

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Year Ended June 30, 2008

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2008

Prepared by the District 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. Jane M. Stickney
Dr. Thayne E. Balzer
Mr. R. William Knowles

Superintendent
Assistant Superintendent
Assistant Superintendent
Business Manager

BOARD OF DIRECTORS AS OF JUNE 30, 2008

	<u>Term Expires</u>
Dale Hoogestraat, Chair	June 30, 2009
David Goode, Vice Chair	June 30, 2009
Tom Bruggere	June 30, 2009
Mary Furrow	June 30, 2011
Jeff Hallin	June 30, 2011

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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CLACKAMAS COUNTY, OREGON

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CLACKAMAS COUNTY, OREGON

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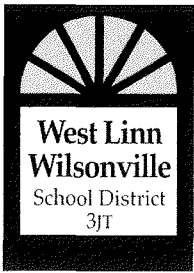
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INTRODUCTORY SECTION



West Linn-Wilsonville School District 3JT

ADMINISTRATION BUILDING

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

December 26, 2008

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, 2008.

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, 2008, 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, 2008, 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.

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 and Art Tech Charter Schools are component units 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 2-1/2 decades. The estimated population of the District has grown from 16,876 in 1980 to 41,373 in 2008. District student membership as of June 30, 2008 was 8,047, 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 \$8.9 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, provides two property tax limitations in the Oregon Constitution. Measure 5 limits the property tax rate to \$5 per \$1,000 in real market value for schools; Measure 50 is a limitation that is based on the assessed value of each parcel of property. Measure 50 was initiated in 1997 by "cutting" the tax on each property to the lesser of the 1996 total property tax reduced by 10% or the 1995 total property tax for schools. Measure 50 also "caps" total operating taxes on each property to a 3% annual increase. Neither of these constitutional measures limits taxes for capital construction bonds.

Legislation passed subsequent to Measure 50 allows school districts to refer to voters a "local option" tax. This tax can be levied for up to five years for operation purposes. The tax cannot collect more than the \$5.00 per thousand of real market value allowed under measure 5 from any property in the school district. On May 16, 2000, voters of the West Linn-Wilsonville School District passed a local option tax. This five-year taxing authority commenced during the 2000-01 fiscal year and ended June 30, 2005. On November 2, 2004 57% of district voters approved another Local Option Tax Levy at the same \$1.50 per thousand assessed value rate that passed May 16, 2000. This taxing authority begins with fiscal 2005-06 and runs through fiscal 2009-10. The average "Local Option" taxpayer burden during 2007-08 was \$1.38 per thousand assessed value.

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 unemployment rate exceeds the national average with the most recent rate of 8.1 percent published December 2008.

Oregon's current personal income tax reliant revenue base will continue to have the stability and adequacy shortcomings it has experienced. There is concern that the taxation base is not broad enough to raise the revenues needed for public education and other needed services the state must provide.

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.

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, 2008 were \$988,810 down \$182,789 from the previous year. The decline in interest income reflected the reduced rates of return over the previous year.

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 \$100,000 per loss deductible. Comprehensive General Liability insurance provides \$5,000,000 Basic coverage. Comprehensive Automotive liability insurance provides \$1,000,000 Basic coverage. Excess insurance over the Basic coverage is in force at \$5,000,000. The district is also covered against earthquake and flood damage with an amount currently in force of \$5,000,000 subject to a 5% deductible per loss.

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

In addition, the District provides early retirement and post employment health care benefits for certain retirees. As of the end of the current fiscal year, there were 75 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 requires that as of June 30, 2009 the school district report a liability in the financial statements in connection with the district's obligation to provide these benefits.

Additional information on the District's pension arrangements and post employment benefits can be found in the notes to the basic financial statements.

