.W. Columbia Street  
Portland, Oregon 97258

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WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J  
CLACKAMAS COUNTY, OREGON

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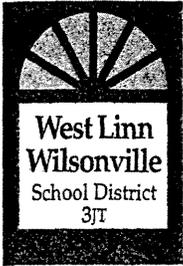
**WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J**  
**CLACKAMAS COUNTY, OREGON**

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# Introductory Section

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# West Linn-Wilsonville School District 3J

## ADMINISTRATION BUILDING

P.O. Box 35 · West Linn, Oregon 97068 · 503-673-7000 or Fax 503-673-7001

November 4, 2005

Board of Directors  
West Linn-Wilsonville School District 3J  
PO Box 35  
West Linn, OR 97068

In accordance with the provisions of Oregon Revised Statutes Sections 297.405 through 297.555, known as Municipal Audit Law, submitted herewith is the Comprehensive Annual Financial Report (CAFR) of West Linn-Wilsonville School District 3J, Clackamas and Washington counties, Oregon for the year ended June 30, 2005.

This report was prepared by the Business Office of West Linn-Wilsonville School District 3J. The responsibility for the completeness, fairness, and accuracy of the data presented and all accompanying disclosures rests with the District. To provide a reasonable basis for making these representations, the District's management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Pauly, Rogers and Co., P.C. a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal control and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Single Audit Section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the

basis financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

## REPORT CONTENTS

The Comprehensive Annual Financial Report is presented in five sections. These sections and their components are as follows:

The **Introductory Section** includes this Letter of Transmittal, the District's organizational chart, and the District's financial reporting awards.

The **Financial Section** includes the independent auditor's report, Management Discussion and Analysis, basic financial statements for the entity as a whole, notes to the basic financial statements, required supplemental information and supplemental information.

The **Statistical Section** includes government wide summary financial data, ten years of summary fund financial data, debt computations, and a variety of demographic, economic and general information.

The **Audit Comments and Disclosure Section** contains the disclosures required by the Minimum Standards or Audits for Oregon Municipal Corporations.

The **Single Audit Section** contains reports required by the Single Audit Act of 1984 and OMB Circular A-133, including the schedule of expenditures of federal awards.

## THE DISTRICT

The District is a municipal corporation governed by an elected five-member board. As required by generally accepted accounting principles, these financial statements present West Linn-Wilsonville School District No. 3J (the primary government) and any component units. Component units, as established by GASB statement 14, are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. Three Rivers Charter School is a component unit of the West Linn-Wilsonville School District.

Under Oregon State law the District is responsible for educating the children of the District. The District discharges this responsibility by building, operating, and maintaining school facilities; developing and maintaining approved educational programs and courses of study, including vocational programs and programs for handicapped students, in accordance with State standards; and carrying out programs for transportation and feeding of pupils in accordance with District, State, and Federal requirements.

The District is located seven miles south of the City of Portland, Oregon. Within the District's 42 square miles are the cities of West Linn and Wilsonville, as well as several unincorporated towns and areas of Clackamas and Washington Counties. The District was originally formed in 1933 through the consolidation of three smaller districts.

The District and surrounding communities have experienced steady constant growth over the past decade. The estimated population of the District has grown from 16,876 in 1980 to 40,329 in 2005. Enrollment as of September 30, 2005 was 7,870, which compares to 3,277 in fiscal year 1980. The real market value of property located in the district has grown from just under \$285 million to over \$5.81 billion in the same period.

The early economy of this area grew as a result of fertile agricultural and timberlands and its access to the Willamette and Columbia rivers. The area then began developing as a suburb of Portland, but over the past two decades has developed its own economic base which includes high technology firms and retail trade and distribution. Despite its rapid development, however, the County still contains prime agricultural land and a strong agricultural economy.

Interstate Highway 5, which runs through southwestern Clackamas County, has proven to be a major economic stimulus. The area between Wilsonville and Lake Oswego has seen greatly increased commercial and retail activity.

To the south, in the Wilsonville area, the close proximity of I-5 has encouraged warehousing and distribution activities, which require area for expansion and easy transportation connections. Retail stores have become more prominent in the area.

Easy access to the freeway system has also benefited those areas along Interstate Highway 205, which bisects the County and the District. This bypass link of I-5 runs between Wilsonville in the south and Clark County, Washington to the north. I-205 also connects Clackamas County to Portland International Airport. Most of the segments through Clackamas County were completed during the mid-1970s. At that time major retail and commercial developments occurred in the areas bordering the freeway.

## **ECONOMIC CONDITION**

In November, 1996, the voters of the State of Oregon voted by referendum a property tax limitation measure known as "Measure 47." This measure as amended by Measure 50 along with Measure 5, which was approved in November 1990, provide two property tax limitations in the Oregon Constitution. Measure 5 limits the property tax rate to \$5 per \$1,000 in real market value for schools; Measure 50 is a limitation that is based on the assessed value of each parcel of property. Measure 50 was initiated in 1997 by "cutting" the tax on each property to the lesser of the 1996 total property tax reduced by 10% or the 1995 total property tax for schools. Measure 50 also "caps" total operating taxes on each property to a 3% annual increase. Neither of these constitutional measures limits taxes for capital construction bonds.

Legislation passed subsequent to Measure 50 allows school districts to refer to voters a "local option" tax. This tax can be levied for up to five years for operation purposes. The tax cannot collect more than the \$5.00 per thousand of real market value allowed under measure 5 from any property in the school district. On May 16, 2000, voters of the West Linn-Wilsonville School District passed a local option tax. This five-year taxing authority commenced during the 2000-01 fiscal year and ended June 30, 2005. The average "Local Option" taxpayer burden during 2004-05 was \$.97 per thousand assessed value. On November 2, 2004 57% of district voters approved another Local Option Tax Levy at the same \$1.50 per thousand assessed value rate that passed May 16, 2000. This taxing authority begins with fiscal 2005-06 and runs through fiscal 2009-10.

In response to the rate limitation of Measure 5, the state legislature employs a funding formula which equalizes the annual revenues to each school district based on a per pupil allocation. Excluding local option taxes, individual school districts are only indirectly dependent upon local property taxes for operating purposes.

Oregon has been experiencing one of the highest unemployment rates in the nation. The most recent rate of 5.9% remains above the national average.

The economic downturn has challenged legislators to try and find new ways to fund schools. Unlike most other industries, the K-12 public education sector has a presence in every community in Oregon and effects local economies in many ways. K-12 spending supports significant economic activity for workers and businesses throughout Oregon. Given Oregon's weak economy and related budget shortfalls, policymakers are beginning to understand the relationship between public sector spending and local economies, as well as the economic consequences of their fiscal decisions. With the uncertainties of world events there is no indication that

Oregon's economy will return in the next biennium to the robust growth of the past decade. Oregon's current personal income-reliant revenue base will continue to have the stability and adequacy shortcomings it now experiences. The taxation base is not broad enough to raise the revenues needed for public education and other needed services the state must provide. Oregon must look for a more diverse tax structure to meet the state's future needs.

## **MAJOR PROGRAMS**

The mission of the West Linn-Wilsonville School District is constantly to improve the learning environment in order to develop and nurture each student's potential for life-long intellectual and cultural growth. The district measures its success almost exclusively by the level of student learning and achievement.

Launching a new superintendency, and in response to local, state and national mandates for school improvement, including the Oregon Educational Act for the 21<sup>st</sup> Century, the school district held two Futures Conferences in the spring of 1994. These major events, preceded by a year of planning, were a part of our strategic planning to move West Linn-Wilsonville Schools into the 21<sup>st</sup> century. The Futures Conferences sought common ground through dialogue using the Marvin Weisberg conference model. Participants painted broad strokes of consensus about the qualities this community would like its school district to exemplify in the future. One hundred fifty students, teachers, administrators, parents, and members from all sectors of the community spent two-and-a-half rigorous days at each conference.

The six vision themes from these Futures Conferences presented the community and schools with an inviting picture of possibility and launched the district on a challenging and rewarding journey. These themes arch over and create lines through every dimension of the work of this school district. These vision themes guide the work of school board members, teachers, site councils, administrators, children, school support staff and, to an increasing degree, community members in ways that are both global and specific.

The work of this school district is to enliven and make real these vision themes:

*Personal and Academic Excellence, Personalized Education, Circle of Support, Community Partnerships, Educating the Whole Child, Integrating Technologies in Daily Learning.*

Staff development and in-service training continue to be a major focus and emphasis in the district. We are committed to the strategy of improving the skills and training of our staff in order to deliver more effective services to students and parents. The district continues to make major investments in staff training and development.

November 5, 2002 voters authorized the sale of \$75 million in general obligation debt. This bond issue was sold June 17, 2003. Most of the bond proceeds were reserved for construction projects while \$3.1 million was used to retire the 2000 Full Faith issue. Construction projects include major upgrades to both Wilsonville and West Linn High Schools, as well as smaller projects at the primary and middle schools in the district. A vast majority of the projects will be completed in fiscal 2005-06.

## **FINANCIAL INFORMATION**

### **Cash Management**

The Business Office maintains an aggressive cash management program with a philosophy of maximizing the yield while safeguarding the investment principal. All cash temporarily idle during the year is invested in direct obligations of the Treasury of The United States, commercial bank certificates of deposit, bankers' acceptances and the Oregon State Treasurer's Short-Term Investment Fund. This state operated short-term investment fund maintains an average maturity of 90 days.

Interest earnings for the year ended June 30, 2005 were \$971,582 down \$34,767 from the previous year. Interest income was steady in that reduced balances in the capital projects fund were offset by higher percentage returns in 2004-05.

While there is no formally adopted investment policy, the Board of Directors does adopt a resolution at the beginning of each year designating the approved Depositories. Allowable investment instruments include only those allowed governmental units under Oregon Statute. Additional discussion of the District's cash management and investments is contained in the Notes To The Financial Statements, and in the section titled "Audit Comments and Disclosures Required by State Regulations".

The District has complied with the disclosure requirements of Governmental Accounting Standards Board Statement 3 regarding Deposits with Financial Institutions and Investments as set forth Note 2 to the Basic Financial Statements.

### **Risk Management**

The District to date has elected to transfer risk other than that represented by minimal deductible amounts per loss by purchasing insurance. Worker's Compensation insurance is purchased on a fiscal year basis. The district currently enjoys a favorable workers comp modification rate. Property/Casualty insurance is currently in force at replacement value with a \$100,000 per loss deductible. Comprehensive General Liability insurance provides \$5,000,000 Basic coverage. Comprehensive Automotive liability insurance provides \$1,000,000 Basic coverage. Excess insurance over the Basic coverage is in force at \$5,000,000. The district is also covered against earthquake and flood damage with an amount currently in force of \$5,000,000 subject to a 5% deductible per loss.

**Pension and Other Post Employment Benefits.** The District contributes to the Oregon Public Employees Retirement Fund, a defined benefit pension plan administered by the Oregon Public Employees Retirement System (PERS). PERS provides retirement and disability benefits, post employment health care benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

In addition, the District provides early retirement and post employment health care benefits for certain retirees. As of the end of the current fiscal year, there were 55 retired employees receiving these benefits. The District fully funds each year's annual required contribution to the early retirement plan. The District finances the post employment health care benefits on a pay-as-you-go basis. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information on the District's pension arrangements and post employment benefits can be found in Note 7 and 8 on pages 28-29, in the notes to the basic financial statements.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the West Linn-Wilsonville School District for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This was the twelfth consecutive year that the district has achieved this prestigious award. In order to be awarded a Certificate of

Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

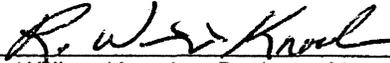
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**ACKNOWLEDGMENTS**

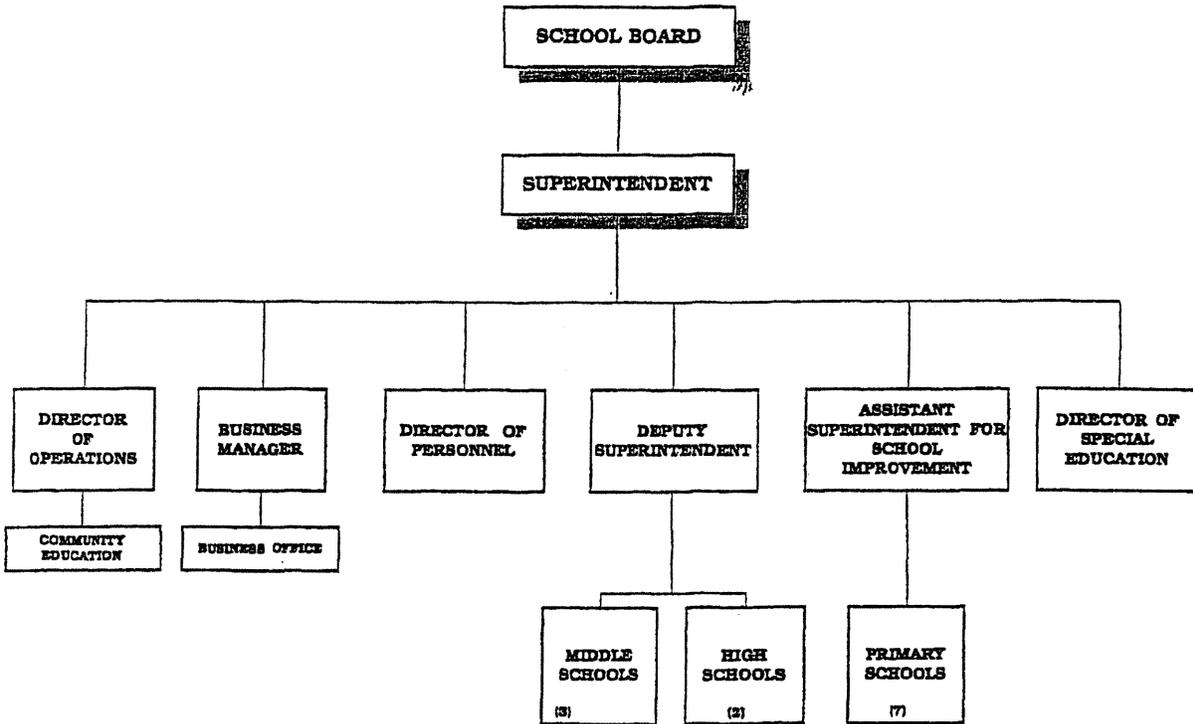
We wish to express our appreciation to the staff of the Business Office and members of other District departments who assisted in the preparation of this Comprehensive Annual Financial Report. We also wish to extend our appreciation to the members of the Board of Education, administrators, employees, and citizens of the district whose continued cooperation, support, and assistance have contributed greatly to the financial stability of the West Linn-Wilsonville School District.

