

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J

CLACKAMAS COUNTY, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2004

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, 2004

	<u>Term Expires</u>
Tom Bruggere, Chair	June 30, 2005
Mary Furrow, Vice-Chair	June 30, 2007
Dr. Bonnie Faddis	June 30, 2005
Pat Hanlin	June 30, 2007
Dale Hoogestraat	June 30, 2005

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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CLACKAMAS COUNTY, OREGON

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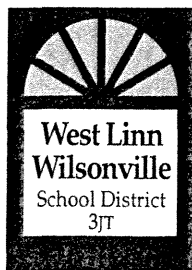
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CLACKAMAS COUNTY, OREGON

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Introductory Section



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 19, 2004

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, 2004.

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, 2004, 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, 2004, 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 39,970 in 2004. Enrollment as of September 30, 2004 was 7,916, 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 \$5.38 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. The average "Local Option" taxpayer burden during 2003-04 was \$.84 per thousand assessed value. We now estimated that this tax will provide a total of \$14,400,000 through the 2004-05 fiscal years.

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 6.4% 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 21st 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 21st century. The Futures Conferences sought common ground through dialogue using the Marvin Weisborg 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.

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, 2004 were \$1,006,349 up \$672,229 from the previous year. This was due to interest income on bond proceeds prior to spending on capital projects around the district.

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.

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".

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 \$25,000 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 \$4,000,000. 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.

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 31-32, in the notes to the basic financial statements.

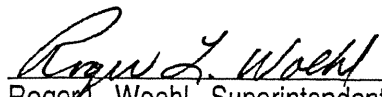
Awards

The District was awarded certificates of achievement for excellence in financial reporting for the last eleven fiscal years 1992-93 through 2002-03 by the Government Finance Officers Association of the United States and Canada (GFOA). This certificate is awarded to governmental units whose annual financial report is judged to conform substantially with high standards of public financial reporting, including generally accepted accounting principles promulgated by the Government Accounting Standards Board. It is our belief that the District's current report meets these high standards.

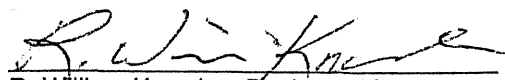
ACKNOWLEDGMENTS

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,

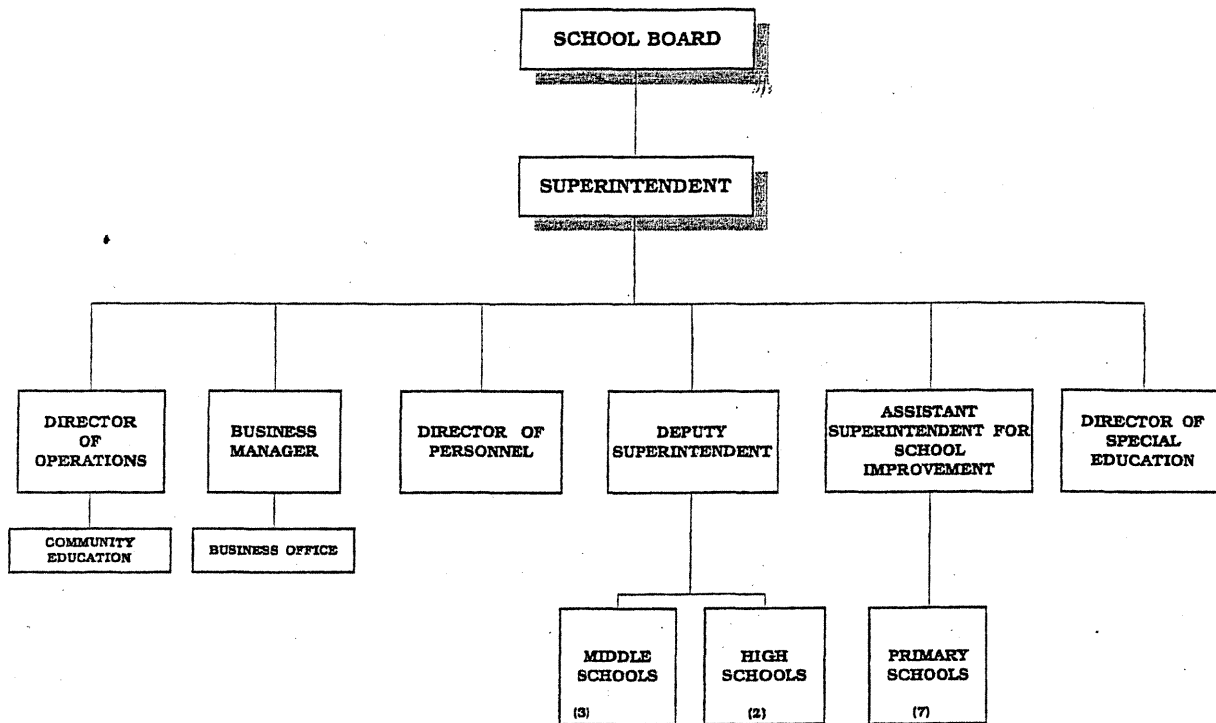


Roger L. Woehl, Superintendent

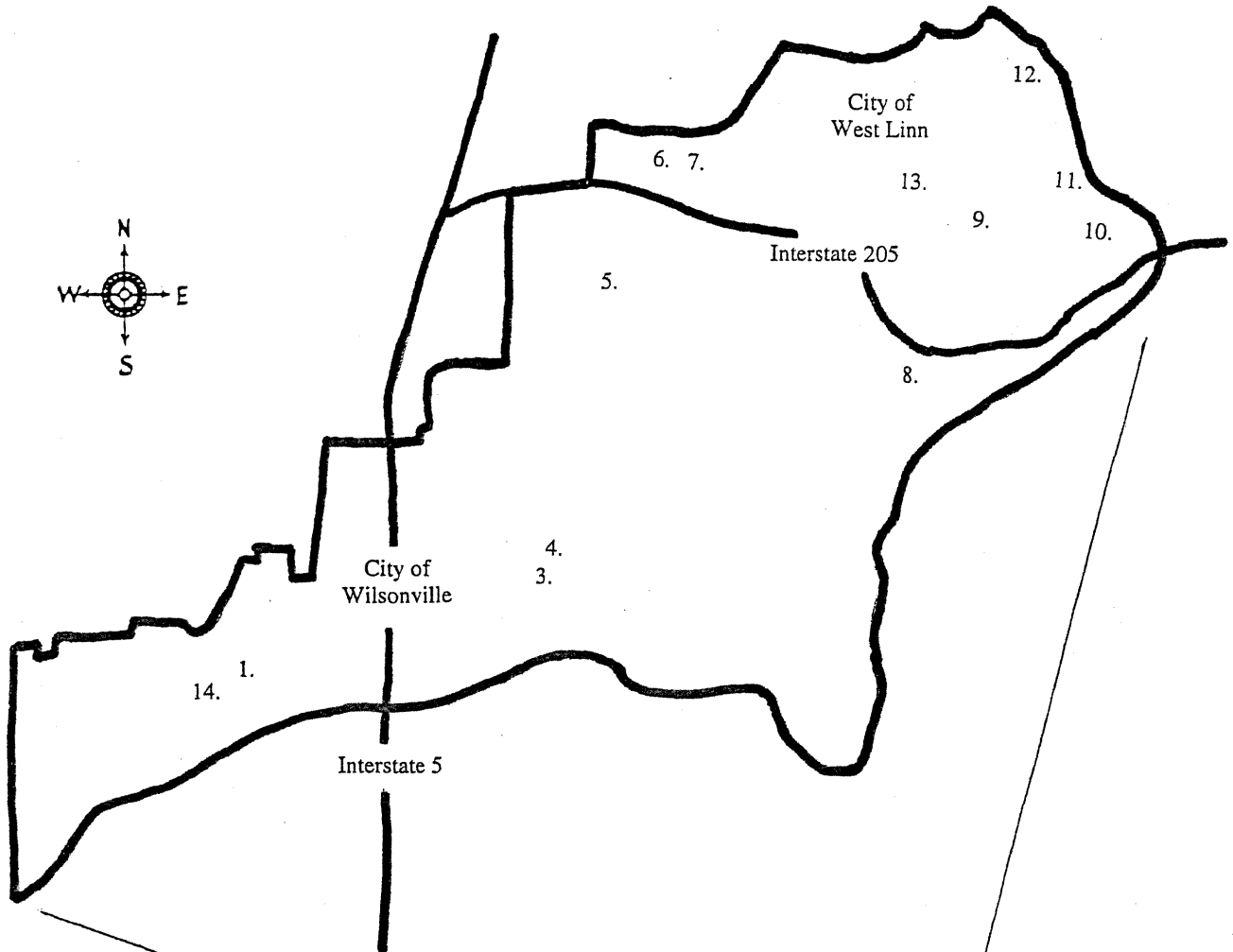


R. William Knowles, Business Manager

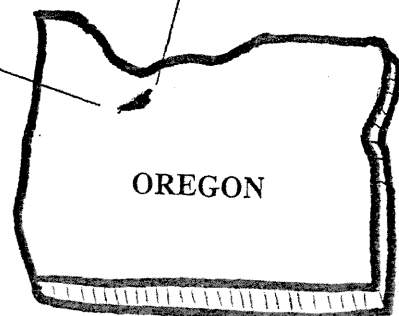
WEST LINN-WILSONVILLE SCHOOL DISTRICT 3JT
ORGANIZATION CHART



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, 2003

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. Ziehl

President

Jeffrey R. Enen

Executive Director

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Financial Section



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

November 19, 2004

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, 2004, 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. 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, 2004 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 19, 2004, 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 Management Discussion, 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, 2004**

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, 2004. 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, 2004 by \$21,024,610.
- The District's governmental funds report combined ending fund balance of \$62,677,348.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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, PERS 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 \$21,024,610 at June 30, 2004.

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, 2004	June 30, 2003	Change
Current and Other Assets	\$ 112,273,115	\$ 82,608,379	\$ 29,664,736
Capital Assets	113,695,823	100,620,543	13,075,280
Total Assets	225,968,938	183,228,922	42,740,016
Current Liabilities	8,176,562	9,038,928	(862,366)
Long-Term Liabilities	196,767,766	157,772,238	38,995,528
Total Liabilities	204,944,328	166,811,166	38,133,162
Net Assets:			
Invested in Capital Assets, net of related debt	20,366,412	14,656,511	5,709,901
Unrestricted	658,198	1,761,245	(1,103,047)
Total Net Assets	\$ 21,024,610	\$ 16,417,756	\$ 4,606,854

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 \$4,606,854.

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

	June 30, 2004	June 30, 2003	Change
REVENUES:			
Program Revenues			
Charges for Services	\$ 2,732,738	\$ 2,649,976	\$ 82,762
Operating Grants and Contributions	2,474,175	2,402,192	71,983
General Revenues			
Property Taxes	33,403,772	31,163,390	2,240,382
State School Fund - General Support	26,125,868	21,676,035	4,449,833
Other Federal, State and Local Sources	940,010	760,964	179,046
Earnings on Investments	1,006,349	334,120	672,229
Other Federal, State and Local Sources	1,610	276,582	(274,972)
Total Revenues	66,684,522	59,263,259	7,421,263
EXPENSES			
Instruction	35,492,665	33,905,376	1,587,289
Support Services	19,800,606	19,179,034	621,572
Enterprise and Community Services	1,884,698	1,652,223	232,475
Facilities Acquisition and Construction	86,168	1,379,436	(1,293,268)
Interest on Long-Term Debt	4,813,531	5,551,137	(737,606)
Total Expenses	62,077,668	61,667,206	410,462
Change in Net Assets	4,606,854	(2,403,947)	7,010,801
Beginning Net Assets	16,417,756	18,821,703	(2,403,947)
Ending Net Assets	\$ 21,024,610	\$ 16,417,756	\$ 4,606,854

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, 2004, the District's governmental funds reported combined ending fund balances of \$62,677,348, a decrease of \$12,021,748 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, 2004, unreserved fund balance was \$2,717,453. 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 increased by \$1,247,941 during the current fiscal year. This increase was attributable to the State of Oregon providing more funding in the first year than the second year of the biennium. The increase in ending fund balance is budgeted to be spent during fiscal 2004-05.

Debt Service Fund. As of June 30, 2004 the ending fund balance is \$2,635,997, an increase of \$95,412 as compared to prior year. This balance is consistent with what is required to service general obligation debt between July 1, 2004 and late November 2004 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 \$55,963,412, 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, 2004, the District had invested \$113,695,823 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 \$196,767,766. All but \$45,460,528 is general obligation debt. 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 2004-05 budget was built on state revenue assumptions that appear to be holding steady for this the second year of the legislative biennium.

Local revenues were increased in November 2004 as property was removed from the Urban Renewal District located within the City of Wilsonville. This removal increased the Local Option taxes to be collected by \$750,000 in 2004-05. On November 2, 2004 voters renewed the local option tax for an additional five years. This new tax begins in 2005-06 and ends 2009-10.

The district experienced a modest increase in the number of students over budget as reported to the Oregon Department of Education as of September 30, 2004. It is expected that expenditures will be within budgeted resources for the balance of fiscal 2004-05.

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, 2004

		Component Unit
	Governmental Activities	Three Rivers Charter School
ASSETS:		
Cash and Investments	\$ 68,390,656	\$ 222,589
Property Taxes Receivable	1,712,194	-
Other Receivables	1,607,921	-
Inventory	65,903	-
Prepaid Expenses	50,717	8,468
Prepaid Pension Asset	38,815,450	-
Bond Issue Costs	1,630,274	-
Non-Depreciable Capital Assets	22,370,593	-
Capital Assets, Net of Depreciation:	91,325,230	44,828
TOTAL ASSETS	225,968,938	275,885
LIABILITIES:		
Accounts Payable	3,418,929	-
Accrued Salaries and Benefits	4,214,238	18,511
Due to Fiduciary	7,804	-
Deferred Revenue	26,043	-
Accrued Compensated Absences Payable	105,294	-
Accrued Interest	404,254	-
Premium on Bonds	2,403,992	-
Long-Term Liabilities:		
Portion Due or Payable Within One Year:	7,686,021	-
Portion Due or Payable After One Year:	186,677,753	-
TOTAL LIABILITIES	204,944,328	18,511
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	20,366,412	44,828
Unrestricted	658,198	212,546
TOTAL NET ASSETS	\$ 21,024,610	\$ 257,374

See notes to basic financial statements.

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

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets	Component Unit
		Charges for Services	Operating Grants and Contributions		Three Rivers Charter School
Governmental Activities:					
Instruction	\$ 35,492,665	\$ 1,446,448	\$ 1,770,135	\$ (32,276,082)	\$ (122,532)
Support	19,800,606	-	383,277	(19,417,329)	(260,495)
Enterprise and Community Services	1,884,698	1,286,290	320,763	(277,645)	-
Facilities Acquisition and Construction	86,168	-	-	(86,168)	-
Unallocated Depreciation	-	-	-	-	(7,921)
Interest on Long-Term Debt	4,813,531	-	-	(4,813,531)	-
Total Governmental Activities	\$ 62,077,668	\$ 2,732,738	\$ 2,474,175	\$ (56,870,755)	(390,948)
Component Unit					
Three Rivers Charter School	\$ 640,251	17,534	\$ 231,769	\$ (390,948)	

General revenues:

Property Taxes Levied for General Purposes	21,975,918	42,708
Property Taxes Levied for Debt Service	11,427,854	-
State School Fund - General Support	26,125,868	407,032
Common School Fund	192,860	-
Unrestricted State and Local Sources	458,993	15,033
Unrestricted Federal Sources	270,538	-
County School	17,619	-
Gain on the Sale of Assets	1,610	-
Earnings on Investments	1,006,349	1,359
Total general revenues	61,477,609	466,132
CHANGE IN NET ASSETS	4,606,854	75,184
Net Assets - July 1, 2003	16,417,756	182,190
Net Assets - June 30, 2004	<u>\$ 21,024,610</u>	<u>\$ 257,374</u>

See notes to basic financial statements.