Awards


The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the West Linn-Wilsonville School District for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the fifteenth consecutive year that the district has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

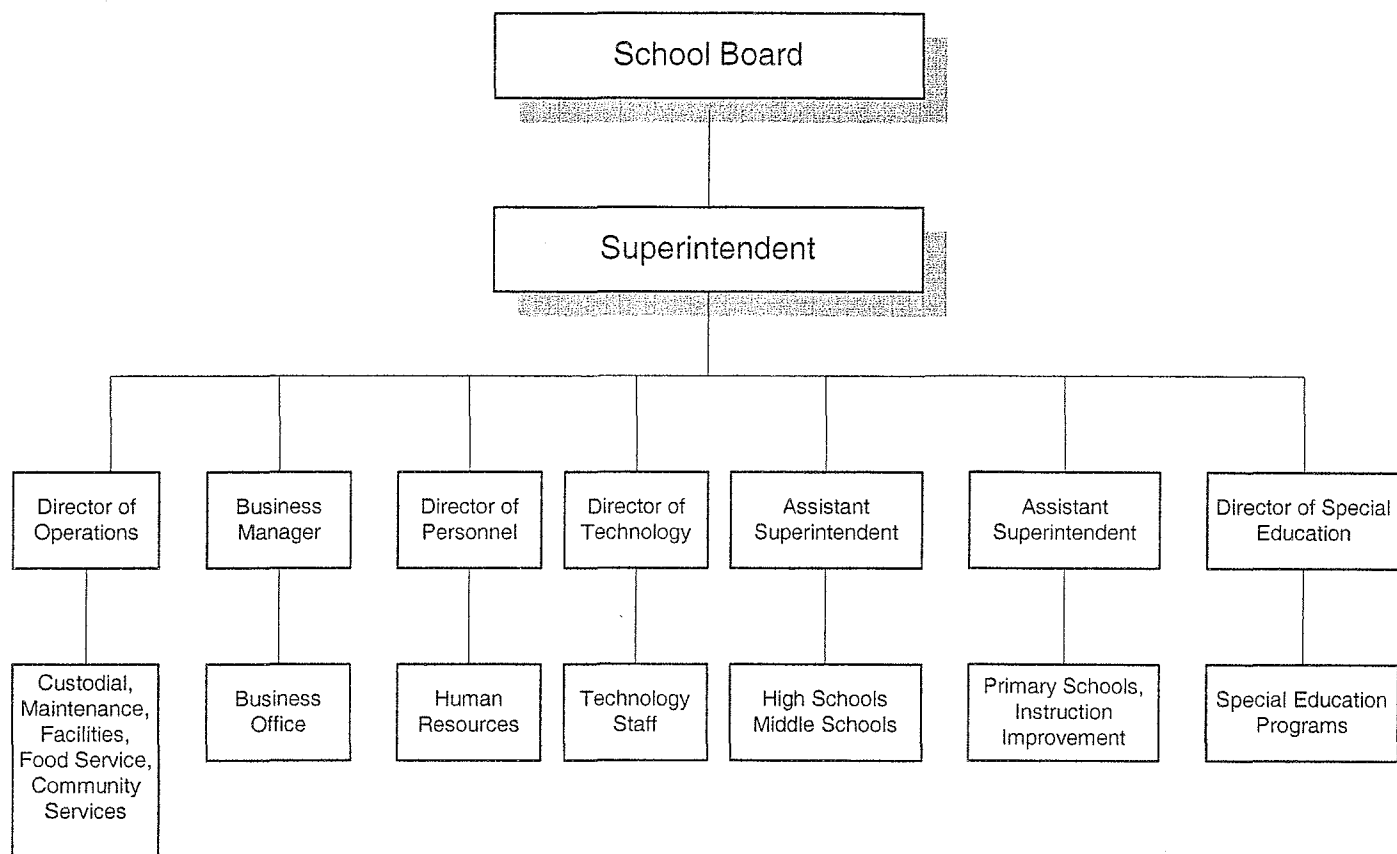
Respectfully submitted,


Roger L. Woehl, Superintendent

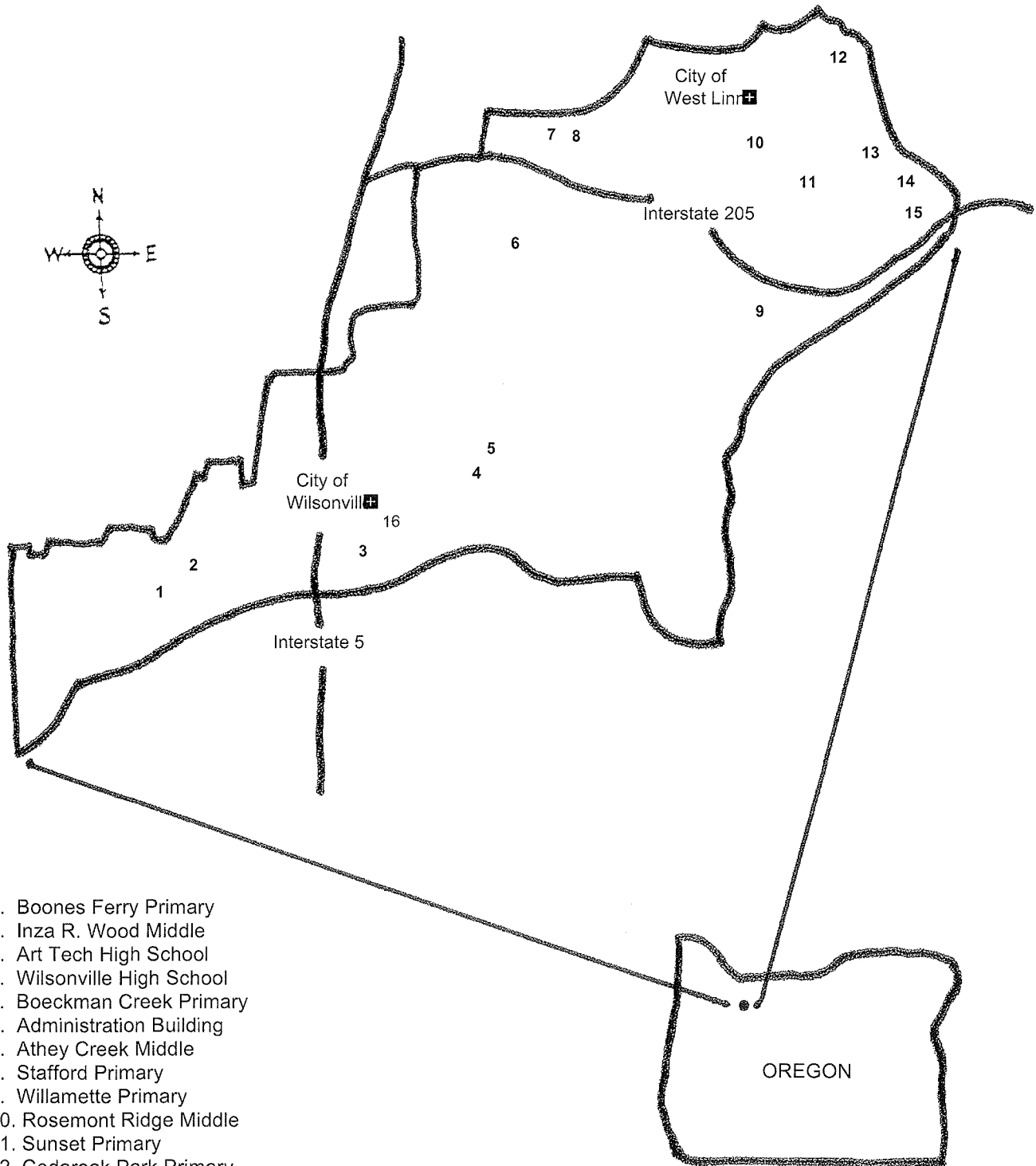

R. William Knowles, Business Manager

West Linn-Wilsonville School District 3JT

Organization Chart



WEST LINN - WILSONVILLE SCHOOL DISTRICT No. 3J



1. Boones Ferry Primary
2. Inza R. Wood Middle
3. Art Tech High School
4. Wilsonville High School
5. Boeckman Creek Primary
6. Administration Building
7. Athey Creek Middle
8. Stafford Primary
9. Willamette Primary
10. Rosemont Ridge Middle
11. Sunset Primary
12. Cedaroak Park Primary
13. Bolton Primary
14. West Linn High School
15. Three Rivers Charter
16. Town Center School