Respectfully submitted,

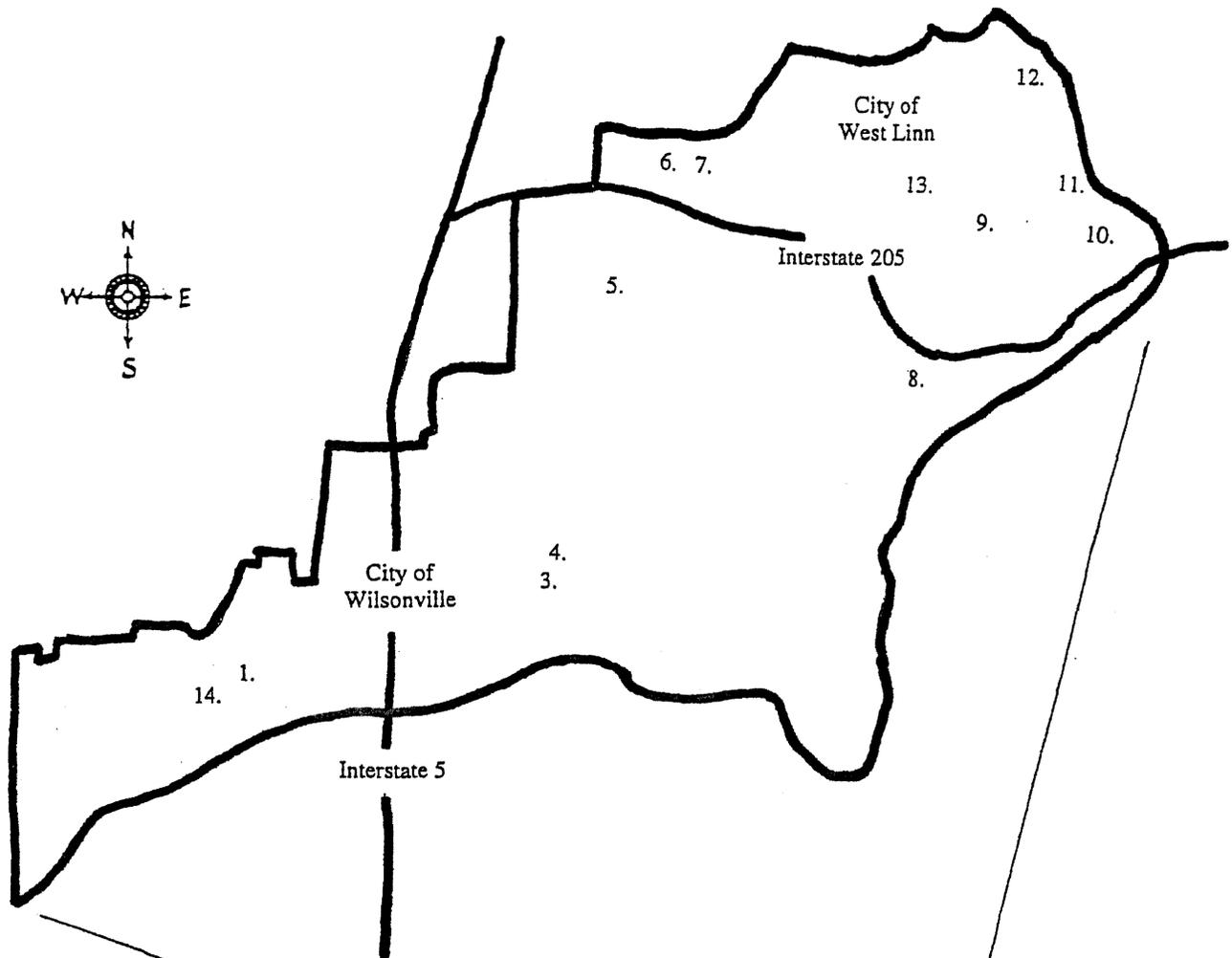
  
\_\_\_\_\_  
Roger L. Woehl, Superintendent

  
\_\_\_\_\_  
R. William Knowles, Business Manager

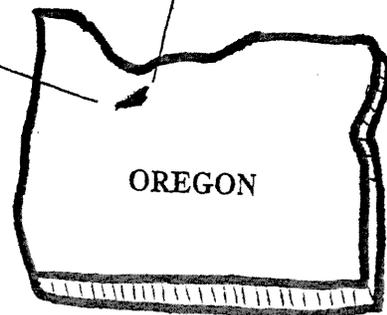
WEST LINN-WILSONVILLE SCHOOL DISTRICT 3JT  
ORGANIZATION CHART



# WEST LINN-WILSONVILLE SCHOOL DISTRICT No. 3J



1. Inza R. Wood Middle
3. Wilsonville High
4. Boeckman Creek Primary
5. Administration Building
6. Athey Creek Middle
7. Stafford Primary
8. Willamette Primary
9. Sunset Primary
10. West Linn High
11. Bolton Primary
12. Cedaroak Park Primary
13. Rosemont Ridge Middle
14. Boones Ferry Primary



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

West Linn-Wilsonville  
School District No. 3J,  
Oregon

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Zjelle*

President

*Jeffrey R. Emer*

Executive Director

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# Financial Section

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# PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

- 
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
  - (503) 620-2632 • FAX (503) 684-7523

November 4, 2005

To the Board of Directors  
West Linn-Wilsonville School District 3J  
Clackamas County, Oregon

## INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the West Linn-Wilsonville School District 3J, Clackamas County, Oregon, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the West Linn-Wilsonville School District 3J, Clackamas County, Oregon, at June 30, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 4, 2005, on our consideration of West Linn-Wilsonville School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Managements' Discussion and Analysis, as listed on the table of contents, is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Linn-Wilsonville School District's basic financial statements. The Supplementary Information, including budgetary comparison schedules as listed in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as listed in the table of contents, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The Supplementary Information and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Pauly, Rogers and Co. P.C.*  
PAULY, ROGERS AND CO., P.C.

**WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2005**

As management of West Linn-Wilsonville School District 3J (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, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Transmittal Letter, which can be found on pages i - vi of this report.

**FINANCIAL HIGHLIGHTS**

- In the government-wide statements, the assets of the District exceeded its liabilities at June 30, 2005 by \$24,255,714.
- The District's governmental funds report combined ending fund balance of \$25,629,468.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis 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 themselves.

**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 Assets.* The *statement of net assets* presents information on all of the assets and liabilities of the District at year end. Net assets are what remain after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net assets 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 assets of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net assets. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 (e.g., uncollected taxes and earned but unused vacation leave).

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

- *Governmental activities.* Most of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's 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. The West Linn-Wilsonville 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 can be divided into two categories: governmental funds and fiduciary 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 Assets and Activities.

The District maintains 31 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Debt Service, and Capital Projects Funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided as Supplemental Information.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is the same as the government-wide financial statements, only in more detail.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's progress in funding its obligation to provide pension benefits to its employees

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

A comparative analysis discussing and analyzing significant differences is provided below.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$24,255,714 at June 30, 2005.

Capital assets, which consist of the District's land, buildings, building improvements, construction in progress, vehicles, and equipment, represent about 48 percent of total assets. The remaining assets consist mainly of investments and cash, grants, and property taxes receivable.

The District's largest liability is for the repayment of general obligation bonds. Current liabilities, representing about 5 percent of the District's total liabilities, consist almost entirely of payables on accounts, payroll withholdings, and the current portion of long-term debt.

Net Assets of the District were comprised of the following :

	June 30, 2005	June 30, 2004	Change
Current and Other Assets	\$ 75,063,440	\$ 112,273,115	\$ (37,209,675)
Capital Assets	<u>147,835,489</u>	<u>113,695,823</u>	<u>34,139,666</u>
<b>Total Assets</b>	<u>222,898,929</u>	<u>225,968,938</u>	<u>(3,070,009)</u>
Current Liabilities	9,740,146	8,176,562	1,563,584
Long-Term Liabilities	<u>188,903,069</u>	<u>196,767,766</u>	<u>(7,864,697)</u>
<b>Total Liabilities</b>	<u>198,643,215</u>	<u>204,944,328</u>	<u>(6,301,113)</u>
<b>Net Assets:</b>			
Invested in Capital Assets, net of related debt	28,889,967	20,366,412	8,523,555
Restricted for Debt Service	3,141,291	2,635,997	505,294
Unrestricted	<u>(7,775,544)</u>	<u>(1,977,799)</u>	<u>(5,797,745)</u>
<b>Total Net Assets</b>	<u>\$ 24,255,714</u>	<u>\$ 21,024,610</u>	<u>\$ 3,231,104</u>

**Governmental activities.** A comparative analysis discussing and analyzing significant differences from the prior year to the current year is provided below. During the current fiscal year, the District's net assets increased by \$3,494,585.

The Changes in Net Assets for the District were as follows:

	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>Change</u>
<b>REVENUES:</b>			
Program Revenues			
Charges for Services	\$ 2,509,632	\$ 2,732,738	\$ (223,106)
Operating Grants and Contributions	2,878,652	2,474,175	404,477
General Revenues			
Property Taxes	35,389,208	33,403,772	1,985,436
State School Fund - General Support	24,556,149	26,318,728	(1,762,579)
Earnings on Investments	971,582	1,006,349	(34,767)
Other Federal, State and Local Sources	4,918,708	748,760	4,169,948
<b>Total Revenues</b>	<u>71,223,931</u>	<u>66,684,522</u>	<u>4,539,409</u>
<b>EXPENSES</b>			
Instruction	38,656,948	35,492,665	3,164,283
Support Services	20,811,534	19,800,606	1,010,928
Enterprise and Community Services	1,997,921	1,884,698	113,223
Facilities Acquisition and Construction	-	86,168	(86,168)
Interest on Long-Term Debt	6,262,943	4,813,531	1,449,412
<b>Total Expenses</b>	<u>67,729,346</u>	<u>62,077,668</u>	<u>5,651,678</u>
Change in Net Assets	3,494,585	4,606,854	(1,112,269)
Prior Period Adjustment	(263,481)	-	(263,481)
Beginning Net Assets	<u>21,024,610</u>	<u>16,417,756</u>	<u>4,606,854</u>
Ending Net Assets	<u>\$ 24,255,714</u>	<u>\$ 21,024,610</u>	<u>\$ 3,231,104</u>

#### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resource's available for spending at the end of a fiscal year.

At June 30, 2005, the District's governmental funds reported combined ending fund balances of \$25,629,468, a decrease of \$36,825,016 in comparison with the prior year. This decrease was due in large part to the continued spending out of construction bond proceeds.

*General Fund.* The General Fund is the chief operating fund of the District. As of June 30, 2005, unreserved fund balance was \$1,020,304. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents about 3 percent of total General Fund expenditures.

The fund balance decreased by \$1,722,491 during the current fiscal year. This decrease was attributable to the State of Oregon providing more funding in the first year than the second year of the biennium. The decrease in ending fund balance is budgeted in fiscal 2005-06.

*Debt Service Fund.* As of June 30, 2005 the ending fund balance is \$3,141,291, a decrease of \$538,833 as compared to prior year. This balance is consistent with what is required to service general obligation debt between July 1, 2005 and late November 2005 when taxes are received from the treasurers of both Clackamas and Washington Counties.

*Capital Projects Fund.* The Capital Projects Fund has a total fund balance of \$21,402,101, all of which is designated for ongoing capital projects, as authorized by District voters in the November 2002 election.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

After four months of discussion and analysis the school board voted to participate in a financing that paid off the actuarial liability associated with the districts participation in the state public employee retirement system. A supplemental budget was adopted during the year to accommodate this financing. Payments for retirement benefits are now made to pension bond holders as well as directly to Oregon PERS. This taxable bond issue was made possible through legislative changes and made feasible through historic low interest rates. The financing allows the District to lower the interest rate charged by PERS against the District's unfunded actuarial liability from 8.0 to 5.7 percent.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. As of June 30, 2005, the District had invested \$147,835,489 in capital assets, net of depreciation.

The major capital asset events for the year include:

- New Classroom space at Boones Ferry Primary
- Completion of the District Operations Center located between Athey Creek Middle and Stafford Primary
- New stadium turf field at West Linn High School
- The beginning of a major addition at Wilsonville High School
- The beginning of smaller projects at five other schools

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

**Long-term debt.** At the end of the current fiscal year, the District had total debt outstanding of \$188,903,069. The district elected to participate in a taxable financing to pay down the unfunded actuarial liability associated with participation in the Oregon Public Employee Retirement System. This debt was issued in February 2004 and totaled \$42,180,000.

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

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The 2005-06 budget was built on state revenue assumptions that appear to be holding steady for this the second year of the legislative biennium.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) 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 Officer at 22210 SW Stafford Road, West Linn, Oregon 97068.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

STATEMENT OF NET ASSETS  
 JUNE 30, 2005

	<u>Component Unit</u>	
	<u>Governmental Activities</u>	<u>Three Rivers Charter School</u>
<b>ASSETS:</b>		
Cash and Investments	\$ 32,881,066	\$ 114,967
Property Taxes Receivable	1,566,049	-
Other Receivables	1,563,604	34,274
Inventory	106,522	-
Prepaid Expenses	164,685	3,292
Prepaid Pension Asset	37,198,140	-
Bond Issue Costs	1,583,374	-
Non-Depreciable Capital Assets	58,626,169	-
Capital Assets, Net of Depreciation:	<u>89,209,320</u>	<u>53,078</u>
<b>TOTAL ASSETS</b>	<u>222,898,929</u>	<u>205,611</u>
<b>LIABILITIES:</b>		
Accounts Payable	2,850,444	12,519
Retainage Payable	1,443,558	-
Accrued Salaries and Benefits	4,893,065	4,911
Due to Fiduciary	7,479	-
Unearned Revenue	65,918	-
Accrued Compensated Absences Payable	124,971	-
Accrued Interest	354,711	-
Long-Term Liabilities:		
Portion Due or Payable Within One Year:	8,834,161	-
Portion Due or Payable After One Year:	<u>180,068,908</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>198,643,215</u>	<u>17,430</u>
<b>NET ASSETS:</b>		
Invested in Capital Assets, Net of Related Debt	28,889,967	53,078
Restricted for:		
Debt Service	3,141,291	-
Unrestricted	<u>(7,775,544)</u>	<u>135,103</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 24,255,714</u>	<u>\$ 188,181</u>

See notes to basic financial statements.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change in Net Assets</u>	<u>Component Unit</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Three Rivers Charter School</u>
Governmental Activities:					
Instruction	\$ 38,656,948	\$ 1,412,614	\$ 1,674,651	\$ (35,569,683)	\$ 11,270
Support	20,811,534	-	570,528	(20,241,006)	(73,570)
Enterprise and Community Services	1,997,921	1,097,018	633,473	(267,430)	-
Unallocated Depreciation	-	-	-	-	(19,006)
Interest on Long-Term Debt	6,262,943	-	-	(6,262,943)	-
<b>Total Governmental Activities</b>	<b>\$ 67,729,346</b>	<b>\$ 2,509,632</b>	<b>\$ 2,878,652</b>	<b>\$ (62,341,062)</b>	<b>(81,306)</b>
<b>Component Unit</b>					
Three Rivers Charter School	\$ 700,582	13,321	\$ 605,955	\$ (81,306)	

General revenues:

Property Taxes Levied for General Purposes	23,631,979	-
Property Taxes Levied for Debt Service	11,757,229	-
State School Fund - General Support	24,556,149	-
Common School Fund	647,782	-
Unrestricted State and Local Sources	4,050,009	11,047
Unrestricted Federal Sources	205,531	-
Unrestricted County School	15,386	-
Earnings on Investments	971,582	1,066
<b>Total general revenues</b>	<b>65,835,647</b>	<b>12,113</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,494,585</b>	<b>(69,193)</b>
Prior Period Adjustment	(263,481)	-
Net Assets - July 1, 2004	21,024,610	257,374
Net Assets - June 30, 2005	<b>\$ 24,255,714</b>	<b>\$ 188,181</b>

See notes to basic financial statements.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2005

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Funds	Total
<b>ASSETS</b>					
Cash and Investments	\$ 6,237,073	\$ 2,193,731	\$ 24,526,716	\$ 1,000	\$ 32,958,520
Due From Other Funds	-	922,612	1,245	180,587	1,104,444
Property Taxes Receivable	1,043,934	522,115	-	-	1,566,049
Other Receivables	385,429	-	120,206	1,057,969	1,563,604
Inventory	59,247	-	-	47,275	106,522
Prepaid Expenditures	164,685	-	-	-	164,685
<b>TOTAL ASSETS</b>	<b>\$ 7,890,368</b>	<b>\$ 3,638,458</b>	<b>\$ 24,648,167</b>	<b>\$ 1,286,831</b>	<b>\$ 37,463,824</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 753,985	\$ -	\$ 3,132,398	\$ 407,619	\$ 4,294,002
Accrued Salaries and Benefits	4,708,180	-	-	184,885	4,893,065
Due To Other Funds	367,903	-	113,668	622,873	1,104,444
Due to Fiduciary Fund	7,479	-	-	-	7,479
Deferred Taxes	972,281	497,167	-	-	1,469,448
Other Deferred Revenue	60,236	-	-	5,682	65,918
<b>TOTAL LIABILITIES</b>	<b>6,870,064</b>	<b>497,167</b>	<b>3,246,066</b>	<b>1,221,059</b>	<b>11,834,356</b>
Fund Balances:					
Reserved for:					
Debt Service Fund	-	3,141,291	-	-	3,141,291
Unreserved, designated for, reported in:					
Capital Projects Fund	-	-	21,402,101	-	21,402,101
Unreserved, undesignated reported in:					
General Fund	1,020,304	-	-	-	1,020,304
Special Revenue Funds	-	-	-	65,772	65,772
<b>TOTAL FUND BALANCES</b>	<b>1,020,304</b>	<b>3,141,291</b>	<b>21,402,101</b>	<b>65,772</b>	<b>25,629,468</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,890,368</b>	<b>\$ 3,638,458</b>	<b>\$ 24,648,167</b>	<b>\$ 1,286,831</b>	<b>\$ 37,463,824</b>