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	General Fund	Debt Service Fund	PERS Debt Service Fund
ASSETS			
Cash and Investments	\$ 7,816,308	\$ 1,846,573	\$ 1,307,608
Due From Other Funds	-	748,296	-
Property Taxes Receivable	1,135,353	576,841	-
Other Receivables	94,035	-	-
Inventory	33,903	-	-
Prepaid Expenditures	50,717	-	-
TOTAL ASSETS	\$ 9,130,316	\$ 3,171,710	\$ 1,307,608
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 1,034,511	\$ -	\$ -
Accrued Salaries and Benefits	4,027,716	-	-
Due To Other Funds	274,514	-	-
Deferred Taxes	1,054,992	535,713	-
Other Deferred Revenue	21,130	-	-
TOTAL LIABILITIES	6,412,863	535,713	-
Fund Balances:			
Unreserved, Reported In:			
General Fund	2,717,453	-	-
Debt Service Fund	-	2,635,997	1,307,608
Capital Projects Fund	-	-	-
Special Revenue Funds	-	-	-
TOTAL FUND BALANCES	2,717,453	2,635,997	1,307,608
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,130,316	\$ 3,171,710	\$ 1,307,608

See notes to basic financial statements.

2002 Capital Construction Bond Fund	Other Governmental Funds	Total
\$ 57,331,777	\$ 196,066	\$ 68,498,332
81,147	92,788	922,231
-	-	1,712,194
489,061	1,024,825	1,607,921
-	32,000	65,903
-	-	50,717
<u>\$ 57,901,985</u>	<u>\$ 1,345,679</u>	<u>\$ 72,857,298</u>

\$ 1,930,015	\$ 454,403	\$ 3,418,929
8,558	177,964	4,214,238
-	655,521	930,035
-	-	1,590,705
-	4,913	26,043
<u>1,938,573</u>	<u>1,292,801</u>	<u>10,179,950</u>

-	-	2,717,453
-	-	3,943,605
55,963,412	1,225	55,964,637
-	51,653	51,653
<u>55,963,412</u>	<u>52,878</u>	<u>62,677,348</u>
<u>\$ 57,901,985</u>	<u>\$ 1,345,679</u>	<u>\$ 72,857,298</u>

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

RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET ASSETS
JUNE 30, 2004

TOTAL FUND BALANCES \$ 62,677,348

Capital assets are not financial resources and therefore are not reported in the governmental funds:

Cost	\$ 136,130,739	
Accumulated depreciation	<u>(22,434,916)</u>	113,695,823

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. 1,590,705

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. (107,676)

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	(105,294)	
Early Retirement	(876,537)	
Bonds payable	(193,487,237)	
Premium on Bonds Payable	(2,403,992)	
Prepaid Pension Asset	38,815,450	
Bond Issue Costs	1,630,274	
Accrued interest payable	<u>(404,254)</u>	<u>(156,831,590)</u>

TOTAL NET ASSETS \$ 21,024,610

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, 2004

	General Fund	Debt Service Fund	PERS Debt Service Fund
REVENUES:			
Local Sources:			
Property Taxes	\$ 22,013,568	\$ 11,427,932	\$ -
Investment Earnings	126,805	74,895	-
Charges for Services	-	-	-
Other Local Sources	1,863,373	5,486	-
Intermediate Sources	17,619	-	-
State Sources	26,318,727	-	-
Federal Sources	270,539	-	-
TOTAL REVENUES	50,610,631	11,508,313	-
EXPENDITURES:			
Current:			
Instruction	30,970,934	-	-
Support Services	18,326,190	-	40,432,760
Enterprise and Community Services	-	-	-
Facilities Acquisition and Construction	-	-	-
Debt Service	-	11,412,901	439,632
Capital Outlay	-	-	-
TOTAL EXPENDITURES	49,297,124	11,412,901	40,872,392
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,313,507	95,412	(40,872,392)
OTHER FINANCING SOURCES, (USES):			
Bond Sale Proceeds	-	-	42,180,000
Transfers In	7,824	-	-
Transfers Out	(75,000)	-	-
Sale of Fixed Assets	1,610	-	-
TOTAL OTHER FINANCING SOURCES	(65,566)	-	42,180,000
NET CHANGE IN FUND BALANCE	1,247,941	95,412	1,307,608
Adjustment for Inventories Recorded Under Consumption Method	(1,180)	-	-
FUND BALANCE, July 1, 2003	1,470,692	2,540,585	-
FUND BALANCE, June 30, 2004	\$ 2,717,453	\$ 2,635,997	\$ 1,307,608

See notes to basic financial statements.

2002 Capital Construction Bond Fund	Other Governmental Funds	Total
\$ -	\$ -	\$ 33,441,500
911,196	1,129	1,114,025
-	1,286,290	1,286,290
-	21,275	1,890,134
-	569,382	587,001
-	56,682	26,375,409
-	1,863,418	2,133,957
911,196	3,798,176	66,828,316
-	1,746,723	32,717,657
-	429,524	59,188,474
-	1,713,652	1,713,652
15,473,190	86,168	15,559,358
-	-	11,852,533
-	-	-
15,473,190	3,976,067	121,031,674
(14,561,994)	(177,891)	(54,203,358)
-	-	42,180,000
-	75,000	82,824
-	(7,824)	(82,824)
-	-	1,610
-	67,176	42,181,610
(14,561,994)	(110,715)	(12,021,748)
-	6,477	5,297
70,525,406	157,116	74,693,799
\$ 55,963,412	\$ 52,878	\$ 62,677,348

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J

CLACKAMAS COUNTY, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2004

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, 2004

	<u>Term Expires</u>
Tom Bruggere, Chair	June 30, 2005
Mary Furrow, Vice-Chair	June 30, 2007
Dr. Bonnie Faddis	June 30, 2005
Pat Hanlin	June 30, 2007
Dale Hoogestraat	June 30, 2005

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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CLACKAMAS COUNTY, OREGON

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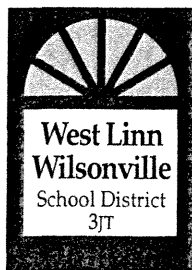
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CLACKAMAS COUNTY, OREGON

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Introductory Section



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 19, 2004

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, 2004.

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, 2004, 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, 2004, 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 39,970 in 2004. Enrollment as of September 30, 2004 was 7,916, 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 \$5.38 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. The average "Local Option" taxpayer burden during 2003-04 was \$.84 per thousand assessed value. We now estimated that this tax will provide a total of \$14,400,000 through the 2004-05 fiscal years.

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 6.4% 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 21st 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 21st century. The Futures Conferences sought common ground through dialogue using the Marvin Weisborg 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.

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, 2004 were \$1,006,349 up \$672,229 from the previous year. This was due to interest income on bond proceeds prior to spending on capital projects around the district.

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.

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".

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 \$25,000 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 \$4,000,000. 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.

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 31-32, in the notes to the basic financial statements.

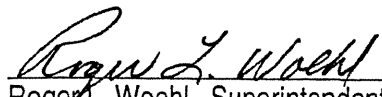
Awards

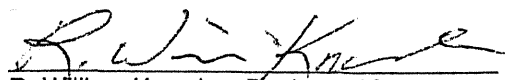
The District was awarded certificates of achievement for excellence in financial reporting for the last eleven fiscal years 1992-93 through 2002-03 by the Government Finance Officers Association of the United States and Canada (GFOA). This certificate is awarded to governmental units whose annual financial report is judged to conform substantially with high standards of public financial reporting, including generally accepted accounting principles promulgated by the Government Accounting Standards Board. It is our belief that the District's current report meets these high standards.

ACKNOWLEDGMENTS

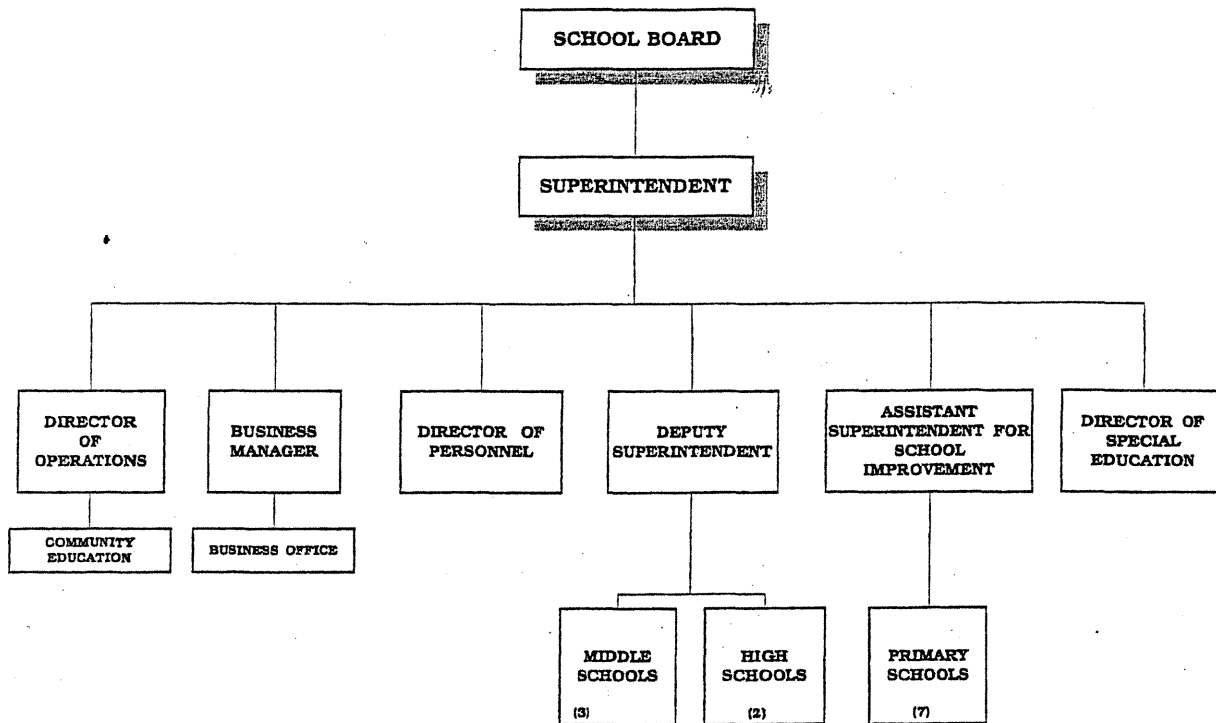
We wish to express our appreciation to the staff of the Business Office and members of other District departments who assisted in the preparation of this Comprehensive Annual Financial Report. We also wish to extend our appreciation to the members of the Board of Education, administrators, employees, 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,

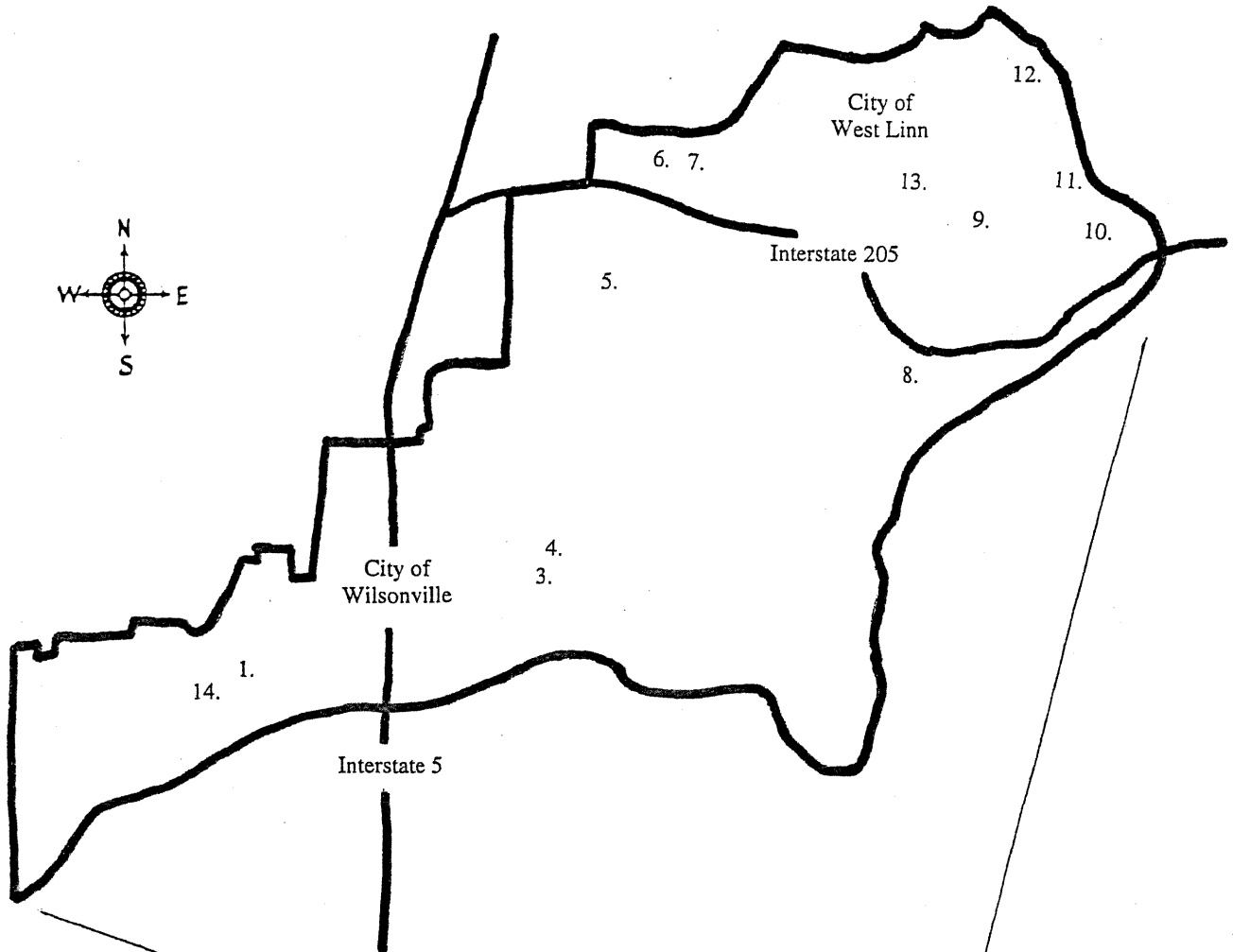

Roger L. Woehl, Superintendent


R. William Knowles, Business Manager

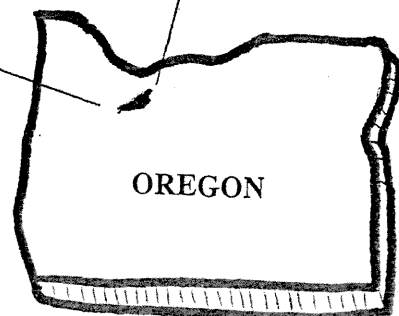
WEST LINN-WILSONVILLE SCHOOL DISTRICT 3JT
ORGANIZATION CHART



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, 2003

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. Ziehl

President

Jeffrey R. Enen

Executive Director

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Financial Section



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

November 19, 2004

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, 2004, 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. 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, 2004 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 19, 2004, 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 Management Discussion, 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, 2004**

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, 2004. 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, 2004 by \$21,024,610.
- The District's governmental funds report combined ending fund balance of \$62,677,348.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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, PERS 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 \$21,024,610 at June 30, 2004.

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, 2004	June 30, 2003	Change
Current and Other Assets	\$ 112,273,115	\$ 82,608,379	\$ 29,664,736
Capital Assets	113,695,823	100,620,543	13,075,280
Total Assets	225,968,938	183,228,922	42,740,016
Current Liabilities	8,176,562	9,038,928	(862,366)
Long-Term Liabilities	196,767,766	157,772,238	38,995,528
Total Liabilities	204,944,328	166,811,166	38,133,162
Net Assets:			
Invested in Capital Assets, net of related debt	20,366,412	14,656,511	5,709,901
Unrestricted	658,198	1,761,245	(1,103,047)
Total Net Assets	\$ 21,024,610	\$ 16,417,756	\$ 4,606,854

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 \$4,606,854.

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

	June 30, 2004	June 30, 2003	Change
REVENUES:			
Program Revenues			
Charges for Services	\$ 2,732,738	\$ 2,649,976	\$ 82,762
Operating Grants and Contributions	2,474,175	2,402,192	71,983
General Revenues			
Property Taxes	33,403,772	31,163,390	2,240,382
State School Fund - General Support	26,125,868	21,676,035	4,449,833
Other Federal, State and Local Sources	940,010	760,964	179,046
Earnings on Investments	1,006,349	334,120	672,229
Other Federal, State and Local Sources	1,610	276,582	(274,972)
Total Revenues	66,684,522	59,263,259	7,421,263
EXPENSES			
Instruction	35,492,665	33,905,376	1,587,289
Support Services	19,800,606	19,179,034	621,572
Enterprise and Community Services	1,884,698	1,652,223	232,475
Facilities Acquisition and Construction	86,168	1,379,436	(1,293,268)
Interest on Long-Term Debt	4,813,531	5,551,137	(737,606)
Total Expenses	62,077,668	61,667,206	410,462
Change in Net Assets	4,606,854	(2,403,947)	7,010,801
Beginning Net Assets	16,417,756	18,821,703	(2,403,947)
Ending Net Assets	\$ 21,024,610	\$ 16,417,756	\$ 4,606,854

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, 2004, the District's governmental funds reported combined ending fund balances of \$62,677,348, a decrease of \$12,021,748 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, 2004, unreserved fund balance was \$2,717,453. 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 increased by \$1,247,941 during the current fiscal year. This increase was attributable to the State of Oregon providing more funding in the first year than the second year of the biennium. The increase in ending fund balance is budgeted to be spent during fiscal 2004-05.

Debt Service Fund. As of June 30, 2004 the ending fund balance is \$2,635,997, an increase of \$95,412 as compared to prior year. This balance is consistent with what is required to service general obligation debt between July 1, 2004 and late November 2004 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 \$55,963,412, 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, 2004, the District had invested \$113,695,823 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 \$196,767,766. All but \$45,460,528 is general obligation debt. 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 2004-05 budget was built on state revenue assumptions that appear to be holding steady for this the second year of the legislative biennium.

Local revenues were increased in November 2004 as property was removed from the Urban Renewal District located within the City of Wilsonville. This removal increased the Local Option taxes to be collected by \$750,000 in 2004-05. On November 2, 2004 voters renewed the local option tax for an additional five years. This new tax begins in 2005-06 and ends 2009-10.

The district experienced a modest increase in the number of students over budget as reported to the Oregon Department of Education as of September 30, 2004. It is expected that expenditures will be within budgeted resources for the balance of fiscal 2004-05.

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, 2004

		Component Unit
	Governmental Activities	Three Rivers Charter School
ASSETS:		
Cash and Investments	\$ 68,390,656	\$ 222,589
Property Taxes Receivable	1,712,194	-
Other Receivables	1,607,921	-
Inventory	65,903	-
Prepaid Expenses	50,717	8,468
Prepaid Pension Asset	38,815,450	-
Bond Issue Costs	1,630,274	-
Non-Depreciable Capital Assets	22,370,593	-
Capital Assets, Net of Depreciation:	91,325,230	44,828
TOTAL ASSETS	225,968,938	275,885
LIABILITIES:		
Accounts Payable	3,418,929	-
Accrued Salaries and Benefits	4,214,238	18,511
Due to Fiduciary	7,804	-
Deferred Revenue	26,043	-
Accrued Compensated Absences Payable	105,294	-
Accrued Interest	404,254	-
Premium on Bonds	2,403,992	-
Long-Term Liabilities:		
Portion Due or Payable Within One Year:	7,686,021	-
Portion Due or Payable After One Year:	186,677,753	-
TOTAL LIABILITIES	204,944,328	18,511
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	20,366,412	44,828
Unrestricted	658,198	212,546
TOTAL NET ASSETS	\$ 21,024,610	\$ 257,374

See notes to basic financial statements.

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

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets	Component Unit
		Charges for Services	Operating Grants and Contributions		Three Rivers Charter School
Governmental Activities:					
Instruction	\$ 35,492,665	\$ 1,446,448	\$ 1,770,135	\$ (32,276,082)	\$ (122,532)
Support	19,800,606	-	383,277	(19,417,329)	(260,495)
Enterprise and Community Services	1,884,698	1,286,290	320,763	(277,645)	-
Facilities Acquisition and Construction	86,168	-	-	(86,168)	-
Unallocated Depreciation	-	-	-	-	(7,921)
Interest on Long-Term Debt	4,813,531	-	-	(4,813,531)	-
Total Governmental Activities	\$ 62,077,668	\$ 2,732,738	\$ 2,474,175	\$ (56,870,755)	(390,948)
Component Unit					
Three Rivers Charter School	\$ 640,251	17,534	\$ 231,769	\$ (390,948)	

General revenues:

Property Taxes Levied for General Purposes	21,975,918	42,708
Property Taxes Levied for Debt Service	11,427,854	-
State School Fund - General Support	26,125,868	407,032
Common School Fund	192,860	-
Unrestricted State and Local Sources	458,993	15,033
Unrestricted Federal Sources	270,538	-
County School	17,619	-
Gain on the Sale of Assets	1,610	-
Earnings on Investments	1,006,349	1,359
Total general revenues	61,477,609	466,132
CHANGE IN NET ASSETS	4,606,854	75,184
Net Assets - July 1, 2003	16,417,756	182,190
Net Assets - June 30, 2004	<u>\$ 21,024,610</u>	<u>\$ 257,374</u>

See notes to basic financial statements.

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	General Fund	Debt Service Fund	PERS Debt Service Fund
ASSETS			
Cash and Investments	\$ 7,816,308	\$ 1,846,573	\$ 1,307,608
Due From Other Funds	-	748,296	-
Property Taxes Receivable	1,135,353	576,841	-
Other Receivables	94,035	-	-
Inventory	33,903	-	-
Prepaid Expenditures	50,717	-	-
TOTAL ASSETS	\$ 9,130,316	\$ 3,171,710	\$ 1,307,608
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 1,034,511	\$ -	\$ -
Accrued Salaries and Benefits	4,027,716	-	-
Due To Other Funds	274,514	-	-
Deferred Taxes	1,054,992	535,713	-
Other Deferred Revenue	21,130	-	-
TOTAL LIABILITIES	6,412,863	535,713	-
Fund Balances:			
Unreserved, Reported In:			
General Fund	2,717,453	-	-
Debt Service Fund	-	2,635,997	1,307,608
Capital Projects Fund	-	-	-
Special Revenue Funds	-	-	-
TOTAL FUND BALANCES	2,717,453	2,635,997	1,307,608
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,130,316	\$ 3,171,710	\$ 1,307,608

See notes to basic financial statements.

2002 Capital Construction Bond Fund	Other Governmental Funds	Total
\$ 57,331,777	\$ 196,066	\$ 68,498,332
81,147	92,788	922,231
-	-	1,712,194
489,061	1,024,825	1,607,921
-	32,000	65,903
-	-	50,717
<u>\$ 57,901,985</u>	<u>\$ 1,345,679</u>	<u>\$ 72,857,298</u>

\$ 1,930,015	\$ 454,403	\$ 3,418,929
8,558	177,964	4,214,238
-	655,521	930,035
-	-	1,590,705
-	4,913	26,043
<u>1,938,573</u>	<u>1,292,801</u>	<u>10,179,950</u>

-	-	2,717,453
-	-	3,943,605
55,963,412	1,225	55,964,637
-	51,653	51,653
<u>55,963,412</u>	<u>52,878</u>	<u>62,677,348</u>
<u>\$ 57,901,985</u>	<u>\$ 1,345,679</u>	<u>\$ 72,857,298</u>

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

RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET ASSETS
JUNE 30, 2004

TOTAL FUND BALANCES \$ 62,677,348

Capital assets are not financial resources and therefore are not reported in the governmental funds:

Cost	\$ 136,130,739	
Accumulated depreciation	<u>(22,434,916)</u>	113,695,823

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. 1,590,705

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. (107,676)

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	(105,294)	
Early Retirement	(876,537)	
Bonds payable	(193,487,237)	
Premium on Bonds Payable	(2,403,992)	
Prepaid Pension Asset	38,815,450	
Bond Issue Costs	1,630,274	
Accrued interest payable	<u>(404,254)</u>	<u>(156,831,590)</u>

TOTAL NET ASSETS \$ 21,024,610

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, 2004

	General Fund	Debt Service Fund	PERS Debt Service Fund
REVENUES:			
Local Sources:			
Property Taxes	\$ 22,013,568	\$ 11,427,932	\$ -
Investment Earnings	126,805	74,895	-
Charges for Services	-	-	-
Other Local Sources	1,863,373	5,486	-
Intermediate Sources	17,619	-	-
State Sources	26,318,727	-	-
Federal Sources	270,539	-	-
TOTAL REVENUES	50,610,631	11,508,313	-
EXPENDITURES:			
Current:			
Instruction	30,970,934	-	-
Support Services	18,326,190	-	40,432,760
Enterprise and Community Services	-	-	-
Facilities Acquisition and Construction	-	-	-
Debt Service	-	11,412,901	439,632
Capital Outlay	-	-	-
TOTAL EXPENDITURES	49,297,124	11,412,901	40,872,392
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,313,507	95,412	(40,872,392)
OTHER FINANCING SOURCES, (USES):			
Bond Sale Proceeds	-	-	42,180,000
Transfers In	7,824	-	-
Transfers Out	(75,000)	-	-
Sale of Fixed Assets	1,610	-	-
TOTAL OTHER FINANCING SOURCES	(65,566)	-	42,180,000
NET CHANGE IN FUND BALANCE	1,247,941	95,412	1,307,608
Adjustment for Inventories Recorded Under Consumption Method	(1,180)	-	-
FUND BALANCE, July 1, 2003	1,470,692	2,540,585	-
FUND BALANCE, June 30, 2004	\$ 2,717,453	\$ 2,635,997	\$ 1,307,608

See notes to basic financial statements.

2002 Capital Construction Bond Fund	Other Governmental Funds	Total
\$ -	\$ -	\$ 33,441,500
911,196	1,129	1,114,025
-	1,286,290	1,286,290
-	21,275	1,890,134
-	569,382	587,001
-	56,682	26,375,409
-	1,863,418	2,133,957
911,196	3,798,176	66,828,316
-	1,746,723	32,717,657
-	429,524	59,188,474
-	1,713,652	1,713,652
15,473,190	86,168	15,559,358
-	-	11,852,533
-	-	-
15,473,190	3,976,067	121,031,674
(14,561,994)	(177,891)	(54,203,358)
-	-	42,180,000
-	75,000	82,824
-	(7,824)	(82,824)
-	-	1,610
-	67,176	42,181,610
(14,561,994)	(110,715)	(12,021,748)
-	6,477	5,297
70,525,406	157,116	74,693,799
\$ 55,963,412	\$ 52,878	\$ 62,677,348

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, 2004

NET CHANGE IN FUND BALANCE	\$	(12,021,748)
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Expenditures for capital assets	\$ 15,473,190	
Less current year depreciation	<u>(2,397,910)</u>	13,075,280

Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Assets, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets. This is the amount by which proceeds exceeded repayments:

Proceeds from debt issued in governmental funds	(42,180,000)	
Prepaid Pension asset expensed in governmental funds	40,432,760	
Prepaid Pension asset amortization	(1,617,310)	
Bond premium amortization	143,785	
Bond issue cost amortization	(109,018)	
Bond issue costs that were expended	439,632	
Debt principal repaid	<u>6,465,000</u>	3,574,849

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.	(107,676)
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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.	5,297
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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.	(9,416)
---	---------

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.	(37,728)
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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	(8,513)	
Early retirement obligations	<u>141,988</u>	133,475

An internal service fund is used by the District to charge the costs of administering uninsured property losses to the individual funds.

The net revenue of the internal service fund is reported with governmental activities.	<u>(5,479)</u>
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CHANGE IN NET ASSETS	\$	<u>4,606,854</u>
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See notes to basic financial statements.

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

STATEMENT OF PROPRIETARY NET ASSETS
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2004

ASSETS:	
Due From Other Funds	\$ -
TOTAL ASSETS	<u><u>\$ -</u></u>
LIABILITIES AND NET ASSETS:	
Net Assets	\$ -
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ -</u></u>

See notes to basic financial statements.

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2004

OPERATING EXPENSES

Property and Casualty Loss Programs	\$ 5,479
TOTAL OPERATING EXPENSES	<u>5,479</u>
Net Income (Loss)	(5,479)
Beginning Net Assets	<u>5,479</u>
Ending Net Assets	<u><u>\$ -</u></u>

See notes to basic financial statements.

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

CASH FLOW STATEMENT
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2004

Cash Flows from Operating Activities

Cash Paid to Suppliers	\$ (5,479)
Net Cash Flow from Operating Activities	<u>(5,479)</u>

Cash Flows from Non-Capital Financing Activities

Increase (Decrease) in Due from Other Funds	<u>5,479</u>
Net Cash Flow from Non-Capital Financing Activities	<u>5,479</u>

Net Changes in Cash and Investments	-
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Cash and Investments at Beginning of Year	<u>-</u>
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Cash and Investments at End of Year	<u><u>\$ -</u></u>
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See notes to basic financial statements.

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

STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2004

ASSETS:

Cash and Investments	\$	917,156
Due From Governmental Funds		7,804
Prepaid Expenses		<u>500</u>
Total Assets	\$	<u><u>925,460</u></u>

LIABILITIES AND NET ASSETS:

Liabilities:

Accounts Payable		500
Due to Student Organizations	\$	<u>917,156</u>
Total Liabilities		<u>917,656</u>

Net Assets:

Unrestricted		
Designated for Trust Activities		<u>7,804</u>
Total Liabilities and Net Assets	\$	<u><u>925,460</u></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, 2004

REVENUES:

From Local Sources:

Earnings on Investments

\$ -

Total Revenues

-

EXPENDITURES:

Current:

Supporting Services

2,665

Change in Net Assets

(2,665)

Beginning Net Assets

10,469

Ending Net Assets

\$ 7,804

See notes to basic financial statements.

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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 Bond issues. The principal source of revenue is property taxes.

PERS Debt Service Fund – This fund accounts for the payment of principal and interest on the District's Pension Bond issues. The principal source of revenue is charges to other funds.

2002 Capital Construction 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.

The District reports the following proprietary fund:

Insurance Reserve Fund

The Insurance Reserve Fund accounts for the revenue and expenses resulting from property damage and loss up to the district deductible levels.

Additionally, the District reports the following other fund types:

Fiduciary Funds

The Agency funds account for the transactions of the District's student body activity accounts, and two private-purpose trust funds for private contributions to be used for specific purposes.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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 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.

Private sector standards of accounting and reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that these standards do not conflict or contradict the guidance of the Governmental Accounting Standards Board.

The District's proprietary fund is an Internal Service Fund. Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. All assets and liabilities associated with their activity are included in their balance sheets. The operating statements present increases (revenues) and decreases (expenses) in their net total assets. The District has applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, to its proprietary fund, unless those pronouncements conflict or contradict GASB pronouncements.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents and Investments (Continued)

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.

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.

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.

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.

Inventories

Purchased 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 a fund balance reserve which indicates they are unavailable for appropriation on a budgetary basis.

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 2000 Full Faith Construction Fund, facilities acquisition and construction by \$5,651; Food Service Fund, enterprise and community services by \$19,254; Disabled Child Fund, instruction by \$26,902; SOAR fund, instruction by \$1,412; Youth Transition Program fund, instruction by \$5,275; Title I fund, instruction by \$55,748; General Fund support services by \$462,003; Charter School fund support services by \$10,247; IDEA fund support services by \$270,886; and 1992 Bond Construction fund by \$17.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash and investments are comprised of the following as of June 30, 2004:

Petty Cash	\$ -
Deposits with Financial Institutions:	6,239,017
Investments	<u>63,068,795</u>
Total Cash and Investments	<u>\$ 69,307,812</u>

Cash and Investment are reported as follows:

Governmental Funds	\$ 68,390,656
Fiduciary Funds	<u>917,156</u>
Total Cash and Investments	<u>\$ 69,307,812</u>

At year-end, the District's net carrying amount of deposits was \$6,239,017 and the bank balance was \$6,462,917. Of these deposits, \$668,530 was covered by federal depository insurance, \$1,448,597 was fully collateralized with securities held by financial institutions acting as agents for the District in the District's name and the remainder was uncollateralized. Oregon Revised Statutes require depository institutions to maintain on deposit, with a collateral pool manager, securities having a value not less than 25% of the outstanding certificates of participation issued by the pool manager.

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool. As of June 30, 2004 and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

2. CASH AND INVESTMENTS (CONTINUED)

The District's investments are categorized below to give an indication of the level of custodial credit risk assumed at June 30, 2004. Category 1 includes investments that are insured or registered for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution selling the security to the District, but not in the District's name.