See notes to basic financial statements.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

RECONCILIATION OF GOVERNMENTAL FUNDS  
 BALANCE SHEET TO STATEMENT OF NET ASSETS  
 JUNE 30, 2005

<b>TOTAL FUND BALANCES</b>		\$ 25,629,468
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 172,708,584	
Accumulated depreciation	<u>(24,873,095)</u>	147,835,489
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current years' operations, and therefore are not reported as revenue in the governmental funds.		
		1,469,448
Investments are recorded at amortized cost in the governmental funds. On the statement of net assets investments are recorded at fair market value. This amount represents the adjustment to fair market value for investments in securities.		
		(77,454)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Vested Compensated Absences	(124,971)	
Early Retirement	(920,379)	
Bonds payable	(185,652,237)	
Premium on Bonds Payable	(2,330,453)	
Accrued interest payable	<u>(354,711)</u>	(189,382,751)
The unamortized portion of prepaid pension costs and bond issuance costs is not available to pay for current period expenditures, and therefore is not reported in the governmental funds.		
Prepaid Pension Asset	37,198,140	
Bond Issue Costs	<u>1,583,374</u>	<u>38,781,514</u>
<b>TOTAL NET ASSETS</b>		<u>\$ 24,255,714</u>

See notes to basic financial statements.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2005

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Funds	Total
<b>REVENUES:</b>					
Local Sources:					
Property Taxes	\$ 23,714,690	\$ 11,795,775	\$ -	\$ -	\$ 35,510,465
Investment Earnings	1,787	184,375	755,198	-	941,360
Charges for Services	1,602,428	1,763,885	-	-	3,366,313
Other Local Sources	514,559	5,451	1,260,000	1,328,627	3,108,637
Intermediate Sources	15,386	-	-	599,343	614,729
State Sources	25,454,756	-	-	58,087	25,512,843
Federal Sources	205,531	-	-	2,055,088	2,260,619
<b>TOTAL REVENUES</b>	<b>51,509,137</b>	<b>13,749,486</b>	<b>2,015,198</b>	<b>4,041,145</b>	<b>71,314,966</b>
<b>EXPENDITURES:</b>					
Current:					
Instruction	33,964,564	-	-	1,728,585	35,693,149
Support Services	19,192,064	-	-	570,528	19,762,592
Enterprise and Community Services	-	-	-	1,818,188	1,818,188
Facilities Acquisition and Construction	-	-	4,561,140	-	4,561,140
Debt Service	-	14,359,419	-	-	14,359,419
Capital Outlay	-	-	32,016,594	-	32,016,594
<b>TOTAL EXPENDITURES</b>	<b>53,156,628</b>	<b>14,359,419</b>	<b>36,577,734</b>	<b>4,117,301</b>	<b>108,211,082</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,647,491)</b>	<b>(609,933)</b>	<b>(34,562,536)</b>	<b>(76,156)</b>	<b>(36,896,116)</b>
<b>OTHER FINANCING SOURCES, (USES):</b>					
Bond Issuance	-	27,815,000	-	-	27,815,000
Premium on Bond Refunding	-	2,185,976	-	-	2,185,976
Payment to Refunding Escrow Agent	-	(29,929,876)	-	-	(29,929,876)
Transfers In	-	-	-	75,000	75,000
Transfers Out	(75,000)	-	-	-	(75,000)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>(75,000)</b>	<b>71,100</b>	<b>-</b>	<b>75,000</b>	<b>71,100</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,722,491)</b>	<b>(538,833)</b>	<b>(34,562,536)</b>	<b>(1,156)</b>	<b>(36,825,016)</b>
Adjustment for Inventories Recorded Under Purchase Method	25,342	-	-	15,275	40,617
Prior Period Adjustment	-	(263,481)	-	-	(263,481)
<b>FUND BALANCE, July 1, 2004</b>	<b>2,717,453</b>	<b>3,943,605</b>	<b>55,964,637</b>	<b>51,653</b>	<b>62,677,348</b>
<b>FUND BALANCE, June 30, 2005</b>	<b>\$ 1,020,304</b>	<b>\$ 3,141,291</b>	<b>\$ 21,402,101</b>	<b>\$ 65,772</b>	<b>\$ 25,629,468</b>

See notes to basic financial statements.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2005

**NET CHANGE IN FUND BALANCE** \$ (36,825,016)

*Amounts reported for governmental activities in the Statement of Activities are different because:*

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

Expenditures for capital assets	\$ 36,577,845	
Less current year depreciation	<u>(2,438,179)</u>	34,139,666

Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Assets, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets. 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 long-term debt and related items.

Proceeds from debt issued in governmental funds	(27,815,000)	
Premium on new debt issued in governmental funds	(2,185,976)	
Payment to refunding escrow agent	29,929,876	
Prepaid Pension asset amortization	(1,617,310)	
Bond premium amortization	149,639	
Bond issue cost amortization	(114,194)	
Bond issue costs that were expended	67,294	
Debt principal repaid	<u>7,830,000</u>	6,244,329

Investments are recorded at amortized cost in the governmental funds. On the statement of net assets investments are recorded at fair market value. This amount represents the adjustment to fair market value for investments in securities. 30,222

The statement of revenues, expenses and changes in fund balance contains an adjustment for inventory, which is allocated to the functions on the statement of activities. 40,617

In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expense when due. 49,543

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. (121,257)

Compensated absences and early retirement obligations are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences and early retirement obligations are recognized as an expenditure when earned.

Compensated absences	(19,677)	
Early retirement obligations	<u>(43,842)</u>	<u>(63,519)</u>

**CHANGE IN NET ASSETS** \$ 3,494,585

See notes to basic financial statements.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

STATEMENT OF FIDUCIARY NET ASSETS  
 June 30, 2005

	<u>PRIVATE-PURPOSE TRUST FUND</u>	
	EARL ANDERSON SCHOLARSHIP FUND	<u>AGENCY FUNDS</u>
ASSETS:		
Cash and Investments	\$ -	\$ 964,766
Due From Governmental Funds	7,479	-
	<u>7,479</u>	<u>-</u>
Total Assets	<u>\$ 7,479</u>	<u>\$ 964,766</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Due to Student Organizations	\$ -	\$ 964,766
	<u>-</u>	<u>964,766</u>
Total Liabilities	<u>-</u>	<u>964,766</u>
Net Assets:		
Unrestricted		
Designated for Trust Activities	7,479	-
	<u>7,479</u>	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 7,479</u>	<u>\$ 964,766</u>

See notes to basic financial statements.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FIDUCIARY NET ASSETS  
For the Year Ended June 30, 2005

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	EARL ANDERSON SCHOLARSHIP FUND
ADDITIONS:	
From Local Sources:	
Earnings on Investments	<u>\$          175</u>
Total Additions	<u>                  175</u>
DEDUCTIONS	
Current:	
Supporting Services	<u>                  500</u>
Change in Net Assets	(325)
Beginning Net Assets	<u>                  7,804</u>
Ending Net Assets	<u><u>\$          7,479</u></u>

See notes to basic financial statements.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

West Linn-Wilsonville School District No. 3J is a municipal corporation governed by an elected five member board. As required by generally accepted accounting principles, these financial statements present West Linn-Wilsonville School District No. 3J (the primary government) and any component units. Component units, as established by the Government Accounting Standards Board (GASB) Statement 39, are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. West Linn-Wilsonville School District No. 3J has one component unit, the Three Rivers Charter School. The Three Rivers Charter School is included in the School District's reporting entity because the Board of Directors of the District has consent over the charter of the Three Rivers Charter School, and its exclusion from the District's financial statements would cause the District's financial statements to be misleading or incomplete. Detailed information about the Charter School's budgetary compliance and compliance with laws and regulations is contained in the Component Unit Financial Report of Three Rivers Charter School which is issued separately.

**Basis of Presentation**

**Government-wide Financial Statements**

The Statement of Net Assets and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to students or others for tuition, fees, rentals, material, supplies or services provided, (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

**Fund Financial Statements**

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

The District reports the following major governmental funds:

General Fund - This is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund.

Debt Service Fund – This fund accounts for the payment of principal and interest on the District's General Obligation Bond and PERS Bond issues. The principal sources of revenue are property taxes and charges to other funds.

Capital Projects Fund - This fund accounts for activities related to the acquisition, construction, equipping and furnishing of facilities. Principal revenue sources are proceeds from the sale of bonds and interest earnings.

Special Revenue Fund – This fund accounts for revenues and expenditures designated for specific programs. The principal revenue sources are grants and contributions.

Additionally, the District reports the following other fund types:

Fiduciary Funds

The Agency fund accounts for the transactions of the District's student body activity accounts. The private-purpose trust fund accounts for private contributions used for scholarships.

**Measurement Focus and Basis of Accounting**

Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Cash, Cash Equivalents and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, saving deposits, money market deposits, investments in the State of Oregon Treasurer's Local Government Investment Pool (LGIP) and cash with county treasurers.

The District's investments consist of time certificates of deposit, banker's acceptances, commercial paper and U.S. Government Agency securities. Time certificates of deposits are stated at cost which approximates fair value. Investments, other than time certificates of deposit, that have a remaining maturity at the time of purchase of one year or less are state at amortized cost. All other investments are state at fair value, or estimated fair value. The LGIP is stated at cost which approximates fair value. Fair value of the LGIP is the same as the District's value in pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

Accounts and Other Receivables

Accounts and other receivables are comprised primarily of State school support and claims for reimbursement of costs under various federal and state grants.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes Receivable

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Uncollected property taxes are recorded on the statement of net assets. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

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. Grant monies received prior to the occurrence of qualifying expenditures are recorded as deferred revenue.

Supply Inventories

Supply inventories are stated at cost using first-in, first-out (FIFO) method. Any donated inventories are stated at their estimated fair market value. The cost of inventory items are recognized as an expenditure when purchased (purchase method) for budgetary purposes. A portion of the inventory consists of donated United States Department of Agriculture (USDA) commodities. Commodities are recorded as expenditures when consumed and are stated at their fair market value based on guidelines provided by the USDA. Commodities on hand at year end are recorded as deferred revenue. As a result, fund balance on the balance sheet has not been reserved for inventories of donated commodities. All other inventories in the governmental funds have been equally offset by an adjustment for inventory recorded under the consumption method.

Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of three years. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 to 50 years
Equipment	5 to 20 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement Plans

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged as expenditures.

The District has a deferred compensation plan available to its employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one, which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets and liabilities of the District.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

Long-term Debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements bond premiums and discounts, as well as bond issuance costs, are recognized when incurred and not deferred. 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 actual debt proceeds received, are reported as debt service expenditures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

A budget is prepared and legally adopted for each governmental fund type and pension trust fund on the modified accrual basis of accounting. The agency fund is not required to be budgeted. A budget is prepared for two areas of the District's Capital Project Fund because the individual funds are associated with specific bond proceeds, however, the legal level of budgetary control is at the combined level. The budgetary basis of accounting is substantially the same as accounting principles generally accepted in the United States of America basis, except capital outlay expenditures, including items below the District's capitalization level, are budgeted by major function in governmental fund types, inventories are budgeted as expenditures when purchased. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution.

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. During the year, four appropriation transfers were made. Appropriations lapse at the end of each fiscal year. Expenditures of the various funds were within authorized appropriations, except for the General fund, which overspent Instruction by \$733,111 and Support Services of \$26,420; the Special Revenue fund which overspent Support Services by \$396,028 and Enterprise and Community Services by \$12,188; and the Capital Projects fund, which overspent Facilities Acquisition and Construction by \$4,077,734.

Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## 2. CASH AND INVESTMENTS

### Deposits

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. The total bank balance per the bank statements was \$4,019,079. Of these deposits, \$454,659 were covered by federal depository insurance, and the remaining by certificates of participation backed by securities held by financial institutions acting as agents for the District in the District's name. For deposits in excess of federal depository insurance, Oregon Revised Statutes require the depositor institution to maintain on deposit with the collateral pool manager securities having a value not less than 25% of the outstanding certificates of participation issued by the pool manager. This collateral is held in the name of the bank(s). The remaining \$2,673,315 was not collateralized. State statutes govern the District's cash management policies, because the District does not have an official investment policy. Statutes authorize the District to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

### Investments

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by 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 was in compliance with all portfolio guidelines at June 30, 2005.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. There is no material difference between the fair value of the District's position in the State Treasurer's Local Government Investment Pool and the value of the pool shares at June 30, 2005. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year, except as noted above regarding collateralization.

**WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

**2. CASH AND INVESTMENTS (CONTINUED)**

Cash and Investments at June 30, 2005, (recorded at fair value) consisted of:

Deposits With Financial Institutions:	2005	Reported in:	2005
Petty Cash	\$ 1,000	Governmental Activities	\$ 32,881,066
Demand Deposits:		Fiduciary Funds	964,766
Checking	3,038,120		
Cash with Fiscal Agents	165,992	Total	\$ 33,845,832
Investments	30,640,720		
	<u>30,640,720</u>		
Total	<u>\$ 33,845,832</u>		

The District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)	
		Less than 3	3-18
State Treasurer's Investment Pool	\$ 9,037,874	\$ 9,037,874	\$ -
OSBA Capitalized Interest Bonds & Notes	507,056	-	507,056
U.S. Treasury Issues	19,130,530	9,979,690	9,150,840
Municipal Issues	1,965,260	-	1,965,260
	<u>19,130,530</u>	<u>9,979,690</u>	<u>9,150,840</u>
Total	<u>\$ 30,640,720</u>	<u>\$ 9,037,874</u>	<u>\$ 11,623,156</u>

**Interest Rate Risk**

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 to and reviewed by the OSTFB. The District does not have any investments that have a maturity date.

**Credit Risk**

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

**Concentration of Credit Risk**

At June 30, 2005, the District had 29% of total investments in the State Treasurer's Investment Pool, 2% in OSBA Capitalized Interest Bonds and Notes, 62% in U.S. Treasury Issues, and 6% in Municipal Issues. State statutes do not limit the percentage of investments in either of these instruments. Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2005, the District was in compliance with all percentage restrictions.

**WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

**3. RECEIVABLES**

Receivables are comprised of the following as of June 30, 2005:

Property taxes	\$	1,566,049
Other Receivables		<u>1,563,604</u>
Total	\$	<u>3,129,653</u>

**4. CAPITAL ASSETS**

Capital assets activity for the year was as follows:

	Balance June 30, 2004	Additions	Reclassification and Deletions	Balance June 30, 2005
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 9,817,704	\$ -	\$ -	\$ 9,817,704
	<u>12,552,889</u>	<u>36,255,576</u>	<u>-</u>	<u>48,808,465</u>
Total Capital Assets Not Being Depreciated	<u>22,370,593</u>	<u>36,255,576</u>	<u>-</u>	<u>58,626,169</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	111,096,814	223,394	-	111,320,208
Machinery and Equipment	<u>2,663,332</u>	<u>98,875</u>	<u>-</u>	<u>2,762,207</u>
Total Capital Assets Being Depreciated	<u>113,760,146</u>	<u>322,269</u>	<u>-</u>	<u>114,082,415</u>
Accumulated Depreciation				
Buildings and Improvements	(20,323,907)		-	(20,323,907)
Machinery and Equipment	<u>(2,111,009)</u>		<u>-</u>	<u>(2,111,009)</u>
Total Accumulated Depreciation	<u>(22,434,916)</u>	<u>(2,438,179)</u>	<u>-</u>	<u>(24,873,095)</u>
Total Capital Assets Being Depreciated, Net	<u>91,325,230</u>	<u>(2,115,910)</u>	<u>-</u>	<u>89,209,320</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 113,695,823</u>	<u>\$ 34,139,666</u>	<u>\$ -</u>	<u>\$ 147,835,489</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
Instruction	\$ 1,828,634
Support Services	487,636
Community Services	<u>121,909</u>
Total Depreciation Expense-	
Governmental Activities	<u>\$ 2,438,179</u>

**WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

**5. LONG-TERM DEBT**

**Bonds Payable**

The following changes occurred in bonds payable during the fiscal year ending June 30, 2005:

<u>Issue Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding July 1, 2004</u>	<u>Issued</u>	<u>Matured And Redeemed</u>	<u>Outstanding June 30, 2005</u>	<u>Due Within One Year</u>
September 1997	4.45-5.75%	\$ 76,440,000	\$ 65,490,000	\$ -	\$ 33,075,000	\$ 32,415,000	\$ 635,000
July 2002	2.5-4.5%	12,995,000	11,060,000	-	1,770,000	9,290,000	1,810,000
May 2003	2.0-4.78%	74,997,238	74,757,238	-	405,000	74,352,238	6,055,000
March 2004	2.0-4.78%	42,180,000	42,180,000	-	-	42,180,000	-
November 2004	2.0-4.78%	27,815,000	-	27,815,000	400,000	27,415,000	-
			193,487,238	27,815,000	35,650,000	185,652,238	8,500,000
Early Retirement Obligation			876,537	316,128	272,286	920,379	334,161
Unamortized Premium/(Discount)			2,403,991	76,100	149,639	2,330,452	-
<b>Total Bonds Payable</b>			<b>\$ 196,767,766</b>	<b>\$ 28,207,228</b>	<b>\$ 36,071,925</b>	<b>\$ 188,903,069</b>	<b>\$ 8,834,161</b>

Future maturities of bonds payable are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2006	8,500,000	6,544,392
2007	9,560,000	6,200,212
2008	10,560,000	5,799,703
2009	11,735,000	5,262,960
2010	8,720,000	4,654,141
2011-2015	44,295,497	22,319,418
2016-2020	45,359,853	35,262,072
2021-2025	34,361,888	30,930,430
2026-2029	12,560,000	1,260,384
<b>Total</b>	<b>\$ 185,652,238</b>	<b>\$ 118,233,712</b>

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

5. LONG-TERM DEBT (CONTINUED)

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the District. The District issues general obligation bonds to provide funds for the acquisition and construction of District school facilities. The original amount of general obligation bonds issued in prior years was \$164,432,238.

Advance Refunding Bonds

In July of 2002 the District issued general obligation refunding bonds. The proceeds of the new bonds were placed in an irrevocable trust to provide for future debt service payments on the 1992 bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's basic financial statements.

In November of 2004, the District issued general obligation refunding bonds. The proceeds of the new bonds were placed in an irrevocable trust to provide for future debt service payments on the 1997 bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's basic financial statements. The advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$1,509,930.

On June 30, 2005, \$37,245,000 of bonds outstanding are considered defeased.

Pension Obligation Bonds

On March 1, 2005, limited tax pension obligation bonds totaling \$42,180,000, were issued to finance the District's unfunded actuarially accrued liability (UAL) with the State of Oregon Public Employees Retirement System (PERS). The issuance of the bonds was considered an advance refunding of the District's UAL. The actual savings realized by the District over the life of the bonds is uncertain because of the various legislative changes and legal issues pending with the PERS system which could impact the District's future required contribution rate.

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds at June 30, 2005 are as follows:

	Due From Other Funds	Due to Other Funds
General Fund	\$ -	\$ 367,903
Debt Service Fund	922,612	-
Capital Projects Fund	1,245	113,668
Special Revenue Funds	180,587	622,873
	<u>\$ 1,104,444</u>	<u>\$ 1,104,444</u>

## **7. OTHER POST EMPLOYMENT BENEFITS**

### **Early Retirement**

The District provides an early retirement plan for certified and administrative employees. The plan is a single employer defined benefit pension plan available to a teacher or administrator who has completed fifteen or more years of service with the District and is at least 55 years of age or has 30 years in PERS. The plan provides two options: 1) a monthly stipend of \$500; or 2) a monthly stipend of \$350 plus additional dollars toward insurance benefits. All stipends terminate after forty-eight months or the end of the month in which the teacher reaches the age of 62, whichever is first.

The District's total obligation to 70 employees currently on early retirement is \$920,379. The District plans to cover this obligation through annual appropriations on a pay as you go basis. The charge to expenditures for employees retired under the plan for the fiscal years 2005 and 2004 was \$272,286 and \$254,960 respectively, and were equal to required contributions for each year. The actuarial present value of vested and non-vested accumulated benefits is not available.

### **Post Employment Health Care Benefits**

As a result of collective bargaining agreements, the Board has authorized, in addition to the pension benefits described above, the District to provide postretirement health care benefits to all employees who retire under the aforementioned early retirement plan. Currently, 48 retirees meet those eligibility requirements.

The plan provides teachers with full family medical, dental and vision insurance which continues until the retiree reaches age 62. Under option 2) in note 7, from age 62 to 65, the teacher receives \$900 annually toward medical insurance premiums, with any balance paid by the retiree. Insurance through age 65, and a \$50,000 life insurance policy is provided for administrators. Such costs are recorded as expenditures and funded on a pay as you go basis. For fiscal years 2005 and 2004, these costs totaled \$339,336 and \$324,162 respectively.

## **8. PENSION PLAN**

The District contributes to the Oregon Public Employees Retirement Fund (OPERF), a cost-sharing multiple-employer defined benefit pension plan administered by the Oregon Public Employees Retirement System (PERS). PERS provides retirement and disability benefits, post employment health care benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

PERS is administered under Oregon Revised Statute (ORS) Chapter 238. ORS 238.620 establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report can be obtained by writing to PERS, P.O. Box 23700, Tigard, OR 97281-3700 or by calling 1-503-598-7377.

**8. PENSION PLAN (CONTINUED)**

Members of PERS are required to contribute 6% of their salary covered under the plan. The District is required by ORS 238.225 to contribute at an actuarially determined rate. The rate effective July 1, 2004 is 11.11% of salary covered under the plan for Tier 1 and Tier 2 employees and 8.04% for employees covered under the Oregon Public Services Retirement Plan (OPSRP). On March 1, 2004 the District participated in the Oregon School Boards Association limited tax pension obligation bond issues to finance a portion of the estimated unfunded PERS actuarial liability (the "UAL"). The District borrowed \$42,180,000, reducing the rate paid to PERS to 2.78%, on Tier 1 and Tier 2 employees, effective March 1, 2004. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. The District's contribution to the plan for the years ending June 30, 2005, 2004, and 2003 were \$3,919,675, \$3,803,431, and \$5,346,882, respectively, and were equal to the required contributions for each year. The District pays the employee's 6% required contribution in accordance with bargaining agreements.

**9. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters. The District purchases commercial insurance to minimize its exposure to these risks. The amount of settlements did not exceed insurance coverage limits in any of the past three years.

**10. COMMITMENTS AND CONTINGENCIES**

The District is committed under various construction contracts for approximately \$14,649,007 at June 30, 2005.

**11. RESTATEMENT**

The District made a prior period adjustment to the Debt Service Fund in the amount of \$263,481. This reduction in beginning fund balance is a result of activity in an OSBA Capitalized Interest Fund Account that was not recorded in the 2003-04 financial statements. This account is District funds held by Wells Fargo Bank as a trustee for the District. Proceeds from the 2004 PERS Bonds were deposited in this account to reduce debt service payments on those bonds. A portion of the debt service payments is made out of this account and should have been expensed.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
 YEAR ENDED JUNE 30, 2005

**GENERAL FUND**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
<b>REVENUES:</b>				
Local Sources:				
Current Year Taxes	\$ 16,549,700	\$ 16,549,700	\$ 19,293,552	\$ 2,743,852
Prior Year Taxes	740,300	740,300	541,869	(198,431)
Local Option Levy	3,224,722	3,224,722	3,879,269	654,547
Regular Day School Tuition	521,000	521,000	618,184	97,184
Summer School Tuition	65,000	65,000	1,306	(63,694)
Investment Earnings	1,040	1,040	1,787	747
Co-curricular Activities	366,000	366,000	228,472	(137,528)
Community Services Activities	745,000	745,000	793,124	48,124
Rentals	128,000	128,000	146,918	18,918
Contributions	10,000	10,000	110,235	100,235
Miscellaneous	40,000	40,000	218,748	178,748
<b>Total Local Sources</b>	<b>22,390,762</b>	<b>22,390,762</b>	<b>25,833,464</b>	<b>3,442,702</b>
Intermediate Sources:				
County School Fund	-	-	15,386	15,386
<b>Total Intermediate Sources</b>	<b>-</b>	<b>-</b>	<b>15,386</b>	<b>15,386</b>
State Sources:				
State School Fund	25,056,835	25,876,835	24,556,149	(1,320,686)
Common School Fund	586,888	586,888	647,782	60,894
Restricted Grants	119,000	519,000	-	(519,000)
Unrestricted Grants	81,000	81,000	250,826	169,826
<b>Total State Sources</b>	<b>25,843,723</b>	<b>27,063,723</b>	<b>25,454,757</b>	<b>(1,608,966)</b>
Federal Sources:				
Unrestricted Fed Thru State	-	-	8,511	8,511
Federal Forest Fees	190,778	190,778	197,019	6,241
<b>Total Federal Sources</b>	<b>190,778</b>	<b>190,778</b>	<b>205,530</b>	<b>14,752</b>
<b>TOTAL REVENUES</b>	<b>\$ 48,425,263</b>	<b>\$ 49,645,263</b>	<b>\$ 51,509,137</b>	<b>\$ 1,863,874</b>

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WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
 YEAR ENDED JUNE 30, 2005

**GENERAL FUND**

	Actual			
	Salaries	Benefits	Purchased Services	Materials and Services
<b>EXPENDITURES:</b>				
Instruction:*				
Primary Programs	\$ 5,692,631	\$ 2,404,914	\$ 43,155	\$ 179,864
Intermediate Programs	2,722,495	1,156,118	29,857	164,800
Middle School Programs	4,450,596	1,834,458	94,382	210,383
Middle School Cocurricular Programs	295,618	61,220	18,648	12,276
High School Programs	5,362,272	2,191,628	126,069	411,443
High School Cocurricular Programs	782,765	160,054	113,138	84,123
Pre-kindergarten Instruction	157,131	57,410	-	220
Talented and Gifted Programs	102,844	66,662	147,364	24,162
High Needs Programs	936,620	472,170	50,772	4,814
Resource Rooms	1,536,016	687,717	64,448	19,403
Alternative Education	33,532	16,806	-	-
Charter Schools	10,072	10,266	446,274	-
ESL Programs	170,133	75,954	2,009	447
Other Programs	118,584	43,062	13,433	18,374
Summer School	44,230	7,972	-	-
<b>Total Instruction</b>	<b>22,415,539</b>	<b>9,246,411</b>	<b>1,149,549</b>	<b>1,130,309</b>
Support Services:*				
Guidance Services	789,852	351,476	1,218	3,889
Health Services	126,606	55,968	3,262	2,432
Psychological Services	288,234	114,171	4,517	2,034
Speech Pathology and Audiology Services	473,345	171,036	31,446	3,261
Service Direction, Student Support Services	155,944	68,443	45,771	10,366
Improvement of Instruction Services	196,416	414,037	96,209	29,667
Educational Media Services	768,058	331,928	285	121,332
Audio Visual	-	-	9,903	21,425
Board of Education Services	99,613	5,217	8,658	-
Executive Administration Services	265,043	96,569	48,048	34,386
Office of the Principal Services	2,333,931	990,310	110,376	36,401
Fiscal Services	311,203	140,829	26,928	26,834
Building Acquisition	(3,479)	1,745	5,040	-
Operation and Maintenance of Plant Services	1,611,569	820,248	1,985,475	417,856

Continued from page 30  
 Continued on page 32

	Actual			Budget		Variance with Final Budget Positive (Negative)
	Capital Outlay	Other Objects	Total	Adopted	Final	
\$	-	\$ -	8,320,564	8,397,159	8,397,159	76,595
-	-	-	4,073,270	3,889,862	3,889,862	(183,408)
-	-	-	6,589,819	6,667,013	6,667,013	77,194
-	-	138	387,900	294,726	294,726	(93,174)
-	-	534	8,091,946	7,720,743	7,720,743	(371,203)
-	-	20,442	1,160,522	1,215,763	1,215,763	55,241
-	-	-	214,761	222,533	222,533	7,772
-	-	-	341,032	352,342	352,342	11,310
-	-	-	1,464,376	1,310,227	1,310,227	(154,149)
-	-	-	2,307,584	2,237,460	2,237,460	(70,124)
-	-	-	50,338	41,025	441,025	390,687
-	-	-	466,612	19,986	19,986	(446,626)
-	-	-	248,543	248,436	248,436	(107)
-	-	1,642	195,095	168,936	168,936	(26,159)
-	-	-	52,202	45,242	45,242	(6,960)
-	-	22,756	33,964,564	32,831,453	33,231,453	(733,111)
-	-	275	1,146,710	1,158,054	1,158,054	11,344
-	-	-	188,268	187,985	187,985	(283)
-	-	-	408,956	514,264	514,264	105,308
-	-	-	679,088	672,075	672,075	(7,013)
-	-	172	280,696	256,354	256,354	(24,342)
-	-	2,782	739,111	723,616	723,616	(15,495)
-	-	-	1,221,603	1,211,315	1,211,315	(10,288)
-	-	-	31,328	61,230	61,230	29,902
-	-	-	113,488	104,538	104,538	(8,950)
-	-	-	444,046	445,562	445,562	1,516
-	-	1,318	3,472,336	3,330,637	3,330,637	(141,699)
-	-	307,688	813,482	858,063	858,063	44,581
-	-	-	3,306	-	-	(3,306)
-	-	220	4,835,368	4,662,171	4,662,171	(173,197)

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
 YEAR ENDED JUNE 30, 2005

**GENERAL FUND**

	Actual			
	Salaries	Employee Benefits	Purchased Services	Materials and Services
Student Transportation Services	-	-	3,410,414	-
Internal Services	151,528	41,641	78,760	-
Central Support Services	-	-	-	-
Staff Services	139,121	65,112	43,557	18,025
Technology Services	70,701	33,692	16,638	39,685
Supplemental Retirement Program	281,461	421,943	-	-
<b>Total Support Services</b>	<b>8,059,146</b>	<b>4,124,365</b>	<b>5,926,505</b>	<b>767,593</b>
Other Uses:*				
Debt Service	-	-	-	-
Operating Contingency*	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 30,474,685</b>	<b>\$ 13,370,776</b>	<b>\$ 7,076,054</b>	<b>\$ 1,897,902</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				

**OTHER FINANCING SOURCES:**

Loan Proceeds  
 Interfund Transfers In  
 Interfund Transfers Out

**NET CHANGE IN FUND BALANCE**

FUND BALANCE, July 1, 2004

FUND BALANCE, June 30, 2005

Adjustment for Inventories Recorded  
 Under Consumption Method

Fund Balance (GAAP Basis)

\*Appropriation level

Continued from page 31

Actual			Budget		Variance with Final Budget Positive (Negative)
Capital Outlay	Other Objects	Total	Adopted	Final	
-	-	3,410,414	3,556,052	3,556,052	145,638
-	-	271,929	221,592	221,592	(50,337)
-	-	-	163,744	88,744	88,744
-	-	265,815	207,002	207,002	(58,813)
-	2,000	162,716	150,000	150,000	(12,716)
-	-	703,404	756,390	756,390	52,986
-	314,455	19,192,064	19,240,644	19,165,644	(26,420)
-	-	-	321,000	321,000	321,000
-	-	-	-	-	-
<u>\$</u>	<u>\$</u>	<u>53,156,628</u>	<u>-</u>	<u>-</u>	<u>(438,531)</u>
		(1,647,491)	49,245,263	49,645,263	(51,292,754)
		-	915,000	915,000	(915,000)
		(75,000)	-	(75,000)	-
		-	-	-	-
		(1,722,491)	50,160,263	50,485,263	(52,207,754)
		2,717,453	2,232,834	2,232,834	484,619
		994,962	<u>\$ 52,393,097</u>	<u>\$ 52,718,097</u>	<u>\$ (51,723,135)</u>
		25,342			
		<u>\$ 1,020,304</u>			