The fair value of investments at June 30, 2004 are:

	Categories			Fair Market Value
	1	2	3	
Repurchase Agreement with Bank U.S. Government Agency Securities (Carried at Fair Value)	\$ -	\$ 46,917,827	\$ -	\$ 46,917,827
Investment not subject to categorization:				
Cash with County Treasurer				227,399
State Treasurer's Investment Pool at Fair Value				15,923,569
Total Investments				<u>\$ 63,068,795</u>

3. RECEIVABLES

Receivables are comprised of the following as of June 30, 2004:

Property taxes	\$ 1,712,194
Other Receivables	<u>1,607,921</u>
Total	<u>\$ 3,320,115</u>

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

4. CAPITAL ASSETS

Capital assets activity for the year was as follows:

	Balance June 30, 2003	Additions	Reclassification and Deletions	Balance June 30, 2004
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	9,239,142	578,562	-	9,817,704
	-	12,552,889	-	12,552,889
Total Capital Assets Not Being Depreciated	9,239,142	13,131,451	-	22,370,593
Capital Assets Being Depreciated:				
Buildings and Improvements	109,168,402	1,928,412	-	111,096,814
Machinery and Equipment	2,250,005	413,327	-	2,663,332
Total Capital Assets Being Depreciated	111,418,407	2,341,739	-	113,760,146
Accumulated Depreciation				
Buildings and Improvements	(17,984,261)	(2,339,646)	-	(20,323,907)
Machinery and Equipment	(2,052,745)	(58,264)	-	(2,111,009)
Total Accumulated Depreciation	(20,037,006)	(2,397,910)	-	(22,434,916)
Total Capital Assets Being Depreciated, Net	91,381,401	(56,171)	-	91,325,230
Governmental Activities				
Capital Assets, Net	\$ 100,620,543	\$ 13,075,280	\$ -	\$ 113,695,823

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

Governmental Activities:	
Instruction	\$ 1,798,433
Support Services	479,582
Community Services	119,895
Total Depreciation Expense-	
Governmental Activities	\$ 2,397,910

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

5. LONG-TERM DEBT

Bonds Payable

The following changes occurred in bonds payable during the fiscal year ending June 30, 2004:

<u>Issue Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding July 1, 2003</u>	<u>Issued</u>	<u>Matured And Redeemed</u>	<u>Outstanding June 30, 2004</u>
September 1997	4.45-5.75%	\$ 76,440,000	\$ 70,025,000	\$ -	\$ 4,535,000	\$ 65,490,000
July 2002	2.5-4.5%	12,995,000	12,750,000	-	1,690,000	11,060,000
May 2003	2.0-4.78%	74,997,238	74,997,238	-	240,000	74,757,238
March 1, 2004	2.0-4.78%	42,180,000	-	42,180,000	-	42,180,000
			\$ 157,772,238	\$ 42,180,000	\$ 6,465,000	\$ 193,487,238
Early Retirement Obligation			1,018,525	232,800	374,788	876,537
Unamortized Premium/(Discount)			2,547,777	-	143,786	2,403,991
Total Bonds Payable			<u>\$ 161,338,540</u>	<u>\$ 42,412,800</u>	<u>\$ 6,983,574</u>	<u>\$ 196,767,766</u>

Future maturities of bonds payable are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2005	7,430,000	6,958,947
2006	8,500,000	6,649,295
2007	9,560,000	6,305,115
2008	10,560,000	5,904,606
2009	11,735,000	5,367,863
2010-2014	43,877,593	22,148,955
2015-2019	46,489,536	31,951,778
2020-2024	38,485,109	38,723,531
2024-2029	16,850,000	2,191,852
Total	<u>\$ 193,487,238</u>	<u>\$ 126,201,942</u>

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

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2004

5. LONG-TERM DEBT (CONTINUED)

General Obligation 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. On June 30, 2004, \$12,255,000 of bonds outstanding are considered defeased.

Pension Obligation Bonds

On March 1, 2004, 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, 2004 are as follows:

	Due From Other Funds	Due to Other Funds
General Fund	\$ -	\$ 274,514
Debt Service Fund	748,296	-
Capital Projects Fund	81,147	-
Other Governmental Funds	92,788	655,521
Fiduciary Funds	7,804	-
	<u>\$ 930,035</u>	<u>\$ 930,035</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 44 employees currently on early retirement is \$876,537. 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 2004 and 2003 was \$254,960 and \$113,808 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, 41 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 2004 and 2003, these costs totaled \$324,162 and \$318,615 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, 2003 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, 2004, 2003, 2002 and 2001 were \$3,803,431, \$5,346,882, \$5,346,543, and \$4,895,012 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.

10. COMMITMENTS AND CONTINGENCIES

The District is committed under various construction contracts for approximately \$22,820,145 at June 30, 2004.

The District is named as a defendant in a personal injury action filed by a former instructional assistant at Wilsonville Primary School. The former assistant has alleged that she was exposed to asbestos and PCBs during 1992-1994, and that as a result, has now been diagnosed with terminal lung cancer. The results of this case have yet to be determined.

11. DEFICIT FUND BALANCE

The Food Service fund had a negative ending fund balance of \$17,807 at June 30, 2004. The District ended its relationship with its prior vendor and is making an effort to reduce costs in the future in order to maintain a positive fund balance.

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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, 2004

GENERAL FUND

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES:				
Local Sources:				
Current Year Taxes	\$ 16,625,983	\$ 16,625,983	\$ 18,176,580	\$ 1,550,597
Prior Year Taxes	583,000	583,000	604,327	21,327
Local Option Levy	3,309,170	3,309,170	3,232,661	(76,509)
Regular Day School Tuition	440,000	440,000	625,952	185,952
Summer School Tuition	65,000	65,000	30,845	(34,155)
Investment Earnings	371,050	371,050	126,805	(244,245)
Co-curricular Activities	10,000	10,000	-	(10,000)
Community Services Activities	747,610	747,610	789,651	42,041
Rentals	178,000	178,000	132,952	(45,048)
Contributions	110,000	110,000	122,745	12,745
Miscellaneous	40,000	40,000	161,228	121,228
Total Local Sources	22,479,813	22,479,813	24,003,746	1,523,933
Intermediate Sources:				
County School Fund	-	-	17,619	17,619
Total Intermediate Sources	-	-	17,619	17,619
State Sources:				
State School Fund	25,652,566	25,781,855	26,125,867	344,012
Common School Fund	216,804	216,804	192,860	(23,944)
Unrestricted Grants	-	-	-	-
Total State Sources	25,869,370	25,998,659	26,318,727	320,068
Federal Sources:				
Unrestricted Fed Thru State	-	-	75,582	75,582
Federal Forest Fees	194,186	194,186	194,957	771
Total Federal Sources	194,186	194,186	270,539	76,353
TOTAL REVENUES	\$ 48,543,369	\$ 48,672,658	\$ 50,610,631	\$ 1,937,973

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

9*

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2004

GENERAL FUND

	Actual			
	Salaries	Employee Benefits	Purchased Services	Materials and Services
EXPENDITURES:				
Instruction:*				
Primary Programs	\$ 5,510,431	\$ 2,144,040	\$ 41,363	\$ 201,064
Intermediate Programs	2,579,801	1,026,348	26,123	121,661
Middle School Programs	4,322,125	1,661,588	99,971	218,049
High School Programs	5,021,189	1,946,804	158,505	413,292
High School Cocurricular Programs	755,201	150,271	104,556	70,699
Pre-kindergarten Instruction	153,477	54,355	-	-
Talented and Gifted Programs	100,292	61,145	135,787	25,536
High Needs Programs	732,490	343,358	94,880	8,653
Resource Rooms	1,461,632	605,772	35,983	19,891
Alternative Education	28,238	14,084	-	-
Charter Schools	10,984	9,478	-	-
ESL Programs	162,570	75,997	-	1,124
Other Programs	119,530	41,972	13,439	14,529
Summer School	39,201	8,412	979	742
Total Instruction	20,997,161	8,143,624	711,586	1,095,240
Support Services:*				
Guidance Services	818,111	311,124	148	3,768
Health Services	123,175	52,454	3,214	1,479
Psychological Services	350,371	138,175	9,160	534
Speech Pathology and Audiology Services	524,995	182,864	6,911	3,932
Service Direction, Student Support Services	143,735	63,254	12,699	17,467
Improvement of Instruction Services	150,192	487,061	93,193	37,453
Educational Media Services	798,220	322,948	2,031	76,720
Audio Visual	-	-	13,006	23,963
Board of Education Services	-	-	55,618	1,373
Executive Administration Services	252,967	93,494	46,329	20,826
Office of the Principal Services	2,249,295	918,850	105,618	25,120
Fiscal Services	321,803	142,641	36,766	9,460
Building Acquisition	-	-	-	-
Operation and Maintenance of Plant Services	1,591,062	758,394	2,014,119	356,171

Continued from page 33

Continued on page 35

		Budget		Variance with Final Budget Positive (Negative)
Other Objects	Total	Adopted	Final	
\$ 103	7,897,001	8,493,823	8,493,823	596,822
-	3,753,933	3,804,435	3,804,435	50,502
-	6,301,733	6,644,560	6,644,560	342,827
742	7,540,532	7,511,588	7,511,588	(28,944)
19,533	1,100,260	982,090	983,090	(117,170)
-	207,832	170,365	170,365	(37,467)
-	322,760	298,014	298,014	(24,746)
-	1,179,381	1,368,054	1,368,054	188,673
101	2,123,379	2,051,248	2,051,248	(72,131)
-	42,322	64,080	64,080	21,758
-	20,462	57,842	57,842	37,380
-	239,691	308,817	308,817	69,126
2,844	192,314	129,472	129,472	(62,842)
-	49,334	52,647	52,647	3,313
23,323	30,970,934	31,937,035	31,938,035	967,101
140	1,133,291	1,178,915	1,178,915	45,624
-	180,322	178,394	178,394	(1,928)
-	498,240	418,952	418,952	(79,288)
-	718,702	550,490	550,490	(168,212)
103	237,258	252,326	252,326	15,068
3,343	771,242	767,296	767,296	(3,946)
110	1,200,029	1,098,492	1,098,492	(101,537)
5,175	42,144	47,384	47,384	5,240
10,434	67,425	97,439	97,439	30,014
-	413,616	430,452	430,452	16,836
263	3,299,146	3,320,864	3,320,864	21,718
369,267	879,937	823,765	823,765	(56,172)
-	-	-	-	-
9,107	4,728,853	4,616,034	4,616,034	(112,819)

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

9*

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2004

GENERAL FUND

	Actual			
	Salaries	Employee Benefits	Purchased Services	Materials and Services
Student Transportation Services	-	-	3,101,526	43,033
Internal Services	73,895	35,028	65,003	-
Central Support Services	-	-	-	-
Staff Services	132,713	54,298	22,836	4,715
Technology Services	-	-	1,472	28,360
Supplemental Retirement Program	234,140	358,731	-	-
Total Support Services	7,764,674	3,919,316	5,589,649	654,374
Other Uses:*				
Debt Service	-	-	-	-
Operating Contingency*	-	-	-	-
TOTAL EXPENDITURES	\$ 28,761,835	\$ 12,062,940	\$ 6,301,235	\$ 1,749,614

**EXCESS (DEFICIENCY) OF
REVENUES OVER EXPENDITURES**

OTHER FINANCING SOURCES:

Sale of Assets
Interfund Transfers Out
Interfund Transfers In

NET CHANGE IN FUND BALANCE

FUND BALANCE, July 1, 2003

FUND BALANCE, June 30, 2004

Adjustment for Inventories Recorded
Under Consumption Method

Fund Balance (GAAP Basis)

*Appropriation level

Continued from page 34

Actual			Budget		Variance with Final Budget Positive (Negative)
Capital Outlay	Other Objects	Total	Adopted	Final	
-	-	3,144,559	3,038,823	3,038,823	(105,736)
-	-	173,926	179,792	179,792	5,866
-	-	-	42,471	42,471	42,471
-	235	214,797	126,177	126,177	(88,620)
-	-	29,832	-	-	(29,832)
-	-	592,871	696,121	696,121	103,250
-	398,177	18,326,190	17,864,187	17,864,187	(462,003)
-	-	-	255,000	255,000	255,000
-	-	-	1,285,632	1,285,632	1,285,632
\$ -	\$ 421,500	49,297,124	51,341,854	51,342,854	2,045,730
		1,313,507	(2,798,485)	(2,670,196)	3,983,703
		1,610	-	-	1,610
		(75,000)	-	(75,000)	-
		7,824	-	-	7,824
		1,247,941	(2,798,485)	(2,745,196)	3,993,137
		1,470,692	2,798,485	2,798,485	(1,327,793)
		2,718,633	\$ -	\$ 53,289	\$ 2,665,344
		(1,180)			
		\$ 2,717,453			

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, 2004

DEBT SERVICE FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Current Property taxes	\$ 10,813,613	\$ 10,813,613	\$ 11,086,018	\$ 272,405
Prior Property taxes	300,000	300,000	341,914	41,914
Penalties and Interest on Taxes	5,000	5,000	5,486	486
Investment earnings	75,000	75,000	74,895	(105)
TOTAL REVENUES	<u>11,193,613</u>	<u>11,193,613</u>	<u>11,508,313</u>	<u>314,700</u>
EXPENDITURES:				
Debt service:*				
Principal	6,465,000	6,465,000	6,465,000	-
Interest	4,948,000	4,948,000	4,947,901	99
TOTAL EXPENDITURES	<u>11,413,000</u>	<u>11,413,000</u>	<u>11,412,901</u>	<u>99</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(219,387)	(219,387)	95,412	314,799
FUND BALANCE, July 1, 2003	<u>1,921,804</u>	<u>1,921,804</u>	<u>2,540,585</u>	<u>618,781</u>
FUND BALANCE, June 30, 2004	<u>\$ 1,702,417</u>	<u>\$ 1,702,417</u>	<u>\$ 2,635,997</u>	<u>\$ 933,580</u>

*Appropriation level

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, 2004

PERS DEBT SERVICE FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
EXPENDITURES				
Support Services:*				
PERS UAL Expense	\$ -	\$ 42,430,000	\$ 40,432,760	\$ (1,997,240)
Debt Service:				
Bond Issue Costs	-	900,000	439,632	460,368
TOTAL EXPENDITURES	-	43,330,000	40,872,392	2,457,608
OTHER FINANCING SOURCES (USES):				
Bond Proceeds	-	43,330,000	42,180,000	1,150,000
TOTAL OTHER FINANCING SOURCES (USES)	-	43,330,000	42,180,000	1,150,000
NET CHANGE IN FUND BALANCE	-	-	1,307,608	1,307,608
FUND BALANCE, July 1, 2003	-	-	-	-
FUND BALANCE, June 30, 2004	\$ -	\$ -	\$ 1,307,608	\$ 1,307,608

*Appropriation level

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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, 2004

2002 CAPITAL CONSTRUCTION BOND FUND

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES:				
Local Sources:				
Investment Earnings	\$ 1,000,000	\$ 1,000,000	\$ 911,196	\$ (88,804)
TOTAL REVENUES	<u>1,000,000</u>	<u>1,000,000</u>	<u>911,196</u>	<u>(88,804)</u>
EXPENDITURES:				
Facilities Acquisition and Construction:*				
Salaries	-	675,000	662,627	12,373
Employee Benefits	-	313,964	275,919	38,045
Purchased Services	-	-	5,497,794	(5,497,794)
Supplies and Materials	-	-	1,539,069	(1,539,069)
Capital Outlays	-	-	-	-
Other Objects	-	23,811,036	7,497,781	16,313,255
Total Facilities Acquisition and Construction	-	<u>24,800,000</u>	<u>15,473,190</u>	<u>9,326,810</u>
Debt Service*	-	-	-	-
TOTAL EXPENDITURES	-	<u>24,800,000</u>	<u>15,473,190</u>	<u>9,326,810</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	<u>1,000,000</u>	<u>(23,800,000)</u>	<u>(14,561,994)</u>	<u>(9,415,614)</u>
Other Financing Sources, -Uses:				
Bond Sale	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES, OTHER FINANCING SOURCES AND NET CHANGE IN FUND BALANCE	<u>1,000,000</u>	<u>(23,800,000)</u>	<u>(14,561,994)</u>	<u>9,238,006</u>
FUND BALANCE, July 1, 2003	<u>73,800,000</u>	<u>73,800,000</u>	<u>70,525,406</u>	<u>(3,274,594)</u>
FUND BALANCE, June 30, 2004	<u>\$ 74,800,000</u>	<u>\$ 50,000,000</u>	<u>\$ 55,963,412</u>	<u>\$ 5,963,412</u>