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2005

DEBT SERVICE FUND

	Budget		Debt Service Fund	PERS Debt Service Fund	Total	Variance with Final Budget Positive (Negative)
	Adopted	Final				
<b>REVENUES:</b>						
Current Property taxes	\$ 11,046,641	\$ 11,046,641	\$ 11,521,121	\$ -	\$ 11,521,121	\$ 474,480
Prior Property taxes	450,000	450,000	274,654	-	274,654	(175,346)
Penalties and Interest on Taxes	5,000	5,000	5,451	-	5,451	451
Services Provided Other Funds	1,763,885	1,763,885	-	1,763,885	1,763,885	-
Investment earnings	75,000	75,000	153,987	30,388	184,375	109,375
<b>TOTAL REVENUES</b>	<b>13,340,526</b>	<b>13,340,526</b>	<b>11,955,213</b>	<b>1,794,273</b>	<b>13,749,486</b>	<b>408,960</b>
<b>EXPENDITURES:</b>						
Debt service:*						
Purchased Services	-	-	66,117	-	66,117	(66,117)
Principal	7,430,000	7,430,000	7,830,000	-	7,830,000	(400,000)
Interest	6,958,947	6,958,947	4,190,255	2,273,047	6,463,302	495,645
<b>TOTAL EXPENDITURES</b>	<b>14,388,947</b>	<b>14,388,947</b>	<b>12,086,372</b>	<b>2,273,047</b>	<b>14,359,419</b>	<b>29,528</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,048,421)</b>	<b>(1,048,421)</b>	<b>(131,159)</b>	<b>(478,774)</b>	<b>(609,933)</b>	<b>438,488</b>
<b>OTHER FINANCING SOURCES:</b>						
Payment to Refunding Escrow Agent	-	-	(29,929,876)	-	(29,929,876)	(29,929,876)
Premium on Bond Refunding	-	-	2,185,976	-	2,185,976	2,185,976
Bond Proceeds	-	-	27,815,000	-	27,815,000	27,815,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,048,421)</b>	<b>(1,048,421)</b>	<b>(60,059)</b>	<b>(478,774)</b>	<b>(538,833)</b>	<b>509,588</b>
Prior Period Adjustment	-	-	-	(263,481)	(263,481)	(263,481)
<b>FUND BALANCE, July 1, 2004</b>	<b>3,524,737</b>	<b>3,524,737</b>	<b>2,635,997</b>	<b>1,307,608</b>	<b>3,943,605</b>	<b>418,868</b>
<b>FUND BALANCE, June 30, 2005</b>	<b>\$ 2,476,316</b>	<b>\$ 2,476,316</b>	<b>\$ 2,575,938</b>	<b>\$ 565,353</b>	<b>\$ 3,141,291</b>	<b>\$ 664,975</b>

\*Appropriation level

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
 YEAR ENDED JUNE 30, 2005

**CAPITAL PROJECTS FUND**

	Budget		Actual	Variance with Final Budget
	Adopted	Final		Positive (Negative)
<b>REVENUES:</b>				
Local Sources:				
Contributions	\$ -	\$ -	\$ 1,260,000	\$ 1,260,000
Investment Earnings	500,000	500,000	755,198	255,198
<b>TOTAL REVENUES</b>	<b>500,000</b>	<b>500,000</b>	<b>2,015,198</b>	<b>255,198</b>
<b>EXPENDITURES:</b>				
Facilities Acquisition and Construction:*				
Salaries	757,008	757,008	797,997	(40,989)
Employee Benefits	316,097	316,097	341,419	(25,322)
Purchased Services	-	-	2,759,237	(2,759,237)
Supplies and Materials	-	-	597,679	(597,679)
Capital Outlay	31,426,895	31,426,895	32,016,594	(589,699)
Other Objects	-	-	64,808	(64,808)
Total Facilities Acquisition and Construction	32,500,000	32,500,000	36,577,734	(4,077,734)
Debt Service*	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>32,500,000</b>	<b>32,500,000</b>	<b>36,577,734</b>	<b>(4,077,734)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE</b>	<b>(32,000,000)</b>	<b>(32,000,000)</b>	<b>(34,562,536)</b>	<b>(2,562,536)</b>
FUND BALANCE, July 1, 2004	57,000,000	57,000,000	55,964,637	(1,035,363)
FUND BALANCE, June 30, 2005	\$ 25,000,000	\$ 25,000,000	\$ 21,402,101	\$ (3,597,899)

\*Appropriation level

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 JUNE 30, 2005

	SOAR Fund	HS Charter School Fund	Title IC Fund	Vocational Education Fund	Title I Fund	IDEA Fund	Title IIA Fund	Youth Transition Program Fund
<b>ASSETS</b>								
Due from Other Funds	\$ 21,073	\$ -	\$ -	\$ -	\$ 2,431	\$ 87,582	\$ -	\$ -
Cash	-	-	-	-	-	-	-	-
Accounts Receivable	-	25,000	6,930	13,125	152,946	427,351	74,417	12,758
<b>TOTAL ASSETS</b>	<b>\$ 21,073</b>	<b>\$ 25,000</b>	<b>\$ 6,930</b>	<b>\$ 13,125</b>	<b>\$ 155,377</b>	<b>\$ 514,933</b>	<b>\$ 74,417</b>	<b>\$ 12,758</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts Payable	\$ -	\$ 2,345	\$ -	\$ 150	\$ 2,431	\$ 103,670	\$ -	\$ -
Accrued Payroll	-	-	1,381	-	36,888	60,150	10,549	6,717
Deferred Revenue	5,682	-	-	-	-	-	-	-
Due to Other Funds	-	22,655	5,549	12,975	116,058	351,113	63,868	6,041
<b>TOTAL LIABILITIES</b>	<b>5,682</b>	<b>25,000</b>	<b>6,930</b>	<b>13,125</b>	<b>155,377</b>	<b>514,933</b>	<b>74,417</b>	<b>12,758</b>
Fund Balances:								
Unreserved, Undesignated	15,391	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 21,073</b>	<b>\$ 25,000</b>	<b>\$ 6,930</b>	<b>\$ 13,125</b>	<b>\$ 155,377</b>	<b>\$ 514,933</b>	<b>\$ 74,417</b>	<b>\$ 12,758</b>

Title III Fund	Title IID Fund	Title V Fund	Oregon Ready to Learn Fund	Title IV-A Fund	Disabled Child Fund	Food Service Fund	Community Education Fund	Total
\$ -	\$ -	\$ -	\$ 34,414	\$ 264	\$ 11,060	\$ 23,763	\$ -	\$ 180,587
-	-	-	-	-	-	-	1,000	1,000
10,283	7,842	13,733	-	1,675	251,202	4,955	55,752	1,057,969
<u>\$ 10,283</u>	<u>\$ 7,842</u>	<u>\$ 13,733</u>	<u>\$ 34,414</u>	<u>\$ 1,939</u>	<u>\$ 262,262</u>	<u>\$ 28,718</u>	<u>\$ 56,752</u>	<u>\$ 1,239,556</u>
\$ 1,848	\$ -	\$ -	\$ 1,212	\$ 264	\$ 260,899	\$ 9,985	\$ 24,815	\$ 407,619
-	-	3,863	3,477	-	-	61,860	-	184,885
-	-	-	-	-	-	-	-	5,682
8,435	7,842	9,870	-	1,675	-	-	16,792	622,873
10,283	7,842	13,733	4,689	1,939	260,899	71,845	41,607	1,221,059
-	-	-	29,725	-	1,363	(43,127)	15,145	18,497
<u>\$ 10,283</u>	<u>\$ 7,842</u>	<u>\$ 13,733</u>	<u>\$ 34,414</u>	<u>\$ 1,939</u>	<u>\$ 262,262</u>	<u>\$ 28,718</u>	<u>\$ 56,752</u>	<u>\$ 1,239,556</u>

Reconciliation to GAAP Basis Ending Fund Balance

Budgetary Basis Ending Fund Balance	\$ 18,497
Inventory	<u>47,275</u>
GAAP Basis Ending Fund Balance	<u>\$ 65,772</u>

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
 SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2005

	SOAR Fund	HS Charter School Fund	Title IC Fund	Vocational Education Fund	Title I Fund	IDEA Fund
<b>REVENUES:</b>						
Local Sources	\$ 18,825	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate Sources	-	-	-	-	-	-
State Sources	-	-	-	-	-	-
Federal Sources	-	25,000	12,858	17,500	345,348	994,313
<b>TOTAL REVENUES</b>	<b>18,825</b>	<b>25,000</b>	<b>12,858</b>	<b>17,500</b>	<b>345,348</b>	<b>994,313</b>
<b>EXPENDITURES:</b>						
Instruction						
Salaries	7,400	3,350	4,058	-	233,495	179,738
Employee Benefits	1,482	466	3,827	-	85,703	76,220
Purchased Services	2,284	34,036	606	6,051	-	253,800
Materials and Supplies	796	1,846	-	11,449	26,150	42,962
Other Objects	875	55	-	-	-	-
Total Instruction *	12,837	39,753	8,491	17,500	345,348	552,720
Support Services						
Salaries	-	-	66	-	-	171,758
Employee Benefits	-	-	316	-	-	94,146
Purchased Services	-	-	1,254	-	-	166,736
Materials and Supplies	-	-	2,731	-	-	8,953
Other Objects	-	-	-	-	-	-
Total Support Services *	-	-	4,367	-	-	441,593
Enterprise and Community Services						
Salaries	-	-	-	-	-	-
Employee Benefits	-	-	-	-	-	-
Purchased Services	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-
Total Enterprise and Community Services *	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>12,837</b>	<b>39,753</b>	<b>12,858</b>	<b>17,500</b>	<b>345,348</b>	<b>994,313</b>
<b>OTHER FINANCING SOURCES:</b>						
Transfers In	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>5,988</b>	<b>(14,753)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE, July 1, 2004</b>	<b>9,403</b>	<b>14,753</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE, June 30, 2005</b>	<b>\$ 15,391</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

\*Appropriation level

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Title IIA Fund	Youth Transition Program Fund	Title III Fund	Title IID Fund	Title V Fund	Oregon Ready to Learn Fund	Title IV-A Fund	Disabled Child Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,725	\$ -	\$ -
-	-	-	-	-	-	-	599,343
-	-	-	-	-	-	-	-
150,539	31,174	20,699	7,842	27,880	-	13,015	-
150,539	31,174	20,699	7,842	27,880	29,725	13,015	599,343
104,833	24,143	4,713	140	18,698	1,593	-	-
45,706	7,031	1,434	32	9,182	9,996	-	-
-	-	-	-	-	14,755	-	509,680
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
150,539	31,174	6,147	172	27,880	26,344	-	509,680
-	-	-	7,386	-	-	2,745	-
-	-	-	284	-	-	347	-
-	-	2,194	-	-	-	4,119	89,331
-	-	12,358	-	-	-	5,804	-
-	-	-	-	-	-	-	-
-	-	14,552	7,670	-	-	13,015	89,331
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
150,539	31,174	20,699	7,842	27,880	26,344	13,015	599,011
-	-	-	-	-	-	-	-
-	-	-	-	-	3,381	-	332
-	-	-	-	-	26,344	-	1,031
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,725	\$ -	\$ 1,363

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Food Service Fund	Community Education Fund	Total	Budget		Variance with Final Budget Positive (Negative)
			Adopted	Final	
\$ 982,938	\$ 297,139	\$ 1,328,627	\$ 1,481,500	\$ 1,481,500	\$ (152,873)
-	-	599,343	60,000	60,000	539,343
16,593	41,494	58,087	649,500	899,500	(841,413)
408,920	-	2,055,088	1,950,000	1,950,000	105,088
<u>1,408,451</u>	<u>338,633</u>	<u>4,041,145</u>	<u>4,141,000</u>	<u>4,391,000</u>	<u>(349,855)</u>
-	-	582,161			
-	-	241,079			
-	-	821,212			
-	-	83,203			
-	-	930			
-	-	1,728,585	2,172,500	2,422,500	693,915
-	-	181,955			
-	-	95,093			
-	-	263,634			
-	-	29,846			
-	-	-			
-	-	570,528	174,500	174,500	(396,028)
500,492	146,234	646,726			
251,531	50,598	302,129			
40,032	115,282	155,314			
684,461	29,303	713,764			
255	-	255			
<u>1,476,771</u>	<u>341,417</u>	<u>1,818,188</u>	<u>1,806,000</u>	<u>1,806,000</u>	<u>(12,188)</u>
<u>1,476,771</u>	<u>341,417</u>	<u>4,117,301</u>	<u>4,153,000</u>	<u>4,403,000</u>	<u>285,699</u>
75,000	-	75,000	-	-	75,000
6,680	(2,784)	(1,156)	(12,000)	(12,000)	10,844
(49,807)	17,929	19,653	12,000	12,000	7,653
<u>\$ (43,127)</u>	<u>\$ 15,145</u>	<u>\$ 18,497</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,497</u>

Continued from page 37

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
 YEAR ENDED JUNE 30, 2005

**EARL ANDERSON SCHOLARSHIP FUND**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
<b>REVENUES:</b>				
Local Sources:				
Investment Earnings	\$ 150	\$ 150	\$ 175	\$ 25
<b>TOTAL REVENUES</b>	<b>150</b>	<b>150</b>	<b>175</b>	<b>25</b>
<b>EXPENDITURES:</b>				
Support Services*:				
Pupil Tuiton	500	500	-	500
Purchased Services	-	-	500	(500)
<b>TOTAL EXPENDITURES</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE</b>	<b>(350)</b>	<b>(350)</b>	<b>(325)</b>	<b>(475)</b>
<b>FUND BALANCE, July 1, 2004</b>	<b>8,313</b>	<b>8,313</b>	<b>7,804</b>	<b>(509)</b>
<b>FUND BALANCE, June 30, 2005</b>	<b>\$ 7,963</b>	<b>\$ 7,963</b>	<b>\$ 7,479</b>	<b>\$ (984)</b>

\*Appropriation level

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
 For the Year Ended June 30, 2005

	BALANCE AT 7/1/04	ADDITIONS	DEDUCTIONS	BALANCE AT 6/30/05
STUDENT ACTIVITY FUNDS:				
ASSETS:				
Cash and Investments	\$ 917,156	\$ 2,442,422	\$ 2,394,812	\$ 964,766
Total Assets	<u>\$ 917,156</u>	<u>\$ 2,442,422</u>	<u>\$ 2,394,812</u>	<u>\$ 964,766</u>
LIABILITIES:				
Due to Student Organizations	\$ 917,156	\$ 2,442,422	\$ 2,394,812	\$ 964,766
Total Liabilities	<u>\$ 917,156</u>	<u>\$ 2,442,422</u>	<u>\$ 2,394,812</u>	<u>\$ 964,766</u>

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS  
 YEAR ENDED JUNE 30, 2005

**GENERAL FUND**

Tax Year	Original Levy or Balance Uncollected 7/1/04	Deduct Discounts	Adjustments To Rolls	Add Interest	Cash Collections By County Treasurer	Balance Uncollected Or Unsegregated 6/30/2005
Current:						
2004-05	\$ 24,459,017	\$ (577,692)	\$ (1,282,427)	\$ 17,726	\$ 23,121,739	\$ 650,269
Prior Years:						
2003-04	693,488	486	(99,753)	39,656	425,828	207,077
2002-03	254,447	(100)	(63,304)	27,014	99,100	119,157
2001-02	117,627	20	(48,558)	21,775	51,619	39,205
2000-01	43,521	157	(18,112)	11,788	26,967	10,073
1999-00 & Prior	26,269	145	16,754	(26,581)	(1,855)	18,152
Total Prior	<u>1,135,353</u>	<u>708</u>	<u>(212,972)</u>	<u>73,652</u>	<u>601,659</u>	<u>393,665</u>
Total General Fund	<u>\$ 25,594,370</u>	<u>\$ (576,983)</u>	<u>\$ (1,495,399)</u>	<u>\$ 91,378</u>	<u>\$ 23,723,398</u>	<u>\$ 1,043,934</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 23,723,398
Accrual of Receivables:	
June 30, 2004	(80,361)
June 30, 2005	<u>71,653</u>
Total Revenue	<u>\$ 23,714,690</u>

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS  
 YEAR ENDED JUNE 30, 2005