*Appropriation level

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004

	SPECIAL REVENUE FUNDS				
	Federal Funds	Misc. Grants Fund	SOAR Fund	Oregon Ready to Learn Fund	Disabled Child Fund
ASSETS					
Equity in Pooled Cash and Investments	\$ -	\$ -	\$ -	\$ -	\$ -
Due from Other Funds	45,753	-	14,316	26,344	6,375
Accounts Receivable	631,043	984	-	-	254,330
Inventory	-	-	-	-	-
TOTAL ASSETS	<u>\$ 676,796</u>	<u>\$ 984</u>	<u>\$ 14,316</u>	<u>\$ 26,344</u>	<u>\$ 260,705</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 153,223	\$ -	\$ -	\$ -	\$ 259,674
Accrued Salaries and Benefits	136,031	-	-	-	-
Deferred Revenue	-	-	4,913	-	-
Due to Other Funds	372,789	984	-	-	-
TOTAL LIABILITIES	662,043	984	4,913	-	259,674
Fund Balances:					
Unreserved, Undesignated	14,753	-	9,403	26,344	1,031
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 676,796</u>	<u>\$ 984</u>	<u>\$ 14,316</u>	<u>\$ 26,344</u>	<u>\$ 260,705</u>

SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS		
Solid Waste Planning Fund	Food Service Fund	Community Education Fund	1992 Bond Construction Fund	2000 Full Faith Construction Fund	Total
\$ -	\$ -	\$ 1,000	\$ 113,205	\$ 81,861	\$ 196,066
-	-	-	-	-	92,788
2,309	57,487	78,672	-	-	1,024,825
-	32,000	-	-	-	32,000
<u>\$ 2,309</u>	<u>\$ 89,487</u>	<u>\$ 79,672</u>	<u>\$ 113,205</u>	<u>\$ 81,861</u>	<u>\$ 1,345,679</u>

\$ -	\$ 14,343	\$ 27,163	\$ -	\$ -	\$ 454,403
-	41,933	-	-	-	177,964
-	-	-	-	-	4,913
<u>2,309</u>	<u>51,018</u>	<u>34,580</u>	<u>111,980</u>	<u>81,861</u>	<u>655,521</u>
2,309	107,294	61,743	111,980	81,861	1,292,801
-	(17,807)	17,929	1,225	-	52,878
<u>\$ 2,309</u>	<u>\$ 89,487</u>	<u>\$ 79,672</u>	<u>\$ 113,205</u>	<u>\$ 81,861</u>	<u>\$ 1,345,679</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

	SPECIAL REVENUE FUNDS			
	Federal Funds	Misc. Grants Fund	SOAR Fund	Oregon Ready to Learn Fund
REVENUES:				
Local Sources:				
Investment Earnings	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Other Local Sources	-	-	275	15,000
Intermediate Sources	-	-	-	-
State Sources	-	-	-	-
Federal Sources	1,582,071	1,959	-	-
TOTAL REVENUES	<u>1,582,071</u>	<u>1,959</u>	<u>275</u>	<u>15,000</u>
EXPENDITURES:				
Current:				
Instruction	1,200,753	-	10,412	8,656
Support Services	366,565	1,959	-	-
Enterprise and Community Services	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>1,567,318</u>	<u>1,959</u>	<u>10,412</u>	<u>8,656</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	14,753	-	(10,137)	6,344
OTHER FINANCING SOURCES/USES	-	(7,824)	-	-
NET CHANGE IN FUND BALANCE	14,753	(7,824)	(10,137)	6,344
Adjustment for Inventories Recorded Under Consumption Method	-	-	-	-
FUND BALANCE, July 1, 2003	-	7,824	19,540	20,000
FUND BALANCE, June 30, 2004	<u>\$ 14,753</u>	<u>\$ -</u>	<u>\$ 9,403</u>	<u>\$ 26,344</u>

SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS		
Disabled Child Fund	Food Service Fund	Community Education Fund	1992 Bond Construction Fund	2000 Full Faith Construction Fund	Total
\$ 348	\$ -	\$ -	\$ 27	\$ 754	\$ 1,129
-	981,002	305,288	-	-	1,286,290
6,000	-	-	-	-	21,275
569,382	-	-	-	-	569,382
-	15,307	41,375	-	-	56,682
-	279,388	-	-	-	1,863,418
575,730	1,275,697	346,663	27	754	3,798,176
526,902	-	-	-	-	1,746,723
61,000	-	-	-	-	429,524
-	1,379,254	334,398	-	-	1,713,652
-	-	-	17	86,151	86,168
-	-	-	-	-	-
587,902	1,379,254	334,398	17	86,151	3,976,067
(12,172)	(103,557)	12,265	10	(85,397)	(177,891)
-	75,000	-	-	-	67,176
(12,172)	(28,557)	12,265	10	(85,397)	(110,715)
-	6,477	-	-	-	6,477
13,203	4,273	5,664	1,215	85,397	157,116
\$ 1,031	\$ (17,807)	\$ 17,929	\$ 1,225	\$ -	\$ 52,878

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

COMBINING BALANCE SHEET
FEDERAL FUNDS
JUNE 30, 2004

	HS Charter School	Vocational Education Fund	Title I Fund	IDEA Fund	Title IIA Fund	Youth Transition Program Fund	Title III Fund
ASSETS							
Due from Other Funds	\$ 14,753	\$ -	\$ 27,210	\$ -	\$ -	\$ -	\$ 574
Accounts Receivable	-	17,680	5,587	514,436	40,743	23,580	14,664
TOTAL ASSETS	<u>\$ 14,753</u>	<u>\$ 17,680</u>	<u>\$ 32,797</u>	<u>\$ 514,436</u>	<u>\$ 40,743</u>	<u>\$ 23,580</u>	<u>\$ 15,238</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ -	\$ 789	\$ -	\$ 130,403	\$ -	\$ -	\$ 15,238
Accrued Salaries and Benefits	-	-	32,797	74,054	19,660	6,304	-
Due to Other Funds	-	16,891	-	309,979	21,083	17,276	-
TOTAL LIABILITIES	-	17,680	32,797	514,436	40,743	23,580	15,238
Fund Balances:							
Unreserved, Undesignated	14,753	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,753</u>	<u>\$ 17,680</u>	<u>\$ 32,797</u>	<u>\$ 514,436</u>	<u>\$ 40,743</u>	<u>\$ 23,580</u>	<u>\$ 15,238</u>

Title IID Fund	Title V Fund	Title IV Fund	Total
\$ -	\$ 3,216	\$ -	\$ 45,753
7,133	-	7,220	631,043
<u>\$ 7,133</u>	<u>\$ 3,216</u>	<u>\$ 7,220</u>	<u>\$ 676,796</u>

\$ -	\$ -	\$ 6,793	\$ 153,223
-	3,216	-	136,031
7,133	-	427	372,789
7,133	3,216	7,220	662,043
-	-	-	14,753
<u>\$ 7,133</u>	<u>\$ 3,216</u>	<u>\$ 7,220</u>	<u>\$ 676,796</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

FEDERAL FUNDS

YEAR ENDED JUNE 30, 2004

	HS Charter School	Vocational Education Fund	Title I Fund	IDEA Fund	Title IIA Fund
REVENUES:					
Federal Sources	\$ 25,000	\$ 25,000	\$ 275,748	\$ 996,760	\$ 148,005
TOTAL REVENUES	<u>25,000</u>	<u>25,000</u>	<u>275,748</u>	<u>996,760</u>	<u>148,005</u>
EXPENDITURES:					
Current:					
Instruction	-	25,000	275,748	675,874	148,005
Support Services	10,247	-	-	320,886	-
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>10,247</u>	<u>25,000</u>	<u>275,748</u>	<u>996,760</u>	<u>148,005</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
NET CHANGE IN FUND BALANCE	14,753	-	-	-	-
FUND BALANCE, July 1, 2003	-	-	-	-	-
FUND BALANCE, June 30, 2004	<u>\$ 14,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Youth Transition Program Fund	Title III Fund	Title IID Fund	Title V Fund	Title IV Fund	Total
\$ 40,292	\$ 17,066	\$ 7,133	\$ 35,834	\$ 11,233	\$ 1,582,071
40,292	17,066	7,133	35,834	11,233	1,582,071
40,292	-	-	35,834	-	1,200,753
-	17,066	7,133	-	11,233	366,565
-	-	-	-	-	-
40,292	17,066	7,133	35,834	11,233	1,567,318
-	-	-	-	-	14,753
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,753

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, 2004

CHARTER SCHOOLS FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Federal Sources:				
Grant-in-Aid	\$ 150,000	\$ 150,000	\$ -	\$ (150,000)
TOTAL REVENUES	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
EXPENDITURES:				
Instruction:				
Supplies and Materials	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
TOTAL EXPENDITURES	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, July 1, 2003	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*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, 2004

HIGH SCHOOL CHARTER SCHOOL

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES:				
Federal Sources:				
Grant-in-Aid	\$ -	\$ -	\$ 25,000	\$ 25,000
TOTAL REVENUES	-	-	25,000	25,000
EXPENDITURES:				
Support Services:				
Salaries	-	-	1,567	(1,567)
Employee Benefits	-	-	342	(342)
Purchased Services	-	-	7,970	(7,970)
Supplies and Materials	-	-	368	(368)
TOTAL EXPENDITURES	-	-	10,247	(10,247)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	-	-	14,753	14,753
FUND BALANCE, July 1, 2003	-	-	-	-
FUND BALANCE, June 30, 2004	\$ -	\$ -	\$ 14,753	\$ 14,753

*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, 2004

VOCATIONAL EDUCATION FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Federal Sources:				
Grant-in-Aid	\$ 23,000	\$ 26,070	\$ 25,000	\$ (1,070)
TOTAL REVENUES	<u>23,000</u>	<u>26,070</u>	<u>25,000</u>	<u>(1,070)</u>
EXPENDITURES:				
Instruction Services:*				
Purchased Services	23,000	25,000	3,340	21,660
Supplies and Materials	-	1,070	21,660	(20,590)
Capital Outlays	-	-	-	-
TOTAL EXPENDITURES	<u>23,000</u>	<u>26,070</u>	<u>25,000</u>	<u>1,070</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, July 1, 2003	-	-	-	-
FUND BALANCE, June 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*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, 2004

TITLE I FUND

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES:				
Federal Sources:				
Grant-in-Aid	\$ 220,000	\$ 220,000	\$ 275,748	\$ 55,748
TOTAL REVENUES	<u>220,000</u>	<u>220,000</u>	<u>275,748</u>	<u>55,748</u>
EXPENDITURES:				
Instruction:*				
Salaries	151,000	151,000	275,748	(124,748)
Employee Benefits	55,240	55,240	-	55,240
Purchased Services	10,760	10,760	-	10,760
Supplies and Materials	3,000	3,000	-	3,000
TOTAL EXPENDITURES	<u>220,000</u>	<u>220,000</u>	<u>275,748</u>	<u>(55,748)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, July 1, 2003	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*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, 2004

IDEA FUND

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES:				
Federal Sources:				
Grant-in-Aid	\$ 900,000	\$ 1,189,958	\$ 996,760	\$ (193,198)
TOTAL REVENUES	<u>900,000</u>	<u>1,189,958</u>	<u>996,760</u>	<u>(193,198)</u>
EXPENDITURES:				
Instruction:*				
Salaries	150,000	252,057	285,846 ✓	(33,789)
Employee Benefits	73,775	145,502	114,392 ✓	31,110
Purchased Services	650,000	719,060	248,664 ✓	470,396
Supplies and Materials	26,225	23,339	26,972	(3,633)
Total Instruction:	<u>900,000</u>	<u>1,139,958</u>	<u>675,874</u>	<u>464,084</u>
Support Services				
Salaries	-	50,000	95,855 ✓	(45,855)
Employee Benefits	-	-	58,394 ✓	(58,394)
Purchased Services	-	-	164,006 ✓	(164,006)
Supplies and Materials	-	-	2,631	(2,631)
Total Support Services:	<u>-</u>	<u>50,000</u>	<u>320,886</u>	<u>(270,886)</u>
TOTAL EXPENDITURES	<u>900,000</u>	<u>1,189,958</u>	<u>996,760</u>	<u>193,198</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, July 1, 2003	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*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, 2004

TITLE IIA FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Federal Sources:				
Grant-in-Aid	\$ 135,000	\$ 148,005	\$ 148,005	\$ -
TOTAL REVENUES	<u>135,000</u>	<u>148,005</u>	<u>148,005</u>	<u>-</u>
EXPENDITURES:				
Instruction:*				
Salaries	91,200	99,903	103,804	(3,901)
Employee Benefits	<u>43,800</u>	<u>48,102</u>	<u>44,201</u>	<u>3,901</u>
TOTAL EXPENDITURES	<u>135,000</u>	<u>148,005</u>	<u>148,005</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, July 1, 2003	-	-	-	-
FUND BALANCE, June 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*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, 2004

YOUTH TRANSITION PROGRAM FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Federal Sources:				
Grant-in-Aid	\$ 45,000	\$ 35,017	\$ 40,292	\$ 5,275
TOTAL REVENUES	45,000	35,017	40,292	5,275
EXPENDITURES:				
Instruction:*				
Salaries	30,000	22,905	25,977	(3,072)
Employee Benefits	12,469	9,760	14,315	(4,555)
Purchased Services	1,381	1,617	-	1,617
Supplies and Materials	1,150	735	-	735
TOTAL EXPENDITURES	45,000	35,017	40,292	(5,275)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, July 1, 2003	-	-	-	-
FUND BALANCE, June 30, 2004	\$ -	\$ -	\$ -	\$ -

*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, 2004

TITLE III FUND

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES:				
Federal Sources:				
Grant-in-Aid	\$ -	\$ 17,066	\$ 17,066	\$ -
TOTAL REVENUES	-	17,066	17,066	-
EXPENDITURES:				
Support Services:*				
Salaries	-	7,715	-	7,715
Employee Benefits	-	835	-	835
Purchased Services	-	3,560	-	3,560
Supplies and Materials	-	4,956	17,066	(12,110)
TOTAL EXPENDITURES	-	17,066	17,066	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, July 1, 2003	-	-	-	-
FUND BALANCE, June 30, 2004	\$ -	\$ -	\$ -	\$ -

*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, 2004

TITLE IID FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Federal Sources:				
Grant-in-Aid	\$ -	\$ 7,133	\$ 7,133	\$ -
TOTAL REVENUES	-	7,133	7,133	-
EXPENDITURES:				
Support Services:*				
Salaries	-	-	4,060	(4,060)
Employee Benefits	-	-	878	(878)
Purchased Services	-	7,133	-	7,133
Supplies and Materials	-	-	2,195	(2,195)
TOTAL EXPENDITURES	-	7,133	7,133	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, July 1, 2003	-	-	-	-
FUND BALANCE, June 30, 2004	\$ -	\$ -	\$ -	\$ -

*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, 2004

TITLE V FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Federal Sources:				
Grant-in-Aid	\$ 40,000	\$ 42,606	\$ 35,834	\$ (6,772)
TOTAL REVENUES	<u>40,000</u>	<u>42,606</u>	<u>35,834</u>	<u>(6,772)</u>
EXPENDITURES:				
Instruction:*				
Salaries	28,500	28,500	27,152	1,348
Employee Benefits	11,500	14,106	8,682	5,424
TOTAL EXPENDITURES	<u>40,000</u>	<u>42,606</u>	<u>35,834</u>	<u>6,772</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, July 1, 2003	-	-	-	-
FUND BALANCE, June 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*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, 2004

TITLE IV FUND

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES:				
Federal Sources:				
Grant-in-Aid	\$ -	\$ 16,135	\$ 11,233	\$ (4,902)
TOTAL REVENUES	-	16,135	11,233	(4,902)
EXPENDITURES:				
Support Services:*				
Salaries	-	3,096	2,963	133
Employee Benefits	-	917	611	306
Purchased Services	-	12,122	-	12,122
Supplies and Materials	-	-	7,659	(7,659)
TOTAL EXPENDITURES	-	16,135	11,233	4,902
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, July 1, 2003	-	-	-	-
FUND BALANCE, June 30, 2004	\$ -	\$ -	\$ -	\$ -