**DEBT SERVICE FUND**

Tax Year	Original Levy or Balance Uncollected 7/1/04	Deduct Discounts	Adjustments To Rolls	Add Interest	Cash Collections By County Treasurer	Balance Uncollected Or Unsegregated 6/30/2005
Current:						
2004-05	\$ 12,168,974	\$ (287,745)	\$ (638,357)	\$ 8,823	\$ 11,503,599	\$ 323,587
Prior Years:						
2002-03	360,429	258	(51,726)	20,608	221,467	107,587
2002-03	125,603	(53)	(31,260)	13,334	48,905	58,824
2001-02	57,852	9	(23,885)	10,709	25,385	19,282
2000-01	21,620	75	(9,002)	5,855	13,393	5,005
1999-00 & Prior	11,338	67	7,215	(11,449)	(794)	7,831
Total Prior	576,841	356	(108,658)	39,058	308,356	198,529
Total Debt Service Fund	\$ 12,745,815	\$ (287,389)	\$ (747,015)	\$ 47,881	\$ 11,811,955	\$ 522,116

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 11,811,955
Accrual of Receivables:	
June 30, 2004	(41,128)
June 30, 2005	24,948
Total Revenue	\$ 11,795,775

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

SCHEDULE OF BOND AND INTEREST TRANSACTIONS AND BALANCES  
 For The Year Ended June 30, 2005

DATE OF ISSUE	MATURED BONDS & COUPONS OUTSTANDING AT 7/1/04	BONDS & COUPONS MATURING DURING THE YEAR	BONDS REDEEMED AND COUPONS PAID DURING THE YEAR	MATURED BONDS & COUPONS OUTSTANDING AT 6/30/05
11/30/04	\$ 0	\$ 1,306,233	\$ 1,306,233	\$ 0
03/01/04	0	2,273,047	2,273,047	0
05/28/03	0	1,400,300	1,400,300	0
Series 2002 Refunding	0	2,101,400	2,101,400	0
09/01/97	0	7,212,322	7,212,322	0
TOTALS:	\$ 0	\$ 14,293,302	\$ 14,293,302	\$ 0

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

SCHEDULE OF BOND REDEMPTION AND INTEREST REQUIREMENTS  
 For The Year Ended June 30, 2005

FISCAL YEAR	ISSUE OF 5/28/03		SERIES 2002 REFUNDING		ISSUE OF 9/1/97	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	Due 6/15	Due 12/15 & 6/15	Due 10/1	Due 10/1 & 4/1	Due 6/1	Due 12/1 & 6/1
2005-06	635,000	987,200	1,810,000	268,950	6,055,000	1,718,220
2006-07	795,000	972,000	1,855,000	218,500	6,910,000	1,439,690
2007-08	815,000	952,125	1,915,000	159,181	7,830,000	1,118,375
2008-09	500,000	931,750	1,980,000	93,038	9,210,000	668,150
2009-10	4,400,000	918,000	1,730,000	29,194	2,410,000	138,574
2010-11	4,745,000	780,500	-	-	-	-
2011-12	5,190,000	543,250	-	-	-	-
2012-13	5,675,000	283,750	-	-	-	-
2013-14	4,052,593	2,137,407	-	-	-	-
2014-15	3,982,904	2,437,096	-	-	-	-
2015-16	3,911,288	2,758,712	-	-	-	-
2016-17	3,852,387	3,077,613	-	-	-	-
2017-18	6,356,204	5,708,796	-	-	-	-
2018-19	6,231,753	6,308,247	-	-	-	-
2019-20	6,078,221	6,956,780	-	-	-	-
2020-21	5,826,065	7,473,935	-	-	-	-
2021-22	5,711,928	8,118,072	-	-	-	-
2022-23	5,593,895	8,791,105	-	-	-	-
2023-24	-	-	-	-	-	-
2024-25	-	-	-	-	-	-
2025-26	-	-	-	-	-	-
2026-27	-	-	-	-	-	-
2027-28	-	-	-	-	-	-
TOTALS	\$ 74,352,238	\$ 60,136,338	\$ 9,290,000	\$ 768,863	\$ 32,415,000	\$ 5,083,009

PENSION BOND ISSUE OF 4/1/03		SERIES 2004 REFUNDING		TOTAL REQUIREMENTS	
PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	ALL ISSUES	
Due 6/30	Due 12/30 & 6/30	Due 6/30	Due 12/30 & 6/30	PRINCIPAL	INTEREST
-	2,273,047	-	1,296,975	8,500,000	6,544,392
-	2,273,047	-	1,296,975	9,560,000	6,200,212
-	2,273,047	-	1,296,975	10,560,000	5,799,703
45,000	2,273,047	-	1,296,975	11,735,000	5,262,960
180,000	2,271,398	-	1,296,975	8,720,000	4,654,141
320,000	2,263,969	2,720,000	1,296,975	7,785,000	4,341,444
480,000	2,249,889	3,050,000	1,175,375	8,720,000	3,968,514
650,000	2,227,867	3,435,000	1,030,063	9,760,000	3,541,680
830,000	2,196,842	3,845,000	860,812	8,727,593	5,195,061
1,035,000	2,157,060	4,285,000	678,563	9,302,904	5,272,719
1,250,000	2,106,107	4,785,000	453,600	9,946,288	5,318,419
1,490,000	2,043,320	5,295,000	238,275	10,637,387	5,359,208
1,745,000	1,966,987	-	-	8,101,204	7,675,783
2,030,000	1,875,846	-	-	8,261,753	8,184,093
2,335,000	1,767,789	-	-	8,413,221	8,724,569
2,665,000	1,642,329	-	-	8,491,065	9,116,264
3,025,000	1,497,806	-	-	8,736,928	9,615,878
3,415,000	1,332,248	-	-	9,008,895	10,123,353
3,835,000	1,143,467	-	-	3,835,000	1,143,467
4,290,000	931,468	-	-	4,290,000	931,468
4,785,000	694,317	-	-	4,785,000	694,317
5,310,000	429,802	-	-	5,310,000	429,802
2,465,000	136,265	-	-	2,465,000	136,265
<u>\$ 42,180,000</u>	<u>\$ 40,026,964</u>	<u>\$ 27,415,000</u>	<u>\$ 12,218,538</u>	<u>\$ 185,652,238</u>	<u>\$ 118,233,712</u>

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# Statistical Section

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

REVENUE BY SOURCES - GENERAL FUND (1)  
 Last Ten Fiscal Years

REVENUES:	2004-05	2003-04	2002-03	2001-02
<b>Local Sources:</b>				
Current Year's Taxes (2)	\$ 19,293,552	\$ 21,409,241	\$ 20,156,500	\$ 17,802,045
Prior Years' Taxes (2)	541,869	604,327	713,260	606,382
Penalties and Interest on Taxes	0	0	0	11,222
Tuition	619,490	656,797	525,622	487,738
Earnings From Temporary Investments	1,787	126,805	168,950	216,508
Miscellaneous	5,376,766	1,206,576	1,080,658	1,190,029
<b>Total Local Sources</b>	<b>25,833,464</b>	<b>24,003,746</b>	<b>22,644,990</b>	<b>20,313,924</b>
<b>Intermediate Sources:</b>				
County School Fund	15,386	17,619	15,233	20,640
Handicapped Children's Program ESD	0	0	0	0
<b>Total Intermediate Sources</b>	<b>15,386</b>	<b>17,619</b>	<b>15,233</b>	<b>20,640</b>
<b>State Sources:</b>				
Basic School Support Fund	24,556,149	26,125,868	21,624,907	26,567,628
Common School Fund	647,782	192,860	344,891	213,139
Other Special Education Programs	0	0	0	0
Lottery - School Project	0	0	0	0
Other Restricted Grants	250,826	0	150,293	1,761,361
<b>Total State Sources</b>	<b>25,454,757</b>	<b>26,318,728</b>	<b>22,120,091</b>	<b>28,542,128</b>
<b>Federal Sources:</b>				
Federal Forest Fees	197,019	194,957	194,214	188,145
Medicare	0	75,581	0	11,216
Surplus property	8,511	0	0	0
<b>Total Federal Sources</b>	<b>205,530</b>	<b>270,538</b>	<b>194,214</b>	<b>199,361</b>
<b>Other Financing Sources:</b>				
Interfund Transfers	0	7,824	0	0
Sale/Compensation For Loss of Fixed Assets	0	1,610	2,794,225	0
Lease Purchase Receipts	0	0	0	0
<b>Total Other Sources</b>	<b>0</b>	<b>9,434</b>	<b>2,794,225</b>	<b>0</b>
<b>Beginning Fund Balance Available for</b>				
Appropriation	2,717,453	1,470,692	2,115,828	2,031,483
<b>Total Revenue and Beginning Fund Balance Available for Appropriation</b>	<b>\$ 54,226,590</b>	<b>\$ 52,090,757</b>	<b>\$ 49,884,581</b>	<b>\$ 51,107,536</b>

(1) The General Fund accounts for general operating revenues and transfers of the District and certain special educational programs.

(2) Revenues are recognized when measurable and available.

2000-01	1999-00	1998-99	1997-98	1996-97	1995-96
\$ 16,935,777	\$ 14,126,566	\$ 13,282,182	\$ 12,755,654	\$ 13,089,397	\$ 11,935,366
570,198	531,976	508,318	580,055	577,160	1,012,352
41,789	27,526	36,096	34,075	30,335	32,039
413,735	367,238	334,244	397,205	332,847	146,351
659,091	453,153	424,593	566,940	470,610	479,450
948,442	737,169	580,049	592,285	556,541	430,445
<u>19,569,032</u>	<u>16,243,628</u>	<u>15,165,482</u>	<u>14,926,214</u>	<u>15,056,890</u>	<u>14,036,003</u>
17,212	0	0	724	654	6,071
0	485	0	0	0	0
<u>17,212</u>	<u>485</u>	<u>0</u>	<u>724</u>	<u>654</u>	<u>6,071</u>
24,215,321	24,497,160	21,848,376	22,308,615	17,902,450	18,199,217
547,911	527,811	139,858	131,320	114,773	131,092
0	0	0	255	0	0
905,568	722,616	1,922,976	0	0	0
934,270	0	0	0	0	0
<u>26,603,070</u>	<u>25,747,587</u>	<u>23,911,210</u>	<u>22,440,190</u>	<u>18,017,223</u>	<u>18,330,309</u>
67,169	114,883	124,870	138,708	142,397	149,628
0	0	0	0	0	0
0	0	241	0	0	0
<u>67,169</u>	<u>114,883</u>	<u>125,111</u>	<u>138,708</u>	<u>142,397</u>	<u>149,628</u>
0	0	0	0	20,000	90,000
0	0	0	0	0	100
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,000</u>	<u>90,100</u>
<u>827,283</u>	<u>973,287</u>	<u>1,083,974</u>	<u>703,676</u>	<u>2,609,040</u>	<u>3,031,089</u>
\$ <u>47,083,766</u>	\$ <u>43,079,870</u>	\$ <u>40,285,777</u>	\$ <u>38,209,512</u>	\$ <u>35,846,204</u>	\$ <u>35,643,200</u>

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

EXPENDITURES AND TRANSFERS BY PROGRAM - GENERAL FUND (1)  
Last Ten Fiscal Years

	2004-05	2003-04	2002-03	2001-02
EXPENDITURES:				
Instruction:				
Regular Programs:				
Elementary Programs	\$ 12,393,834	\$ 11,650,934	\$ 11,285,649	\$ 11,368,675
Middle School Programs	6,977,719	6,301,733	6,286,460	6,423,222
High School Programs	9,252,468	8,640,792	8,380,782	8,587,874
Special Programs:				
High Need Students	1,464,376	1,179,381	1,195,110	926,489
Resource Rooms	2,307,584	2,123,379	2,079,990	2,018,729
Other Special Programs	1,516,381	1,025,381	872,146	850,833
Summer School	52,202	49,334	84,879	77,158
Total Instruction	<u>33,964,564</u>	<u>30,970,934</u>	<u>30,185,016</u>	<u>30,252,980</u>
Support Services:				
Pupils:				
Guidance Services	1,146,710	1,133,291	1,128,109	1,179,222
Health Services	188,268	180,322	175,300	154,019
Psychological Services	408,956	498,240	426,503	532,872
Speech and Hearing Services	679,088	718,702	665,789	642,813
Service Direction	280,696	237,258	232,003	273,356
Instructional Staff:				
Improvement of Instruction Services & Educational Media Services	1,992,042	2,013,415	1,941,678	1,891,491
General Administration:				
School Board/Executive Admin. Services	557,534	481,041	83,121	579,360
School Administration:				
Office of the Principal	3,472,336	3,299,146	3,725,877	3,116,367
Business:				
Fiscal Services	813,482	879,937	769,026	648,887
Facility Acquisition & Construction	3,306	0	74,690	210,506
Operation and Maintenance of Plant	4,835,368	4,728,853	4,587,229	5,172,662
Pupil Transportation Services	3,410,414	3,144,559	3,146,454	3,058,899
Internal Services	271,929	173,926	162,275	107,393
Central:				
Staff Services	265,815	214,797	252,360	266,368
Technology Services	162,716	29,832	147,760	306,639
Supplemental Retirement	703,404	592,871	495,805	422,225
Total Support Services	<u>19,192,064</u>	<u>18,326,190</u>	<u>18,013,979</u>	<u>18,563,079</u>
Interagency/Fund Transactions & Transfers to Other Funds	<u>75,000</u>	<u>75,000</u>	<u>0</u>	<u>81,000</u>
Debt Service			<u>249,977</u>	<u>94,649</u>
Total	<u>\$ 53,231,628</u>	<u>\$ 49,372,124</u>	<u>\$ 48,448,972</u>	<u>\$ 48,991,708</u>

(1) This schedule includes only expenditures and transfers of the General Fund. The General Fund accounts for general operating revenues, expenditures and transfers of the District and certain special education programs.

2000-01	1999-00	1998-99	1997-98	1996-97	1995
\$ 10,813,478	\$ 10,417,665	\$ 10,587,036	\$ 10,338,309	\$ 9,848,929	\$ 9,170,076
6,036,663	6,024,849	5,665,295	5,325,026	5,266,005	4,595,336
8,010,097	7,525,682	7,120,245	6,720,860	6,342,820	5,891,069
658,848	263,691	275,889	293,357	256,467	277,073
1,851,267	1,190,803	948,679	794,853	762,934	793,412
695,226	438,272	561,132	482,780	412,489	361,963
83,886	94,107	31,739	0	0	0
<u>28,149,465</u>	<u>25,955,069</u>	<u>25,190,015</u>	<u>23,955,185</u>	<u>22,889,644</u>	<u>21,088,929</u>
1,101,808	1,146,955	1,042,302	1,157,962	1,219,474	956,357
99,974	76,164	73,563	66,605	60,000	73,429
561,992	511,550	0	0	0	0
583,572	522,346	491,679	402,876	364,759	336,698
255,967	262,294	0	0	0	0
1,999,134	1,846,279	1,796,914	1,720,013	1,641,186	1,548,056
531,359	518,873	910,526	890,648	802,051	810,843
2,841,891	2,772,564	2,458,245	2,334,092	2,317,419	2,227,729
561,398	729,552	599,771	605,448	630,958	628,810
12,725	0	0	0	0	0
4,543,635	4,405,118	4,195,145	3,491,131	3,444,163	3,370,768
2,737,398	2,655,145	2,371,142	2,216,649	1,577,599	1,861,418
39,177	37,709	38,623	28,733	36,871	32,913
321,368	266,848	13,982	23,534	11,369	13,069
19,689	0	0	0	0	0
447,511	425,291	0	0	0	0
<u>16,658,598</u>	<u>16,176,688</u>	<u>13,991,892</u>	<u>12,937,691</u>	<u>12,105,849</u>	<u>11,860,090</u>
5,000	0	0	10,000	10,000	2,000
239,220	120,830	130,583	222,662	137,035	83,141
<u>\$ 45,052,283</u>	<u>\$ 42,252,587</u>	<u>\$ 39,312,490</u>	<u>\$ 37,125,538</u>	<u>\$ 35,142,528</u>	<u>\$ 33,034,160</u>

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

EXTENDED TAX LEVIES AND COLLECTIONS  
 Last Ten Fiscal Years

FISCAL YEAR	EXTENDED TAX LEVIES			CURRENT TAX COLLECTIONS	CURRENT TAX COLLECTIONS AS A PERCENTAGE OF CURRENT LEVY
	GENERAL FUND (1)	DEBT SERVICE FUND	TOTAL		
2004-05	\$ 24,459,017	\$ 12,168,974	\$ 36,627,991	\$ 35,654,134	97.3%
2003-04	22,556,241	11,730,275	34,286,516	32,323,178	94.3%
2002-03	21,308,002	10,516,470	31,824,472	29,878,169	93.9%
2001-02	18,983,172	9,335,738	28,318,910	26,329,933	93.0%
2000-01	18,088,186	8,982,910	27,071,096	25,095,644	92.7%
1999-00	15,035,840	6,169,760	21,205,600	19,730,833	93.0%
1998-99	14,122,011	9,737,045	23,859,056	22,204,682	93.1%
1997-98	13,519,186	5,194,621	18,713,807	17,442,145	93.2%
1996-97	13,967,605	4,880,589	18,848,194	17,449,450	92.6%
1995-96	12,618,314	4,606,813	17,225,127	15,948,238	92.6%

(1) Includes permanent school tax plus local option levies

Source: Clackamas and Washington County Departments of Assessment and Taxation.

DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	TOTAL TAX COLLECTIONS AS A PERCENTAGE OF CURRENT LEVY	UNCOLLECTED TAXES	UNCOLLECTED TAXES AS A PERCENTAGE OF CURRENT LEVY
\$ 1,120,001	\$ 36,774,135	100.4%	\$ 1,566,050	4.3%
1,165,200	33,488,378	97.7%	1,712,194	5.0%
1,468,751	31,346,920	98.5%	1,796,801	5.6%
1,172,368	27,502,301	97.1%	2,042,920	7.2%
995,748	26,091,392	96.4%	1,946,980	7.2%
1,049,934	20,780,767	98.0%	1,633,915	7.7%
896,861	23,101,543	96.8%	1,582,055	6.6%
977,924	18,420,069	98.4%	1,318,636	7.0%
954,631	18,404,081	97.6%	1,405,895	7.5%
1,510,673	17,458,911	101.4%	1,460,281	8.5%

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS  
 Last Ten Fiscal Years

GENERAL FUND:	2004-05	2003-04	2002-03	2001-02
Tax Rate	\$ 5.81	\$ 5.68	\$ 5.68	\$ 5.39
Levy Extended by Assessor (1)	\$ 24,459,017	\$ 22,556,241	\$ 21,308,002	\$ 18,983,172
Reduction of Taxes Receivable: (2) (3)				
Current Year	\$ 23,808,748	\$ 21,862,753	\$ 20,557,858	\$ 17,153,910
First Year Prior	486,411	495,696	575,184	526,491
Second Year Prior	135,290	144,453	196,137	134,895
Third Year Prior	78,422	84,984	95,045	68,129
Fourth Year Prior	33,448	23,956	41,025	38,503
Fifth Year Prior	8,117	14,890	8,610	4,855
Total Prior	741,688	763,979	916,001	772,873
	\$ 24,550,436	\$ 22,626,732	\$ 21,473,859	\$ 17,926,783
DEBT SERVICE FUND:				
Tax Rate	\$ 2.81	\$ 2.91	\$ 2.78	\$ 2.61
Levy Extended by Assessor	\$ 12,168,974	\$ 11,730,275	\$ 10,516,470	\$ 9,335,738
Reduction of Taxes Receivable: (2) (3)				
Current Year	\$ 11,845,387	\$ 11,369,884	\$ 9,873,287	\$ 8,923,949
First Year Prior	252,842	244,684	292,071	261,555
Second Year Prior	66,779	71,045	110,500	55,353
Third Year Prior	38,570	42,224	47,512	46,973
Fourth Year Prior	16,615	9,829	31,810	14,794
Fifth Year Prior	3,507	6,778	2,008	1,565
Total Prior	378,313	374,560	483,901	380,240
	\$ 12,223,700	\$ 11,744,444	\$ 10,357,188	\$ 9,304,189

(1) Extended Levy after additions and offsets by the County Assessor.

(2) Amounts include interest on deficiencies, discount for early payment, adjustment cancellations made by the County Assessor.

(3) Amounts are based on tax collection year July 1 to June 30th.

Revenues as recorded in the financial statements are recognized when measurable and available.

2000-01	1999-00	1998-99	1997-98	1996-97	1995-96
\$ 5.38	\$ 4.80	\$ 4.20	\$ 4.20	\$ 4.41	\$ 4.39
\$ 18,088,186	\$ 15,035,840	\$ 14,122,011	\$ 13,519,186	\$ 13,967,605	\$ 12,618,314
\$ 17,237,052	\$ 14,428,848	\$ 13,488,208	\$ 12,931,936	\$ 13,356,733	\$ 12,098,592
425,694	406,581	366,390	403,349	329,129	527,684
124,223	120,712	102,451	94,480	139,833	223,518
64,251	79,180	53,685	77,290	105,800	172,166
39,946	36,579	50,727	68,494	84,947	120,701
4,369	-10,211	18,733	35,552	12,323	17,960
658,483	632,841	591,986	679,165	672,032	1,062,029
\$ 17,895,535	\$ 15,061,689	\$ 14,080,194	\$ 13,611,101	\$ 14,028,765	\$ 13,160,621
\$ 2.65	\$ 1.94	\$ 3.36	\$ 1.89	\$ 1.52	\$ 1.69
\$ 8,982,910	\$ 27,071,096	\$ 9,737,045	\$ 5,194,621	\$ 4,880,589	\$ 4,606,813
\$ 8,560,066	\$ 5,920,687	\$ 9,300,057	\$ 4,968,970	\$ 4,667,093	\$ 4,416,944
174,679	280,333	140,785	140,961	120,222	161,350
85,642	46,384	35,809	34,520	42,773	42,617
24,689	27,679	19,621	23,630	20,173	41,366
13,962	13,369	15,513	13,060	20,411	15,987
3,456	-4,362	3,658	9,432	3,143	2,811
302,428	363,403	215,386	221,603	206,722	264,131
\$ 8,862,494	\$ 6,284,090	\$ 9,515,443	\$ 5,190,573	\$ 4,873,815	\$ 4,681,075

EST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

PROPERTY TAX RATES PER THOUSAND DOLLARS OF  
 ASSESSED VALUE  
 Last Ten Fiscal Years

FISCAL YEAR ENDED JUNE 30	PROPERTY TAX RATE PER \$1,000 OF ASSESSED VALUE				
	OPERATIONS (1)			DEBT	TOTAL
	Permanent Rate	Local Option	Total		
2005	\$ 4.84	0.97	5.81	\$ 2.81	\$ 8.62
2004	4.84	0.84	5.68	2.91	8.59
2003	4.84	0.85	5.68	2.78	8.46
2002	4.80	0.59	5.39	2.61	8.00
2001	4.79	0.59	5.38	2.65	8.03
2000	4.80		4.80	1.94	6.74
1999	4.20		4.20	3.36	7.56
1998	4.20		4.20	1.89	6.09
1997	4.41		4.41	1.52	5.93
1996	4.39		4.39	1.69	6.08

Beginning with the fiscal year ending June 30, 2001 the operations tax rate includes property taxes raised from permanent (measure 50) rates and local option taxes.

Permanent tax rates, generated by the enactment of measure 50, are used to impose taxes on assessed values. The permanent tax rate for the district is 4.8684. The district-wide average rate is \$4.84. This lower average tax rate is caused by the effect of the urban renewal district located in the City of Wilsonville.

Local option taxes are additional taxes above the measure 50 limits that collect most of the \$5.00 per thousand of real market value allowed under measure 5. Local option taxes are expressed as a rate per thousand of assessed value. The difference between these two rates reflects the fact that local option taxes are levied on a property by property basis and vary from zero to \$1.50 per thousand assessed value on all taxable property in the district. District voters provided the authority for local option taxes on May 16, 2000. This five-year authority extends through the 2004-2005 fiscal year. Voters passed a new five year local option tax levy November 2004 at the rate \$1.50 per assessed value rate. This new taxing authority extends through the 2009-10 fiscal year.

	Published Rates	Fiscal 2004-05 District-Wide Average Rates
Measure 50	4.8684	4.84
Local Option	1.50	0.97
		<hr/> 5.81

Source: Washington and Clackamas County Departments of Assessment and Taxation.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

COMPARISON OF GENERAL FUND BUDGET TO TAX LEVY  
 Last Ten Fiscal Years

FISCAL YEAR	GENERAL FUND BUDGET (1)	GENERAL FUND LEVY (2)	PERCENTAGE OF LEVY TO BUDGET
2004-05	\$ 52,793,097	\$ 24,459,017	46.3%
2003-04	51,341,854	21,958,055	42.8%
2002-03	48,448,972	21,308,002	44.0%
2001-02	48,654,042	18,983,172	39.0%
2000-01	45,469,737	18,088,186	39.8%
1999-00	42,396,739	15,035,840	35.5%
1998-99	39,705,220	14,122,011	35.6%
1997-98	38,238,181	13,519,186	35.4%
1996-97	35,480,112	13,967,605	39.4%
1995-96	34,329,610	12,436,945	36.2%

(1) Adopted Budgets.

(2) Extended Levy after additions and offsets by the County Assessor.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
LACKAMAS COUNTY, OREGON

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS  
 Last Ten Fiscal Years

	PERCENT WITHIN SCHOOL DISTRICT	DOLLARS PER \$1,000 TRUE CASH VALUE									
		04-05	03-04	02-03	01-02	00-01	99-00	98-99	97-98	96-97	95-96
City of West Linn	99.06 %	\$ 3.01	\$ 4.28	\$ 3.84	\$ 3.92	\$ 4.07	\$ 2.54	\$ 2.31	\$ 2.29	\$ 2.45	\$ 2.82
City of Wilsonville	73.79	2.42	2.36	2.52	2.93	2.67	2.68	2.70	2.63	2.05	1.82
Clackamas Community College	21.26	0.78	0.74	0.74	0.86	0.62	0.62	0.62	0.56	0.49	0.51
Clackamas County	15.48	2.40	3.15	2.40	2.40	2.97	2.96	2.97	2.97	2.11	1.81
Clackamas County ESD	14.67	0.36	0.36	0.36	0.37	0.37	0.37	0.37	0.37	0.30	0.32
Clatsop V. Fire & Rescue	13.54	1.59	1.77	1.60	1.83	1.59	1.56	1.53	1.54	1.52	1.66
Metropolitan Service District	3.75	0.25	0.28	0.27	0.32	0.34	0.23	0.36	0.29	0.29	0.21
City of Portland	3.56	0.06	0.07	0.07	0.07	0.07	0.08	0.08	0.07	0.08	0.07
City of Tigard	2.78	0.11	0.10	0.12	0.14	0.13	0.14	0.15	0.16	0.11	0.13
City of Tualatin	2.71	2.75	2.01	3.06	2.75	2.90	3.15	3.00	3.38	2.59	3.25
Washington County	0.20	2.87	2.90	2.91	2.96	2.52	2.54	2.56	2.60	1.35	1.52
City of Lake Oswego	0.12	5.68	6.06	5.40	5.46	5.45	5.38	5.82	5.75	4.15	3.73

Sources: Municipal Debt Advisory Commission, State of Oregon, and Clackamas County Departments of Assessment and Taxation.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

ASSESSED AND TRUE CASH VALUE OF TAXABLE PROPERTY  
 Last Ten Fiscal Years

FISCAL YEAR	ASSESSED VALUATION			TRUE CASH VALUATION	RATIO OF ASSESSED VALUATION TO TRUE CASH VALUATION
	WASHINGTON	CLACKAMAS	TOTAL		
2004-05	\$ 75,310,641	\$ 4,129,151,568	\$ 4,204,462,209	\$ 5,810,506,625	72.3 %
2003-04	52,525,207	3,921,394,766	3,973,919,973	5,381,705,426	73.8
2002-03	42,810,163	3,704,541,256	3,747,351,419	5,074,710,856	73.8
2001-02	38,883,707	3,483,228,082	3,522,111,789	4,687,566,803	75.1
2000-01	36,160,008	3,324,135,546	3,360,295,554	4,497,864,585	74.7
1999-00	33,733,894	3,098,350,940	3,132,084,834	4,206,067,229	74.4
1998-99	29,319,464	2,867,662,190	2,896,981,654	3,862,098,385	75.0
1997-98	25,714,559	2,724,363,840	2,750,078,399	3,629,782,578	75.7
1996-97	29,457,019	3,255,660,660	3,285,117,679	3,285,117,679	100.0
1995-96	25,921,617	2,906,440,360	2,932,361,977	2,932,361,977	100.0

Source: Washington and Clackamas County Departments of Assessment and Taxation.

EST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE  
 AND GENERAL BONDED DEBT PER CAPITA AND PER STUDENT  
 For the Last Ten Fiscal Years

FISCAL YEAR	POPULATION (ESTIMATED)	AVERAGE DAILY MEMBERSHIP	ASSESSED VALUATION	GENERAL BONDED DEBT	RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUATION	GENERAL BONDED DEBT PER CAPITA	GENERAL BONDED DEBT PER ADM
2004-05	40,329	7,602	\$ 4,204,462,209	\$ 185,652,238	4.4%	\$ 4,603	\$ 24,421
2003-04	39,970	7,477	3,973,919,973	151,307,238	3.8%	\$ 3,785	\$ 20,236
2002-03	38,747	7,430	3,747,351,419	157,772,238	4.2%	4,071	21,234
2001-02	38,082	7,403	3,522,111,789	89,965,000	2.5%	2,362	12,152
2000-01	37,190	7,227	3,360,295,554	94,305,000	2.8%	2,536	13,048
1999-00	36,018	7,163	3,132,084,834	97,960,000	3.2%	2,712	13,676
1998-99	35,820	7,040	2,896,981,654	100,045,000	3.5%	2,792	14,211
1997-98	34,931	7,000	2,750,078,399	102,285,000	3.7%	2,928	14,612
1996-97	34,060	6,890	3,285,117,679	52,065,000	1.6%	1,529	7,557
1995-96	33,470	6,620	2,932,361,977	53,660,000	1.8%	1,603	8,106

Sources: Center of Population Research & Census-Portland State University and Clackamas County  
 Department of Assessment and Taxation and the Department of Vital Statistics, State of Oregon.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

DEMOGRAPHIC STATISTICS  
 Last Ten Fiscal Years

FISCAL YEAR	POPULATION (ESTIMATED) (1)	PER CAPITA INCOME (2)	STUDENT ENROLLMENT	UNEMPLOYMENT RATE (2)
2004-05	40,329	\$ 34,671	7,870	5.9 %
2003-04	39,970	36,011	7,743	6.4 %
2002-03	38,747	35,976	7,681	7.9
2001-02	38,082	35,171	7,652	7.5
2000-01	37,190	34,525	7,463	6.5
1999-00	36,018	32,237	7,386	4.2
1998-99	35,820	31,065	7,261	4.3
1997-98	34,931	29,433	7,218	3.8
1996-97	34,060	27,859	7,150	3.9
1995-96	33,470	23,711	6,880	3.8

Sources:

(1) PSU Population Research Center

(2) US Census for Clackamas County and US Bureau of Labor & Industries

The Per Capita Income listed above is for West Linn only. West Linn is ranked 5th out of 308 Cities in Oregon

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 CLACKAMAS COUNTY, OREGON

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS  
 Last Ten Fiscal Years

FISCAL YEAR	COMMERCIAL CONSTRUCTION (3)		RESIDENTIAL CONSTRUCTION (3)		BANK DEPOSITS* (1)	PROPERTY VALUE TRUE CASH VALUATION			TOTAL
	PERMITS	VALUE*	PERMITS	VALUE*		REAL PROPERTY (2)	PERSONAL PROPERTY	PUBLIC UTILITY PROPERTY	
04-05	226	\$ 25,855	401	\$ 59,756	\$ 314,558	\$ 5,537,140,575	\$ 154,935,546	\$ 118,430,504	\$ 5,810,506,625
03-04	N/A	N/A	231	57,773	346,591	5,127,041,626	139,726,609	114,937,191	5,381,705,426
02-03	N/A	N/A	236 (3)	56,070	366,801	4,831,340,457	136,494,055	106,876,344	5,074,710,856
01-02	N/A	N/A	N/A	N/A	600,506	4,418,340,289	156,497,213	112,729,301	4,687,566,803
00-01	22	125,601	299 (3)	57,801	229,848	4,249,894,938	138,234,794	109,734,855	4,497,864,585
99-00	N/A	N/A	273 (3)	57,552	220,819	3,942,175,540	165,642,553	98,249,136	4,206,067,229
98-99	N/A	N/A	601 (3)	53,630	197,727	3,620,403,420	147,847,164	93,847,801	3,862,098,385
97-98	N/A	N/A	614 (3)	62,516	188,897	3,367,691,039	163,561,558	98,529,981	3,629,782,578
96-97	N/A	N/A	948 (3)	53,822	181,547	3,087,331,270	122,079,623	75,706,786	3,285,117,679
95-96	20 (3)	11,612	407 (3)	66,969	193,366	2,739,497,790	125,407,798	67,456,389	2,932,361,977

Total consists of deposits from City of West Linn and Wilsonville. Over the last 10 year period deposits from Wilsonville were 64% while West Linn had 36% of the total bank deposits made.