*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, 2004

MATH-SCIENCE FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Federal Sources:				
Grant-in-Aid	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
TOTAL REVENUES	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
EXPENDITURES:				
Instruction Services:*				
Salaries	12,000	12,000	-	12,000
Employee Benefits	3,000	3,000	-	3,000
Purchased Services	15,000	15,000	-	15,000
TOTAL EXPENDITURES	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, July 1, 2003	-	-	-	-
FUND BALANCE, June 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*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, 2004

CHARACTER EDUCATION FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Federal Sources:				
Grant-in-Aid	\$ 45,000	\$ 45,000	\$ -	\$ (45,000)
TOTAL REVENUES	<u>45,000</u>	<u>45,000</u>	<u>-</u>	<u>(45,000)</u>
EXPENDITURES:				
Instruction Services:*				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Purchased Services	45,000	45,000	-	45,000
Supplies and Materials	-	-	-	-
Other Objects	-	-	-	-
TOTAL EXPENDITURES	<u>45,000</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, July 1, 2003	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*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, 2004

MISCELLANEOUS GRANTS FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources:				
General Operations	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
Federal Sources:				
Migrant Grant Thru ESD	4,507	4,570	1,959	(2,611)
TOTAL REVENUES	<u>24,507</u>	<u>24,570</u>	<u>1,959</u>	<u>(22,611)</u>
EXPENDITURES:				
Support Services:*				
Salaries	-	-	-	-
Employee Benefits	-	-	278	(278)
Purchased Services	20,000	23,901	1,257	22,644
Supplies and Materials	-	-	424	(424)
TOTAL EXPENDITURES	<u>20,000</u>	<u>23,901</u>	<u>1,959</u>	<u>21,942</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND	<u>4,507</u>	<u>669</u>	<u>-</u>	<u>(669)</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	-	(7,824)	7,824
TOTAL OTHER FINANCING USES	<u>-</u>	<u>-</u>	<u>(7,824)</u>	<u>7,824</u>
NET CHANGE IN FUND BALANCE	<u>4,507</u>	<u>669</u>	<u>(7,824)</u>	<u>(8,493)</u>
FUND BALANCE, July 1, 2003	<u>-</u>	<u>-</u>	<u>7,824</u>	<u>7,824</u>
FUND BALANCE, June 30, 2004	<u>\$ 4,507</u>	<u>\$ 669</u>	<u>\$ -</u>	<u>\$ (669)</u>

*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, 2004

SOAR FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources:				
Contributions	\$ 6,000	\$ 6,000	\$ 275	\$ (5,725)
TOTAL REVENUES	<u>6,000</u>	<u>6,000</u>	<u>275</u>	<u>(5,725)</u>
EXPENDITURES:				
Instruction Services:*				
Salaries	5,000	5,000	7,973	(2,973)
Employee Benefits	1,611	1,611	1,850	(239)
Purchased Services	-	-	-	-
Supplies and Materials	2,389	2,389	589	1,800
TOTAL EXPENDITURES	<u>9,000</u>	<u>9,000</u>	<u>10,412</u>	<u>(1,412)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	<u>(3,000)</u>	<u>(3,000)</u>	<u>(10,137)</u>	<u>(7,137)</u>
FUND BALANCE, July 1, 2003	<u>3,000</u>	<u>3,000</u>	<u>19,540</u>	<u>16,540</u>
FUND BALANCE, June 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,403</u>	<u>\$ 9,403</u>

*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, 2004

OREGON READY TO LEARN FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources:				
Miscellaneous	\$ -	\$ -	\$ 15,000	\$ 15,000
TOTAL REVENUES	-	-	15,000	15,000
EXPENDITURES:				
Instruction Services:*				
Salaries	-	12,004	-	12,004
Employee Benefits	-	3,446	-	3,446
Purchased Services	-	350	-	350
Supplies and Materials	-	2,200	8,656	(6,456)
TOTAL EXPENDITURES	-	18,000	8,656	9,344
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	-	(18,000)	6,344	24,344
FUND BALANCE, July 1, 2003	18,000	18,000	20,000	2,000
FUND BALANCE, June 30, 2004	\$ 18,000	\$ -	\$ 26,344	\$ 26,344

*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, 2004

DISABLED CHILD FUND

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES:				
Local Sources:				
Investment Earnings	\$ 500	\$ 500	\$ 348	\$ (152)
Rental of Building	-	-	6,000	6,000
Miscellaneous	7,000	7,000	-	(7,000)
Intermediate Sources:				
ESD Handicapped Child Payments	649,500	649,500	569,382	(80,118)
TOTAL REVENUES	657,000	657,000	575,730	(81,270)
EXPENDITURES:				
Instruction:*				
Salaries	-	-	12,388	(12,388)
Purchased Services	500,000	500,000	514,325	(14,325)
Supplies and Materials	-	-	189	(189)
TOTAL INSTRUCTION	500,000	500,000	526,902	(26,902)
Support Services:*				
Salaries	50,000	50,000	-	50,000
Employee Benefits	23,500	23,500	-	23,500
Supplies and Materials	-	-	4,162	(4,162)
Purchased Services	83,500	83,500	56,838	26,662
TOTAL SUPPORT SERVICES	157,000	157,000	61,000	96,000
TOTAL EXPENDITURES	657,000	657,000	587,902	69,098
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	-	-	(12,172)	(12,172)
FUND BALANCE, July 1, 2003	-	-	13,203	13,203
FUND BALANCE, June 30, 2004	\$ -	\$ -	\$ 1,031	\$ 1,031

*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, 2004

FOOD SERVICE FUND

	Budget			Variance with Final budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES:				
Local Sources:				
Food Services Sales	\$ 998,000	\$ 1,000,000	\$ 981,002	\$ (18,998)
Total Local Sources	998,000	1,000,000	981,002	(18,998)
State Sources:				
State School Fund - School Lunch Match	20,000	20,000	15,307	(4,693)
Federal Sources:				
Received Through State Agencies	220,000	220,000	222,683	2,683
Food Distribution	70,000	70,000	56,705	(13,295)
Total federal sources	290,000	290,000	279,388	(10,612)
TOTAL REVENUES	1,308,000	1,310,000	1,275,697	(34,303)
EXPENDITURES:				
Enterprise and Community Services:*				
Food Services:				
Salaries	466,071	466,071	433,881	32,190
Employee Benefits	219,069	219,069	194,271	24,798
Purchased Services	119,500	119,500	126,621	(7,121)
Supplies and Materials	555,360	555,360	624,241	(68,881)
Other	-	-	240	(240)
TOTAL EXPENDITURES	1,360,000	1,360,000	1,379,254	(19,254)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(52,000)	(50,000)	(103,557)	(53,557)
Other Financing Sources, -Uses:				
Transfer In	52,000	52,000	75,000	23,000
FUND BALANCE, July 1, 2003	-	-	(21,250)	(21,250)
FUND BALANCE, June 30, 2004	\$ -	\$ 2,000	(49,807)	\$ (51,807)
Adjustment for Inventories Recorded Under Consumption Method			32,000	
Fund Balance (GAAP Basis)			\$ (17,807)	

*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, 2004

COMMUNITY EDUCATION FUND

	Budget		Actual	Variance with Final budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources:				
Clackamas Community College	\$ 15,000	\$ 15,000	\$ 15,715	\$ 715
Tuition	205,000	205,000	155,256	(49,744)
Laboratory Fees	65,000	65,000	36,145	(28,855)
Rental of Buildings	70,000	70,000	98,172	28,172
Total Local Sources	355,000	355,000	305,288	(49,712)
State Sources:				
Drivers Education	40,000	40,000	41,375	1,375
TOTAL REVENUES	395,000	395,000	346,663	(48,337)
EXPENDITURES:				
Enterprise and Community Services:*				
Salaries	148,550	148,550	121,562	26,988
Employee Benefits	53,318	53,318	43,966	9,352
Purchased Services	164,823	164,823	157,738	7,085
Supplies and Materials	28,309	28,309	11,132	17,177
TOTAL EXPENDITURES	395,000	395,000	334,398	60,602
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	-	-	12,265	12,265
FUND BALANCE, July 1, 2003	-	-	5,664	5,664
FUND BALANCE, June 30, 2004	\$ -	\$ -	\$ 17,929	\$ 17,929

*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, 2004

1992 BOND CONSTRUCTION FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources:				
Investment Earnings	\$ -	\$ -	\$ 27	\$ 27
TOTAL REVENUES	-	-	27	27
EXPENDITURES:				
Facilities Acquisition and Construction:*				
TOTAL EXPENDITURES	-	-	17	17
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	-	-	10	10
FUND BALANCE, July 1, 2003	-	-	1,215	1,215
FUND BALANCE, June 30, 2004	\$ -	\$ -	\$ 1,225	\$ 1,225

*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, 2004

2000 FULL FAITH CONSTRUCTION FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources:				
Investment Earnings	\$ 500	\$ 500	\$ 754	\$ 254
TOTAL REVENUES	<u>500</u>	<u>500</u>	<u>754</u>	<u>254</u>
EXPENDITURES:				
Facilities Acquisition and Construction:*				
Salaries	-	-	40,906	(40,906)
Employee Benefits	-	-	9,094	(9,094)
Purchased Services	30,500	30,500	36,151	(5,651)
Capital Outlays	50,000	50,000	-	50,000
Other Objects	-	-	-	-
TOTAL EXPENDITURES	<u>80,500</u>	<u>80,500</u>	<u>86,151</u>	<u>(5,651)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	<u>(80,000)</u>	<u>(80,000)</u>	<u>(85,397)</u>	<u>(5,397)</u>
FUND BALANCE, July 1, 2003	<u>80,000</u>	<u>80,000</u>	<u>85,397</u>	<u>5,397</u>
FUND BALANCE, June 30, 2004	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*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, 2004

INSURANCE RESERVE FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources:				
Investment Earnings	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Instruction:*				
Supplies and Materials	-	2,750	2,729	21
Capital Outlays	-	-	-	-
TOTAL INSTRUCTION	-	2,750	2,729	21
Support Services:*				
Supplies and Materials	-	-	1,800	(1,800)
Capital Outlays	2,750	2,750	950	1,800
TOTAL Support Services	2,750	2,750	2,750	-
TOTAL EXPENDITURES	2,750	5,500	5,479	21
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(2,750)	(5,500)	(5,479)	21
Other Financing Sources, -Uses:				
General Operating Transfer	5,500	5,500	-	(5,500)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES, OTHER FINANCING SOURCES AND NET CHANGE IN FUND BALANCE	2,750	-	(5,479)	(5,479)
FUND BALANCE, July 1, 2003	5,500	5,500	5,479	(21)
FUND BALANCE, June 30, 2004	\$ 11,000	\$ 5,500	\$ -	\$ (5,500)

*Appropriation level

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

COMBINING BALANCE SHEET - FIDUCIARY FUNDS
June 30, 2004

	PRIVATE PURPOSE TRUST FUNDS			
	EARL ANDERSON SCHOLARSHIP	JOHN L. GARY SCHOLARSHIP	AGENCY FUNDS	TOTALS
ASSETS:				
Cash and Investments	\$ -	\$ -	\$ 917,156	\$ 917,156
Due From Governmental Funds	7,804	-	-	7,804
Prepaid Expenses	500	-	-	500
Total Assets	<u>\$ 8,304</u>	<u>\$ -</u>	<u>\$ 917,156</u>	<u>\$ 925,460</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 500	-	-	500
Due to Student Organizations	-	\$ -	\$ 917,156	\$ 917,156
Total Liabilities	<u>500</u>	<u>-</u>	<u>917,156</u>	<u>917,656</u>
Fund Balance				
Reserved for Trust Activities	<u>7,804</u>	<u>-</u>	<u>-</u>	<u>7,804</u>
Total Liabilities and Fund Balance	<u>\$ 8,304</u>	<u>\$ -</u>	<u>\$ 917,156</u>	<u>\$ 925,460</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - FIDUCIARY FUNDS

For the Year Ended June 30, 2004

	EARL ANDERSON SCHOLARSHIP FUND	JOHN L. GARY SCHOLARSHIP FUND	TOTALS
REVENUES:			
From Local Sources:			
Earnings on Investments	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES:			
Current:			
Supporting Services	500	2,165	2,665
Excess of Revenues Over, -Under Expenditures	(500)	(2,165)	(2,665)
Beginning Net Assets	8,304	2,165	10,469
Ending Net Assets	\$ 7,804	\$ -	\$ 7,804

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, 2004

EARL ANDERSON SCHOLARSHIP FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources:				
Investment Earnings	\$ 175	\$ 175	\$ -	\$ (175)
TOTAL REVENUES	<u>175</u>	<u>175</u>	<u>-</u>	<u>(175)</u>
EXPENDITURES:				
Support Services:*				
Purchased Services	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	<u>(325)</u>	<u>(325)</u>	<u>(500)</u>	<u>(175)</u>
FUND BALANCE, July 1, 2003	<u>8,625</u>	<u>8,625</u>	<u>8,304</u>	<u>(321)</u>
FUND BALANCE, June 30, 2004	<u>\$ 8,300</u>	<u>\$ 8,300</u>	<u>\$ 7,804</u>	<u>\$ (496)</u>

*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, 2004

JOHN L. GARY SCHOLARSHIP FUND

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources:				
Contributions and Donations	\$ -	\$ 2,165	\$ -	\$ (2,165)
TOTAL REVENUES	-	2,165	-	(2,165)
EXPENDITURES:				
Support Services:*				
Purchased Services	2,165	2,165	2,165	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	(2,165)	-	(2,165)	(2,165)
FUND BALANCE, July 1, 2003	2,165	2,165	2,165	-
FUND BALANCE, June 30, 2004	<u>\$ -</u>	<u>\$ 2,165</u>	<u>\$ -</u>	<u>\$ (2,165)</u>

*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, 2004

	BALANCE AT 7/1/03	ADDITIONS	DEDUCTIONS	BALANCE AT 6/30/04
STUDENT ACTIVITY FUNDS:				
ASSETS:				
Cash and Investments	\$ 724,815	\$ 2,525,501	\$ 2,333,160	\$ 917,156
Total Assets	<u>\$ 724,815</u>	<u>\$ 2,525,501</u>	<u>\$ 2,333,160</u>	<u>\$ 917,156</u>
LIABILITIES:				
Due to Student Organizations	\$ 724,815	\$ 2,525,501	\$ 2,333,160	\$ 917,156
Total Liabilities	<u>\$ 724,815</u>	<u>\$ 2,525,501</u>	<u>\$ 2,333,160</u>	<u>\$ 917,156</u>

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

SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2004

GENERAL FUND

Tax Year	Original Levy or Balance Uncollected 7/1/03	Deduct Discounts	Adjustments To Rolls	Add Interest	Cash Collections By County Treasurer	Balance Uncollected Or Unsegregated 6/30/2004
Current:						
2003-04	\$ 22,556,241	\$ 537,590	\$ (76,108)	\$ 15,512	\$ 21,264,567	\$ 693,488
Prior Years:						
2002-03	750,144	(421)	(27,548)	35,184	503,753	254,448
2001-02	262,080	(267)	(19,662)	23,500	148,558	117,627
2000-01	128,506	(144)	(10,946)	21,468	95,650	43,522
1999-00	38,119	(1)	(1,502)	7,255	29,710	14,163
1998-99 & Prior	26,995	(1)	(4,615)	(6,101)	4,175	12,105
Total Prior	1,205,844	(834)	(64,273)	81,306	781,846	441,865
Total General Fund	\$ 23,762,085	\$ 536,756	\$ (140,381)	\$ 96,818	\$ 22,046,413	\$ 1,135,353

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 22,046,413
Accrual of Receivables:	
June 30, 2003	(113,206)
June 30, 2004	80,361
Total Revenue	\$ 22,013,568

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

SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2004

DEBT SERVICE FUND

Tax Year	Original Levy or Balance Uncollected 7/1/03	Deduct Discounts	Adjustments To Rolls	Add Interest	Cash Collections By County Treasurer	Balance Uncollected Or Unsegregated 6/30/2004
Current:						
2003-04	\$ 11,730,275	\$ 279,615	\$ (39,676)	\$ 8,058	\$ 11,058,611	\$ 360,431
Prior Years:						
2002-03	370,286	(207)	(13,590)	17,368	248,669	125,602
2001-02	128,898	(132)	(9,668)	11,558	73,067	57,853
2000-01	63,842	(71)	(5,433)	10,666	47,528	21,618
1999-00	15,642	(1)	(616)	2,978	12,192	5,813
1998-99 & Prior	12,302	(1)	(2,110)	(2,771)	1,898	5,524
Total Prior	590,970	(412)	(31,417)	39,799	383,354	216,410
Total Debt Service Fund	\$ 12,321,245	\$ 279,203	\$ (71,093)	\$ 47,857	\$ 11,441,965	\$ 576,841

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 11,441,965
Accrual of Receivables:	
June 30, 2003	(55,161)
June 30, 2004	41,128
Total Revenue	\$ 11,427,932

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

SCHEDULE OF BOND AND INTEREST TRANSACTIONS AND BALANCES
For The Year Ended June 30, 2004

DATE OF ISSUE	MATURED BONDS & COUPONS OUTSTANDING AT 7/1/03	BONDS & COUPONS MATURING DURING THE YEAR	BONDS REDEEMED AND COUPONS PAID DURING THE YEAR	MATURED BONDS & COUPONS OUTSTANDING AT 6/30/04
05/28/03	\$ 0	\$ 1,234,544	\$ 1,234,544	\$ 0
Series 2002 Refunding	0	2,082,350	2,082,350	0
09/01/97	0	8,096,007	8,096,007	0
TOTALS:	<u>\$ 0</u>	<u>\$ 11,412,901</u>	<u>\$ 11,412,901</u>	<u>\$ 0</u>

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

SCHEDULE OF BOND REDEMPTION AND INTEREST REQUIREMENTS
 For The Year Ended June 30, 2004

FISCAL YEAR	ISSUE OF 5/28/03			SERIES 2002 REFUNDING		
	RATE	PRINCIPAL	INTEREST	RATE	PRINCIPAL	INTEREST
		Due 6/15	Due 12/15 & 6/15		Due 10/1	Due 10/1 & 4/1
2004-05	2.00%	405,000	995,300	2.50%	1,770,000	331,400
2005-06	3.00%	635,000	987,200	3.00%	1,810,000	268,950
2006-07	2.00%	795,000	972,000	3.25%	1,855,000	218,500
2007-08	2.50%	815,000	952,125	3.50%	1,915,000	159,181
2008-09	2.50%	500,000	931,750	3.50%	1,980,000	93,038
2009-10	3.13%	4,400,000	918,000	3.38%	1,730,000	29,194
2010-11	5.00%	4,745,000	780,500		-	-
2011-12	5.00%	5,190,000	543,250		-	-
2012-13	5.00%	5,675,000	283,750		-	-
2013-14	3.87%	4,052,593	2,137,407		-	-
2014-15	4.02%	3,982,904	2,437,096		-	-
2015-16	4.15%	3,911,288	2,758,712		-	-
2016-17	4.24%	3,852,387	3,077,613		-	-
2017-18	4.32%	6,356,204	5,708,796		-	-
2018-19	4.42%	6,231,753	6,308,247		-	-
2019-20	4.54%	6,078,221	6,956,780		-	-
2020-21	4.64%	5,826,065	7,473,935		-	-
2021-22	4.71%	5,711,928	8,118,072		-	-
2022-23	4.78%	5,593,895	8,791,105		-	-
2023-24		-	-		-	-
2024-25		-	-		-	-
2025-26		-	-		-	-
2026-27		-	-		-	-
2027-28		-	-		-	-
TOTALS		<u>\$ 74,757,238</u>	<u>\$ 61,131,638</u>		<u>\$ 11,060,000</u>	<u>\$ 1,100,263</u>

ISSUE OF 9/1/97			PENSION BOND ISSUE OF 4/1/03			TOTAL REQUIREMENTS	
RATE	PRINCIPAL	INTEREST	RATE	PRINCIPAL	INTEREST	ALL ISSUES	
	Due 6/1	Due 12/1 & 6/1		Due 6/30	Due 12/30 & 6/30	PRINCIPAL	INTEREST
4.55%	5,255,000	3,359,200	4.55%	-	2,273,047	7,430,000	6,958,947
4.60%	6,055,000	3,120,098	4.60%	-	2,273,047	8,500,000	6,649,295
4.65%	6,910,000	2,841,568	4.65%	-	2,273,047	9,560,000	6,305,115
5.75%	7,830,000	2,520,253	5.75%	-	2,273,047	10,560,000	5,904,606
5.75%	9,210,000	2,070,028	5.75%	45,000	2,273,047	11,735,000	5,367,863
5.75%	2,410,000	1,540,453	5.75%	180,000	2,271,398	8,720,000	4,759,045
5.00%	2,740,000	1,401,878	5.00%	320,000	2,263,969	7,805,000	4,446,347
5.05%	3,095,000	1,264,878	5.05%	480,000	2,249,889	8,765,000	4,058,017
5.10%	3,480,000	1,108,580	5.10%	650,000	2,227,867	9,805,000	3,620,197
5.15%	3,900,000	931,100	5.15%	830,000	2,196,842	8,782,593	5,265,349
5.00%	4,360,000	730,250	5.00%	1,035,000	2,157,060	9,377,904	5,324,406
5.00%	4,855,000	512,250	5.00%	1,250,000	2,106,107	10,016,288	5,377,069
5.00%	5,390,000	269,494	5.00%	1,490,000	2,043,320	10,732,387	5,390,427
	-	-		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>\$ 65,490,000</u>	<u>\$ 21,670,030</u>		<u>\$ 42,180,000</u>	<u>\$ 42,300,011</u>	<u>\$ 193,487,238</u>	<u>\$ 126,201,942</u>

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Statistical Section

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

STATISTICAL SECTION

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

REVENUE BY SOURCES - GENERAL FUND (1)

Last Ten Fiscal Years

REVENUES:	2003-04	2002-03	2001-02	2000-01
Local Sources:				
Current Year's Taxes (2)	\$ 21,409,241	\$ 20,156,500	\$ 17,802,045	\$ 16,935,777
Prior Years' Taxes (2)	604,327	713,260	606,382	570,198
Penalties and Interest on Taxes	0	0	11,222	41,789
Tuition	656,797	525,622	487,738	413,735
Earnings From Temporary Investments	126,805	168,950	216,508	659,091
Miscellaneous	1,206,576	1,080,658	1,190,029	948,442
Total Local Sources	24,003,746	22,644,990	20,313,924	19,569,032
Intermediate Sources:				
County School Fund	17,619	15,233	20,640	17,212
Handicapped Children's Program ESD	0	0	0	0
Total Intermediate Sources	17,619	15,233	20,640	17,212
State Sources:				
Basic School Support Fund	26,125,868	21,624,907	26,567,628	24,215,321
Common School Fund	192,860	344,891	213,139	547,911
Other Special Education Programs	0	0	0	0
Lottery - School Project	0	0	0	905,568
Other Restricted Grants	0	150,293	1,761,361	934,270
Total State Sources	26,318,728	22,120,091	28,542,128	26,603,070
Federal Sources:				
Federal Forest Fees	194,957	194,214	188,145	67,169
Medicare	75,581	0	11,216	0
Surplus property	0	0	0	0
Total Federal Sources	270,538	194,214	199,361	67,169
Other Financing Sources:				
Interfund Transfers	7,824	0	0	0
Sale/Compensation For Loss of Fixed Assets	1,610	2,794,225	0	0
Lease Purchase Receipts	0	0	0	0
Total Other Sources	9,434	2,794,225	0	0
Beginning Fund Balance Available for Appropriation	1,470,692	2,115,828	2,031,483	827,283
Total Revenue and Beginning Fund Balance Available for Appropriation	\$ 52,090,757	\$ 49,884,581	\$ 51,107,536	\$ 47,083,766

(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.

1999-00	1998-99	1997-98	1996-97	1995-96	1994-95
\$ 14,126,566	\$ 13,282,182	\$ 12,755,654	\$ 13,089,397	\$ 11,935,366	\$ 15,115,915
531,976	508,318	580,055	577,160	1,012,352	1,108,006
27,526	36,096	34,075	30,335	32,039	31,068
367,238	334,244	397,205	332,847	146,351	16,362
453,153	424,593	566,940	470,610	479,450	519,562
737,169	580,049	592,285	556,541	430,445	322,155
16,243,628	15,165,482	14,926,214	15,056,890	14,036,003	17,113,068
0	0	724	654	6,071	0
485	0	0	0	0	316
485	0	724	654	6,071	316
24,497,160	21,848,376	22,308,615	17,902,450	18,199,217	12,770,494
527,811	139,858	131,320	114,773	131,092	103,255
0	0	255	0	0	0
722,616	1,922,976	0	0	0	0
0	0	0	0	0	0
25,747,587	23,911,210	22,440,190	18,017,223	18,330,309	12,873,749
114,883	124,870	138,708	142,397	149,628	145,448
0	0	0	0	0	0
0	241	0	0	0	0
114,883	125,111	138,708	142,397	149,628	145,448
0	0	0	20,000	90,000	260,095
0	0	0	0	100	19
0	0	0	0	0	0
0	0	0	20,000	90,100	260,114
973,287	1,083,974	703,676	2,609,040	3,031,089	3,791,010
\$ 43,079,870	\$ 40,285,777	\$ 38,209,512	\$ 35,846,204	\$ 35,643,200	\$ 34,183,705

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

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

	2003-04	2002-03	2001-02	2000-01
EXPENDITURES:				
Instruction:				
Regular Programs:				
Elementary Programs	\$ 11,650,934	\$ 11,285,649	\$ 11,368,675	\$ 10,813,478
Middle School Programs	6,301,733	6,286,460	6,423,222	6,036,663
High School Programs	8,640,792	8,380,782	8,587,874	8,010,097
Special Programs:				
High Need Students	1,179,381	1,195,110	926,489	658,848
Resource Rooms	2,123,379	2,079,990	2,018,729	1,851,267
Other Special Programs	1,025,381	872,146	850,833	695,226
Summer School	49,334	84,879	77,158	83,886
Total Instruction	<u>30,970,934</u>	<u>30,185,016</u>	<u>30,252,980</u>	<u>28,149,465</u>
Support Services:				
Pupils:				
Guidance Services	1,133,291	1,128,109	1,179,222	1,101,808
Health Services	180,322	175,300	154,019	99,974
Psychological Services	498,240	426,503	532,872	561,992
Speech and Hearing Services	718,702	665,789	642,813	583,572
Service Direction	237,258	232,003	273,356	255,967
Instructional Staff:				
Improvement of Instruction Services & Educational Media Services	2,013,415	1,941,678	1,891,491	1,999,134
General Administration:				
School Board/Executive Admin. Services	481,041	83,121	579,360	531,359
School Administration:				
Office of the Principal	3,299,146	3,725,877	3,116,367	2,841,891
Business:				
Fiscal Services	879,937	769,026	648,887	561,398
Facility Acquisition & Construction	0	74,690	210,506	12,725
Operation and Maintenance of Plant	4,728,853	4,587,229	5,172,662	4,543,635
Pupil Transportation Services	3,144,559	3,146,454	3,058,899	2,737,398
Internal Services	173,926	162,275	107,393	39,177
Central:				
Staff Services	214,797	252,360	266,368	321,368
Technology Services	29,832	147,760	306,639	19,689
Supplemental Retirement	592,871	495,805	422,225	447,511
Total Support Services	<u>18,326,190</u>	<u>18,013,979</u>	<u>18,563,079</u>	<u>16,658,598</u>
Interagency/Fund Transactions & Transfers to Other Funds	<u>75,000</u>	<u>0</u>	<u>81,000</u>	<u>5,000</u>
Debt Service		<u>249,977</u>	<u>94,649</u>	<u>239,220</u>
Total	<u>\$ 49,372,124</u>	<u>\$ 48,448,972</u>	<u>\$ 48,991,708</u>	<u>\$ 45,052,283</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.

1999-00		1998-99		1997-98		1996-97		1995-96		1994-95	
\$	10,417,665	\$	10,587,036	\$	10,338,309	\$	9,848,929	\$	9,170,076	\$	8,946,241
	6,024,849		5,665,295		5,325,026		5,266,005		4,595,336		4,409,249
	7,525,682		7,120,245		6,720,860		6,342,820		5,891,069		5,261,843
	263,691		275,889		293,357		256,467		277,073		270,920
	1,190,803		948,679		794,853		762,934		793,412		818,111
	438,272		561,132		482,780		412,489		361,963		231,716
	94,107		31,739		0		0		0		0
	25,955,069		25,190,015		23,955,185		22,889,644		21,088,929		19,938,080
	1,146,955		1,042,302		1,157,962		1,219,474		956,357		917,642
	76,164		73,563		66,605		60,000		73,429		54,608
	511,550		0		0		0		0		0
	522,346		491,679		402,876		364,759		336,698		306,564
	262,294		0		0		0		0		0
	1,846,279		1,796,914		1,720,013		1,641,186		1,548,056		1,532,689
	518,873		910,526		890,648		802,051		810,843		893,997
	2,772,564		2,458,245		2,334,092		2,317,419		2,227,729		2,103,424
	729,552		599,771		605,448		630,958		628,810		620,209
	0		0		0		0		0		0
	4,405,118		4,195,145		3,491,131		3,444,163		3,370,768		2,897,990
	2,655,145		2,371,142		2,216,649		1,577,599		1,861,418		1,712,902
	37,709		38,623		28,733		36,871		32,913		22,352
	266,848		13,982		23,534		11,369		13,069		22,434
	0		0		0		0		0		0
	425,291		0		0		0		0		0
	16,176,688		13,991,892		12,937,691		12,105,849		11,860,090		11,084,811
	0		0		10,000		10,000		2,000		37,571
	120,830		130,583		222,662		137,035		83,141		92,154
\$	42,252,587		39,312,490	\$	37,125,538	\$	35,142,528	\$	33,034,160	\$	31,152,616

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		
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%
1994-95	16,237,746	4,964,547	21,202,293	19,482,601	91.9%

(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
\$ 1,165,200	\$ 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%
1,672,739	21,155,340	99.8%	2,076,719	9.8%

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

SCHEDULE OF PROPERTY TAX TRANSACTIONS
 Last Ten Fiscal Years

GENERAL FUND:	2003-04	2002-03	2001-02	2000-01
Tax Rate	\$ 5.68	\$ 5.68	\$ 5.39	\$ 5.38
Levy Extended by Assessor (1)	\$ 22,556,241	\$ 21,308,002	\$ 18,983,172	\$ 18,088,186
Reduction of Taxes Receivable: (2) (3)				
Current Year	\$ 21,862,753	\$ 20,557,858	\$ 17,153,910	\$ 17,237,052
First Year Prior	495,696	575,184	526,491	425,694
Second Year Prior	144,453	196,137	134,895	124,223
Third Year Prior	84,984	95,045	68,129	64,251
Fourth Year Prior	23,956	41,025	38,503	39,946
Fifth Year Prior	14,890	8,610	4,855	4,369
Total Prior	763,979	916,001	772,873	658,483
	\$ 22,626,732	\$ 21,473,859	\$ 17,926,783	\$ 17,895,535
DEBT SERVICE FUND:				
Tax Rate	\$ 2.91	\$ 2.78	\$ 2.61	\$ 2.65
Levy Extended by Assessor	\$ 11,730,275	\$ 10,516,470	\$ 9,335,738	\$ 8,982,910
Reduction of Taxes Receivable: (2) (3)				
Current Year	\$ 11,369,884	\$ 9,873,287	\$ 8,923,949	\$ 8,560,066
First Year Prior	244,684	292,071	261,555	174,679
Second Year Prior	71,045	110,500	55,353	85,642
Third Year Prior	42,224	47,512	46,973	24,689
Fourth Year Prior	9,829	31,810	14,794	13,962
Fifth Year Prior	6,778	2,008	1,565	3,456
Total Prior	374,560	483,901	380,240	302,428
	\$ 11,744,444	\$ 10,357,188	\$ 9,304,189	\$ 8,862,494

(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.