Records are not maintained to distinguish between commercial and residential real property.

Commercial and Residential permits and values for the cities of West Linn and Wilsonville only.

Sources: Center for Population Research and Census, Washington and Clackamas County Departments of Assessment and Taxation, and State of Oregon Consumer and Business Services.

Amounts in thousands of dollars.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

COMPUTATION OF LEGAL DEBT MARGIN  
 Last Ten Fiscal Years

FISCAL YEAR	LEGAL DEBT LIMITATION (1)	INDEBTEDNESS	DEBT MARGIN
2004-05	\$ 461,935,276	\$ 185,652,238	\$ 276,283,038
2003-04	427,845,581	151,307,238	276,538,343
2002-03	403,439,513	157,772,238	245,667,275
2001-02	372,661,561	89,965,000	282,696,561
2000-01	357,580,234	94,305,000	263,275,234
1999-00	334,382,345	97,960,000	236,422,345
1998-99	307,198,793	100,045,000	207,153,793
1997-98	288,567,715	102,285,000	186,282,715
1996-97	261,166,855	52,065,000	209,101,855
1995-96	233,122,777	53,660,000	179,462,777

(1) The legal debt limitation is calculated as 7.95% of true cash value.

EST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

PERCENT AND OVERLAPPING GROSS BONDED DEBT  
 as of June 30, 2005

<u>GOVERNMENTAL UNIT</u>	<u>PERCENT WITHIN SCHOOL DISTRICT</u>	<u>OVERLAPPING GROSS BONDED DEBT</u>
<u>DIRECT DEBT</u>		
West Linn-Wilsonville School District No. 3J	100.000 %	\$ 185,652,238
<u>OVERLAPPING GOVERNMENT</u>		
Metropolitan Service District	3.75	5,362,509
City of Wilsonville	73.79	2,863,052
Tri-Metropolitan Transport District	2.78	2,377,873
Clackamas Community College	21.26	13,314,075
Port of Portland	3.56	
City of West Linn	99.06	9,925,812
Clackamas County	15.5	14,706
City of Tualatin	2.7	206,955
Tualatin Valler Fire & Rescue District	13.54	720,328
Washington County	0.197	120,402
Portland Community College	0.089	150,648
		<hr/>
Total Overlapping Debt		35,056,360
		<hr/>
TOTAL		\$ 220,708,598

Source: Municipal Debt Advisory Commission, State of Oregon.

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

RATIO OF ANNUAL DEBT SERVICE REQUIREMENTS FOR GENERAL  
 BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES AND TRANSFERS  
 Last Ten Fiscal Years

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>	<u>GENERAL FUND EXPENDITURES AND TRANSFERS</u>	<u>RATIO OF DEBT SERVICE TO GENERAL FUND EXPENDITURES AND TRANSFERS</u>
2004-05	\$ 7,830,000	\$ 6,463,302	\$ 14,293,302	\$ 53,231,628	26.9%
2003-04	6,465,000	4,947,901	11,412,901	49,372,124	23.1%
2002-03	7,560,000	4,149,270	11,709,270	48,448,972	24.2%
2001-02	4,340,000	4,817,784	9,157,784	48,991,708	18.7%
2000-01	3,655,000	5,033,870	8,688,870	45,052,283	19.3%
1999-00	2,085,000	5,186,593	7,271,593	42,252,587	17.2%
1998-99	2,240,000	7,231,157	9,471,157	39,312,490	24.1%
1997-98	1,975,000	2,302,236	4,277,236	37,125,538	11.5%
1996-97	1,595,000	3,106,712	4,701,712	35,142,528	13.4%
1995-96	1,500,000	3,200,138	4,700,138	33,034,160	14.2%

EST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
ACKAMAS COUNTY, OREGON

UNCERTIFICATED, CLASSIFIED AND ADMINISTRATIVE EMPLOYEES (1)  
 Last Ten Fiscal Years

FISCAL YEAR	CERTIFICATED	CLASSIFIED	ADMINISTRATIVE	CONFIDENTIAL & SUPERVISORS	TOTAL
2004-05	430.9	197.20	24.0	9.0	661.1
2003-04	412.5	194.02	24.0	9.0	639.5
2002-03	409.2	198.4	25.0	8.0	640.6
2001-02	419.1	193.50	25.0	8.0	645.6
2000-01	400.3	174.94	25.0	8.0	608.2
1999-00	391.74	172.47	25.0	6.0	595.2
1998-99	376.5	167.9	24.0	5.0	573.4
1997-98	373.8	165.1	23.7	5.0	567.6
1996-97	368.3	160.3	24.0	4.0	556.6
1995-96	350.1	156.4	24.2	4.0	534.7

Full-time Equivalent Positions, General and Capital Construction Funds Only

WEST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT  
CLACKAMAS COUNTY, OREGON

AVERAGE STUDENT-TEACHER RATIO  
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>TEACHING STAFF (1)</u>	<u>STUDENTS (2)</u>	<u>RATIO OF STUDENTS TO TEACHING STAFF</u>
2004-05	430.9	7,602	17.6 : 1
2003-04	412.5	7,477	18.1 : 1
2002-03	409.2	7,430	18.2 : 1
2001-02	419.1	7,403	17.7 : 1
2000-01	400.3	7,227	18.1 : 1
1999-00	391.74	7,163	18.3 : 1
1998-99	376.5	7,040	18.7 : 1
1997-98	373.8	7,000	18.7 : 1
1996-97	368.3	6,890	18.7 : 1
1995-96	350.1	6,620	18.9 : 1

(1) Includes Classroom, Music, Physical Education, Special Education Teachers, Librarians, and Instructional Coordinators.

(2) Average Daily Membership.

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# Audit Comments and Disclosures

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# PAULY, ROGERS AND CO., P.C.

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**WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J  
CLACKAMAS COUNTY, OREGON  
2004-2005 AUDITORS' COMMENTS AND DISCLOSURES**

---

**NOVEMBER 4, 2005**

Oregon Administrative Rules 162-10-000 through 162-16-000 (the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy) enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in preceding pages of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth as follows.

### REPORT ON INTERNAL ACCOUNTING CONTROL

We have audited the basic financial statements of West Linn-Wilsonville School District 3J, Clackamas County, Oregon, as of and for the year ended June 30, 2005, and have issued our report thereon dated November 4, 2005.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

The management of West Linn-Wilsonville School District 3J, Clackamas County, Oregon, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the basic financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the basic financial statements of West Linn-Wilsonville School District 3J, Clackamas County, Oregon, for the year ended June 30, 2005, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants.

**WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J  
CLACKAMAS COUNTY, OREGON  
2004-2005 AUDITORS' COMMENTS AND DISCLOSURES**

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REPORT ON INTERNAL ACCOUNTING CONTROL (CONTINUED)

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

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

ACCOUNTING RECORDS

The District uses an in-house data processing system. The system is adequate to meet the audit requirements.

2004-2005 AND 2005-2006 BUDGETS

The budgets adopted by the District for the current and ensuing fiscal year were examined during the audit. Based on our testing it was determined that budget preparation and adoption procedures followed by the District were in compliance with the Oregon Local Budget Law.

BUDGET TRANSACTIONS

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2005, except as noted on page 22.

COLLATERAL SECURING BANK DEPOSITS

The District's deposits appeared to be adequately covered by federal depository insurance or certificates of participation at all times during 2004-2005, based upon our testing. At no time throughout the year were the District's deposits not fully collateralized. Deposits in the State Local Government Investment Pool are not required to be collateralized.

INVESTMENTS

The District's investments for the year ending June 30, 2005, were reviewed and appeared to comply with the legal requirements pertaining to the investment of public funds contained in ORS 294.035.

PUBLIC CONTRACTS AND PURCHASING

The District's procedures for awarding public contracts were reviewed and based upon our testing we found no instances of non-compliance with ORS Chapter 279 during 2004-2005.

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J  
CLACKAMAS COUNTY, OREGON  
2004-2005 AUDITORS' COMMENTS AND DISCLOSURES

---

INSURANCE AND FIDELITY BONDS

Details concerning insurance and fidelity bond coverage were reviewed during the audit. The coverage provided appears to meet legal requirements. We do not have the professional expertise to state whether the insurance coverage is adequate.

STATUTORY BONDED DEBT LIMITATION

The District's bonded debt outstanding was within the provisions of ORS 552.645.

OUTSTANDING WARRANTS

The District had no outstanding endorsed warrants at June 30, 2005.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

We reviewed and tested, to the extent we considered necessary in the circumstances, transactions and reports relative to federal and state grant programs. Our reports concerning grant compliance and a schedule of federal assistance are contained in this report in the single audit section.

STATE SCHOOL FUND DISTRIBUTION INFORMATION

We have performed the procedures recommended by the Oregon Secretary of State, Audits Division, regarding the District's compliance with the requirements of ORS 327.013 as further defined by the Oregon State Department of Education pertaining to the District's calculations and reporting of the factors used to compute the State School Fund distribution for the year ended June 30, 2005.

Based on the work described above, we have found no instances where the District did not comply with the rules and regulations pertaining to the District's calculation and reporting of the factors used to compute the State School Fund distribution for the year ended June 30, 2005.

STATE HIGHWAY

The District had no programs funded from state highway funds during the year ended June 30, 2005.

*Pauly, Rogers and Co. P.C.*  
PAULY, ROGERS AND CO., P.C.

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# Single Audit Section

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WEST LINN - WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2005

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Number</u>	<u>Period Covered</u>	<u>Expenditures</u>
<b>U.S. Department of Education</b>				
Passed through Oregon Department of Education:				
Title I Grants to Local Educational Agencies	84.010A	01-26-010	07/01/03-09/30/04	\$ 42,577
	84.010A	01-26-011	07/01/04-09/30/05	<u>302,773</u>
Total Title I				<u>345,350</u>
Safe and Drug Free Schools and Communities - State G	84.186A	EE029886	07/01/03-09/30/04	889
Safe and Drug Free Schools and Communities - State G	84.186A	EE037408	07/01/04-09/30/05	<u>12,126</u>
Total Title IV				<u>13,015</u>
Charter Schools	84.282A	N/A	06/30/04-09/30/06	<u>25,000</u>
Title V Innovative Education	84.298A	EE030250	7/1/04-9/30/05	<u>27,880</u>
Total Title V				<u>27,880</u>
Title IID - Education thru Technology	84.318X	03-160	07/01/04-09/30/05	<u>7,842</u>
Title III - Language Instruction	84.365A	EE038499	07/1/04-09/30/05	<u>20,699</u>
Title IIA - Teacher Quality	84.367A	EE035988	07/1/04-09/30/05	<u>150,539</u>
IDEA Special Education - Grants to States	84.027B	03/04-33	7/01/03-12/31/04	801,115
	84.027A	01/01-129	7/01/04-12/31/05	<u>193,198</u>
Total IDEA				<u>994,313 (1)</u>
Passed thru Clackamas County ESD				
Title I Migrant Education	84.011A	EE038806	070/1/04-09/30/06	<u>12,859</u>
Vocational Education - Basic Grants to States	84.048A	EE029278	07/01/04-06/30/05	<u>17,500</u>
Passed thru Oregon Department of Human Services				
Oregon Ready to Learn		2003-05048		<u>8,511</u>
Youth Transition Program	84.126A	84-803	070/1/04-06/30/05	<u>31,174</u>
Total Youth Transition Program				<u>31,174</u>
Total U.S. Department of Education				<u>1,654,682</u>

WEST LINN - WILSONVILLE SCHOOL DISTRICT NO. 3JT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2005

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Number</u>	<u>Period Covered</u>	<u>Expenditures</u>
<b>U.S. Department of Agriculture:</b>				
Passed through Oregon Department of Education:				
Food Donation	10.550		07/01/04-6/30/05	<u>114,079 (1)</u>
Child Nutrition Cluster:				
School Breakfast Program	10.553		07/01/04-6/30/05	29,154
National School Lunch Program	10.555		07/01/04-6/30/05	<u>265,685</u>
Total Child Nutrition Cluster				<u>294,839 (1)</u>
Passed through Clackamas County, Oregon				
Federal Forest Fees	10.665		07/01/04-6/30/05	<u>197,019</u>
<b>Total U.S. Department of Agriculture</b>				<u>605,937</u>
<b>TOTAL FEDERAL GRANTS</b>				<u><u>2,260,619</u></u>

(1)=Major program



**PAULY, ROGERS AND CO., P.C.**

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November 4, 2005

To the Board of Education  
WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J  
CLACKAMAS COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

We have audited the basic financial statements of West Linn-Wilsonville School District 3J, Clackamas County, Oregon, as of and for the year ended June 30, 2005, and have issued our report thereon dated November 4, 2005. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of obtaining reasonable assurance about whether West Linn-Wilsonville School District 3J's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

In planning and performing our audit, we considered West Linn-Wilsonville School District 3J's Clackamas County, Oregon, internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

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

*Pauly, Rogers and Co., P.C.*  
PAULY, ROGERS AND CO., P.C.

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**PAULY, ROGERS AND CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

November 4, 2005

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- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
  - (503) 620-2632 • FAX (503) 684-7523

To the Board of Education  
WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J  
CLACKAMAS COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE WITH OMB CIRCULAR A-133

We have audited the compliance of West Linn-Wilsonville School District 3J Clackamas County, Oregon with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. West Linn-Wilsonville School District 3J Clackamas County, Oregon major federal programs are identified in the accompanying schedule of expenditures of federal awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of West Linn-Wilsonville School District 3J Clackamas County, Oregon management. Our responsibility is to express an opinion on West Linn-Wilsonville School District 3J Clackamas County, Oregon compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about West Linn-Wilsonville School District 3J Clackamas County, Oregon compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on West Linn-Wilsonville School District 3J Clackamas County, Oregon compliance with those requirements.

In our opinion, West Linn-Wilsonville School District 3J Clackamas County, Oregon complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J  
November 4, 2005

The management of West Linn-Wilsonville School District 3J Clackamas County, Oregon is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered West Linn-Wilsonville School District 3J Clackamas County, Oregon internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

*Pauly, Rogers and Co. P.C.*  
PAULY, ROGERS AND CO., P.C.

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J  
CLACKAMAS COUNTY, OREGON  
SCHEDULE OF PRIOR AND CURRENT YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS RELATIVE TO FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2005

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CURRENT YEAR AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS:

Unqualified Opinion

CURRENT YEAR NONCOMPLIANCE, AUDIT FINDINGS AND QUESTIONED COSTS:

None

CURRENT YEAR AUDITORS' REPORT ON COMPLIANCE FOR MAJOR PROGRAMS:

Unqualified Opinion

PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS:

None

PROGRAM TESTED AS MAJOR FOR THE YEAR ENDED JUNE 30, 2005:

IDEA – CFDA #84.027, NSLP – CFDA #10.555, #10.553 and #10.550

DOLLAR THRESHOLD FOR DISTINGUISHING BETWEEN TYPE A AND B PROGRAMS:

\$300,000

LOW-RISK AUDIT QUALIFICATION:

The District qualified as a low-risk auditee under section .530. of OMB Circular A-133.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of West Linn-Wilsonville School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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