1999-00	1998-99	1997-98	1996-97	1995-96	1994-95
\$ 4.80	\$ 4.20	\$ 4.20	\$ 4.41	\$ 4.39	\$ 6.43
\$ 15,035,840	\$ 14,122,011	\$ 13,519,186	\$ 13,967,605	\$ 12,618,314	\$ 16,237,746
\$ 14,428,848	\$ 13,488,208	\$ 12,931,936	\$ 13,356,733	\$ 12,098,592	\$ 15,433,892
406,581	366,390	403,349	329,129	527,684	635,739
120,712	102,451	94,480	139,833	223,518	257,421
79,180	53,685	77,290	105,800	172,166	195,213
36,579	50,727	68,494	84,947	120,701	108,579
-10,211	18,733	35,552	12,323	17,960	39,024
632,841	591,986	679,165	672,032	1,062,029	1,235,976
\$ 15,061,689	\$ 14,080,194	\$ 13,611,101	\$ 14,028,765	\$ 13,160,621	\$ 16,669,868
\$ 1.94	\$ 3.36	\$ 1.89	\$ 1.52	\$ 1.69	\$ 1.96
\$ 6,169,760	\$ 9,737,045	\$ 5,194,621	\$ 4,880,589	\$ 4,606,813	\$ 4,964,547
\$ 5,920,687	\$ 9,300,057	\$ 4,968,970	\$ 4,667,093	\$ 4,416,944	\$ 4,718,736
280,333	140,785	140,961	120,222	161,350	121,222
46,384	35,809	34,520	42,773	42,617	62,694
27,679	19,621	23,630	20,173	41,366	25,794
13,369	15,513	13,060	20,411	15,987	19,600
-4,362	3,658	9,432	3,143	2,811	2,358
363,403	215,386	221,603	206,722	264,131	231,668
\$ 6,284,090	\$ 9,515,443	\$ 5,190,573	\$ 4,873,815	\$ 4,681,075	\$ 4,950,404

ST 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			
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
1995	6.43		6.43	1.96		8.39

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. A 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 the full \$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. A verdict in the court case of Shilo Inn vs Multnomah County had the effect of changing the way local option taxes are apportioned when a tax increment financing district (urban renewal) is involved. This court case increased local option revenues by nearly \$1.0 million beginning in fiscal 2002-03.

	Published Rates	Fiscal 2003-04 District-Wide Average Rates
Measure 50	4.8684	4.84
Local Option	1.50	0.84
		<hr/> 5.68

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
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%
1994-95	32,105,484	16,237,746	50.6%

(1) Adopted Budgets.

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

ST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT
 CKAMAS COUNTY, OREGON

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
 Ten Fiscal Years

	PERCENT WITHIN SCHOOL DISTRICT	DOLLARS PER \$1,000 TRUE CASH VALUE									
		03-04	02-03	01-02	00-01	99-00	98-99	97-98	96-97	95-96	94-95
of West Linn	99.07 %	\$ 4.28	\$ 3.84	\$ 3.92	\$ 4.07	\$ 2.54	\$ 2.31	\$ 2.29	\$ 2.45	\$ 2.82	\$ 3.05
of Wilsonville	73.52	2.36	2.52	2.93	2.67	2.68	2.70	2.63	2.05	1.82	1.86
ckamas Community College	21.35	0.74	0.74	0.86	0.62	0.62	0.62	0.56	0.49	0.51	1.14
ckamas County	15.50	3.15	2.40	2.40	2.97	2.96	2.97	2.97	2.11	1.81	2.14
ckamas County ESD	14.67	0.36	0.36	0.37	0.37	0.37	0.37	0.37	0.30	0.32	0.77
latin V. Fire & Rescue	7.27	1.77	1.60	1.83	1.59	1.56	1.53	1.54	1.52	1.66	1.76
ropolitan Service District	3.68	0.28	0.27	0.32	0.34	0.23	0.36	0.29	0.29	0.21	0.19
t of Portland	3.56	0.07	0.07	0.07	0.07	0.08	0.08	0.07	0.08	0.07	0.07
Met	2.72	0.10	0.12	0.14	0.13	0.14	0.15	0.16	0.11	0.13	0.16
of Tualatin	2.66	2.01	3.06	2.75	2.90	3.15	3.00	3.38	2.59	3.25	3.59
shington County	0.13	2.90	2.91	2.96	2.52	2.54	2.56	2.60	1.35	1.52	1.27
of Lake Oswego	0.12	6.06	5.40	5.46	5.45	5.38	5.82	5.75	4.15	3.73	3.71

ources: 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		
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
1994-95	21,326,447	2,505,472,140	2,526,798,587	2,526,798,587	100.0

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

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

Ratio of General Bonded Debt to Assessed Value
 General Bonded Debt per Capita and per Student
 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
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
1994-95	32,750	6,384	2,526,798,587	55,160,000	2.2%	1,684	8,640

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)
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
1994-95	32,750	22,422	6,615	4.2

Sources: (1) PSU Population Research Center
 (2) US Census for Clackamas County and US Bureau of Labor & Industries

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

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
 Last Ten Fiscal Years

FISCAL YEAR	COMMERCIAL CONSTRUCTION		RESIDENTIAL CONSTRUCTION		BANK DEPOSITS* (1)	PROPERTY VALUE TRUE CASH VALUATION			
	(1)		(1)			REAL PROPERTY (2)	PERSONAL PROPERTY	PUBLIC UTILITY PROPERTY	TOTAL
	PERMITS	VALUE*	PERMITS	VALUE*					
03-04	N/A	\$ N/A	231	\$ 57,773	\$ 2,915,007	\$ 5,127,041,626	\$ 139,726,609	\$ 114,937,191	\$ 5,381,705,426
02-03	N/A	N/A	236 (3)	56,070	2,864,407	4,831,340,457	136,494,055	106,876,344	5,074,710,856
01-02	390	77,764	1,301	142,511	2,943,099	4,418,340,289	156,497,213	112,729,301	4,687,566,803
00-01	22	125,601	299	57,801	2,406,869	4,249,894,938	138,234,794	109,734,855	4,497,864,585
99-00	N/A	N/A	273 (3)	57,552	2,237,330	3,942,175,540	165,642,553	98,249,136	4,206,067,229
98-99	N/A	N/A	601 (3)	53,630	2,073,986	3,620,403,420	147,847,164	93,847,801	3,862,098,385
97-98	N/A	N/A	614 (3)	62,516	2,074,603	3,367,691,039	163,561,558	98,529,981	3,629,782,578
96-97	N/A	N/A	948 (3)	53,822	1,870,662	3,087,331,270	122,079,623	75,706,786	3,285,117,679
95-96	20 (3)	11,612	407 (3)	66,969	1,995,312	2,739,497,790	125,407,798	67,456,389	2,932,361,977
94-95	11 (3)	18,027	510 (3)	78,407	1,723,698	2,361,841,220	103,810,814	61,146,553	2,526,798,587

For Clackamas County in its entirety.

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
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
1994-95	200,880,487	55,160,000	145,720,487

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

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

ELECT AND OVERLAPPING GROSS BONDED DEBT
as of 30, 2004

<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 %	\$ 151,307,238
<u>OVERLAPPING GOVERNMENT</u>		
Metropolitan Service District	3.682	5,663,975
City of Wilsonville	73.525	3,014,517
Tri-Metropolitan Transport District	2.72	2,326,894
Clackamas Community College	21.348	10,664,593
Port of Portland	3.56	1,944,904
City of West Linn	99.07	10,328,006
Clackamas County	15.5	28,676
City of Tualatin	2.665	111,384
Tualatin Valler Fire & Rescue District	7.272	423,963
Washington County	0.126	100,648
Portland Community College	0.069	205,623
Total Overlapping Debt		34,813,183
TOTAL		\$ 186,120,421

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

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	GENERAL FUND EXPENDITURES AND TRANSFERS	RATIO OF DEBT SERVICE TO GENERAL FUND EXPENDITURES AND TRANSFERS
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%
1994-95	1,300,000	3,292,525	4,592,525	31,152,616	14.7%

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

LARGEST TAXPAYERS WITHIN DISTRICT
 as of June 30, 2004

NAME OF ENTERPRISE	TYPE OF BUSINESS	ASSESSED VALUATION	PERCENTAGE OF TOTAL DISTRICT'S ASSESSED VALUATION
Boxx Corp.	Manufacturing / Imaging	\$ 68,553,268	1.73 %
Vector Graphics Corp.	Manufacturing / Imaging	55,743,939	1.40
Image at Main Street LLC	Real Estate Invest & Develop.	26,696,799	0.67
Goldman Financial Services, Inc.	Financial / Consulting	27,783,828	0.70
World Publications	Publishing	23,665,198	0.60
Opertytax	Software Development	23,679,444	0.60
USA Inc.	Apparel Distribution Center	23,194,914	0.58
Purson Realty Group	Real Estate Develop.	19,727,336	0.50
PUBLIC UTILITIES			
Portland General Electric Co.	Utilities / Energy	48,138,000	1.12
Northwest Natural Gas Company	Utilities / Gas	19,651,600	0.49
ALL OTHER TAXPAYERS		3,637,085,647	91.61
TOTAL		\$ 3,973,919,973	100.00 %

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

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

SCHEDULE OF INSURANCE IN EFFECT
 June 30, 2004

COMPANY	POLICY NUMBER	AMOUNT	COVERAGE	HAZARDS INSURED	POLICY TERM
OSBA Property & Casualty Trust/ Discover Property & Casualty Insurance Co.	P100400275	\$ 100,000,000	Blanket School Buildings and Personal Property of the Insured.	All Risk with Limited Exclusions Subject to \$25,000 Deductible Per Loss	7/1/03 to 6/30/04
		1,000,000	Extra Expense		
		5,000,000	Earthquake & Flood	5% Deductible Per Loss	
			Comprehensive General Liability:		
		5,000,000	General Aggregate Limit	Bodily Injury and Property Damage,	
		1,000,000	Each Occurrence Limit		
		5,000	Medical Expense Limit		
		25,000	Crime	\$500 Deductible	
		100,000	Faithful performance blanket bond	amount per employee	
		1,000,000	Comprehensive Auto: Liability, Non-Owned and Hired Auto	Bodily Injury and Property Damage Combined, Uninsured Motorist, Personal Injury Protection \$250 Deductible	
		1,000,000	Educators Legal Liability	Errors & Omissions	
Discover Property & Casualty	E500400275	9,000,000	Excess Liability	Subject to \$10,000 Deductible	7/1/03 to 6/30/04
Northwestern Pacific Indemnity	7836-02-56	25,000,000	Boiler & Machinery	Boiler, Fired Pressure Vessels & Electric Steam. \$5,000 Deductible	7/1/03 to 6/30/04
Fidelity & Deposit Co. of Maryland	8099553-07	10,000	Public Official Bond	Surety Bond District Clerk - Roger L. Woehl	7/1/03 to 6/30/04
	8098555-08	10,000	Public Official Bond	Surety Bond Michael Tannenbaum	7/1/03 to 6/30/04
	809552-06	100,000	Public Official Bond	Surety Bond R. William Knowles	7/1/03 to 6/30/04

ST LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT
CLATSOP COUNTY, OREGON

CERTIFICATED, CLASSIFIED AND ADMINISTRATIVE EMPLOYEES (1)

for Ten Fiscal Years

FISCAL YEAR	CERTIFICATED	CLASSIFIED	ADMINISTRATIVE	CONFIDENTIAL & SUPERVISORS	TOTAL
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
1994-95	336.9	145.8	24.2	4.0	510.9

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>
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
1994-95	336.9	6,384	18.9 : 1

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

(2) Average Daily Membership.

T LINN-WILSONVILLE SCHOOL DISTRICT NO. 3JT
CLATSOP COUNTY, OREGON

VARIOUS STATISTICAL DATA
as of 30, 2004

	2003-04
Number of School Buildings	
High Schools	2
Middle Schools	3
Primary Schools	7
Number of Support Facilities	4
Administration Building	
Maintenance Building	
Oppenlander Athletic Field	
CREST Environmental Building	
Number of Students Graduated Last Year	
High School Diploma	543
Modified Diplomas	6
Other Transportation Statistics:	
Number of Buses Contracted:	
Home to School	55
Athletics & Activities	12
Special Education	17
Total Miles Traveled	1,175,909
Cost Per Mile	\$2.63

Audit Comments and Disclosures

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

AUDITORS' COMMENTS AND DISCLOSURES

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

**WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J
CLACKAMAS COUNTY, OREGON
2003-2004 AUDITORS' COMMENTS AND DISCLOSURES**

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, 2004, and have issued our report thereon dated November 19, 2004.

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 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, 2004, 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
2003-2004 AUDITORS' COMMENTS AND DISCLOSURES**

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.

2003-2004 AND 2004-2005 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, except as noted in the notes to the basic financial statements.

BUDGET TRANSACTIONS

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2004, except as shown on page 25 of the notes to the Basic Financial Statements.

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 2003-2004, based upon our testing. 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, 2004, 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 2003-2004.

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J
CLACKAMAS COUNTY, OREGON
2003-2004 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, 2004.

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 grant compliance review 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, 2004.

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, 2004.

STATE HIGHWAY

The District had no programs funded from state highway funds during the year ended June 30, 2004.

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Grant Compliance Review

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

GRANT COMPLIANCE REVIEW

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WEST LINN - WILSONVILLE SCHOOL DISTRICT NO. 3JT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Number</u>	<u>Period Covered</u>	<u>Expenditures</u>
U.S. Department of Education				
Passed through Oregon Department of Education:				
Title I Grants to Local Educational Agencies	84.010A	01-26-010	07/01/02-09/30/04	\$ 224,229
	84.010A	01-26-011	07/01/03-09/30/05	51,519
	84.010A	01-26-010	07/01/01-09/30/03	-
Total Title I				<u>275,748</u>
Safe and Drug Free Schools and Communities - State G	84.186A	EE029886	07/01/02-09/30/04	4,013
Safe and Drug Free Schools and Communities - State G	84.186A	EE037408	07/01/03-09/30/05	<u>7,220</u>
Total Title IV				<u>11,233</u>
Charter Schools	84.282A	N/A	06/30/03-09/30/05	<u>25,000</u>
Title V Innovative Education	84.298A	EE030250	7/1/02-9/30/04	-
	84.298A	EE038574	09/1/03-09/30/04	<u>35,834</u>
Total Title V				<u>35,834</u>
Title IID - Education thru Technology	84.318X	03-160	07/01/03-09/30/05	<u>7,133</u>
Title III - Language Instruction	84.365A	EE038499	07/1/03-09/30/04	<u>17,066</u>
Title IIA - Teacher Quality	84.367A	EE035988	07/1/03-09/30/05	<u>148,005</u>
IDEA Special Education - Grants to States	84.027A	02/03/-65	07/01/02-12/31/03	261,453
	84.027B	03/04-33	7/1/03-12/31/04	735,307
	84.027A	01/01-129	07/01/03-12/31/04	-
Total IDEA				<u>996,760 (1)</u>
Passed thru Clackamas County ESD				
Title I Migrant Education	84.011A	EE038806	07/01/03-09/30/05	<u>1,959</u>
Vocational Education - Basic Grants to States	84.048A	EE029278	07/01/02-06/30/03	<u>25,000</u>
Passed thru Oregon Department of Human Services				
Oregon Ready to Learn		2003-05048		-
Youth Transition Program	84.126A		07/01/03-06/30/05	40,292
	84.126A	84-803	07/01/01-06/30/03	-
Total Youth Transition Program				<u>40,292</u>
Total U.S. Department of Education				<u>1,584,030</u>

WEST LINN - WILSONVILLE SCHOOL DISTRICT NO. 3JT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2003

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Number</u>	<u>Period Covered</u>	<u>Expenditures</u>
U.S. Department of Agriculture:				
Passed through Oregon Department of Education:				
Food Donation	10.550		07/01/02-6/30/03	56,705
Child Nutrition Cluster:				
School Breakfast Program	10.553		07/01/02-6/30/03	-
National School Lunch Program	10.555		07/01/02-6/30/03	222,683
Total Child Nutrition Cluster				222,683
Passed through Clackamas County, Oregon				
Federal Forest Fees	10.665		07/01/02-6/30/03	194,957
Total U.S. Department of Agriculture				474,345
TOTAL FEDERAL GRANTS				2,058,375
(1)=Major program			Medicaid	75,582
			Total Federal Support	\$ 2,133,957



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CERTIFIED PUBLIC ACCOUNTANTS

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

November 19, 2004

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, 2004, and have issued our report thereon dated November 19, 2004. 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.
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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

November 19, 2004

-
- 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, 2004. 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, 2004.

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J
November 19, 2004

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, 2004**

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, 2004:

IDEA – CFDA #84.027

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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