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, 2007

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.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

December 16, 2008

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, the aggregate discretely presented component units, 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, 2008 which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. 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 financial position of the West Linn-Wilsonville School District 3J, Clackamas County, Oregon, at June 30, 2008 and the respective changes in financial position, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 16, 2008, 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's Discussion and Analysis, as listed on the table of contents, is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

The Schedule of Revenues by Function, Schedule of Expenditures by Function/Object – General Fund and Supplemental Information, as listed in the table of contents, are presented for purposes of additional analysis as required by Oregon Department of Education, however, we did not audit the information and express no opinion on it.

The introductory section and statistical tables 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, 2008**

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, 2008.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets of the District exceeded its liabilities at June 30, 2008 by \$44,769,797.
- The District's governmental funds report combined ending fund balance of \$6,864,186.
- The District's net assets increased by \$5,196,294.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

The District maintains 4 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Debt Service, and Capital Projects Funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided as Supplemental Information.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$44,769,797 at June 30, 2008.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 76 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 13 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, 2008	June 30, 2007	Change
Current and Other Assets	\$ 52,575,726	\$ 54,020,714	\$ (1,444,988)
Capital Assets	162,366,848	167,796,816	(5,429,968)
Total Assets	214,942,574	221,817,530	(6,874,956)
Current Liabilities	22,473,361	12,122,461	10,350,900
Long-Term Liabilities	147,699,416	170,434,985	(22,735,569)
Total Liabilities	170,172,777	182,557,446	(12,384,669)
Net Assets:			
Invested in Capital Assets, net of related debt	45,633,075	40,223,047	5,410,028
Restricted for Debt Service	3,391,956	3,324,655	67,301
Unrestricted	(4,255,234)	(3,974,199)	(281,035)
Total Net Assets	\$ 44,769,797	\$ 39,573,503	\$ 5,196,294

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 \$5,196,294.

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

	June 30, 2008	June 30, 2007	Change
REVENUES			
Program Revenues			
Charges for Services	\$ 3,580,538	\$ 2,942,968	\$ 637,570
Operating Grants and Contributions	3,222,087	3,314,862	(92,775)
General Revenues			
Property Taxes	44,180,149	41,982,666	2,197,483
State School Fund - General Support	36,829,154	31,341,677	5,487,477
Earnings on Investments	988,810	1,171,599	(182,789)
Other Federal, State and Local Sources	1,530,479	4,529,860	(2,999,381)
Total Revenues	90,331,217	85,283,632	5,047,585
EXPENSES			
Instruction	46,835,827	44,209,456	2,626,371
Support Services	27,029,360	25,283,384	1,745,976
Enterprise and Community Services	2,513,565	2,419,485	94,080
Facilities Acquisition and Construction	590,175	-	590,175
Interest on Long-Term Debt	8,165,996	8,259,152	(93,156)
Total Expenses	85,134,923	80,171,477	4,963,446
Change in Net Assets	5,196,294	5,112,155	84,139
Beginning Net Assets	39,573,503	34,461,348	5,112,155
Ending Net Assets	\$ 44,769,797	\$ 39,573,503	\$ 5,196,294

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, 2008, the District's governmental funds reported combined ending fund balances of \$6,864,186, an increase of \$1,104,614 in comparison with the prior year.

General Fund. The General Fund is the chief operating fund of the District. As of June 30, 2008, unreserved fund balance was \$2,509,842. 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 3.84 percent of total General Fund expenditures.

The fund balance increased by \$872,914 during the current fiscal year. This increase was attributable to additional Local Option Tax revenue and fewer expenditures than anticipated

Debt Service Fund. As of June 30, 2008 the ending fund balance is \$3,391,956, a increase of \$67,301 as compared to prior year. This balance is consistent with what is required to service general obligation debt between July 1, 2008 and late November 2008 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 \$580,102, which is designated for capital needs, specifically funding for portable classrooms at specific schools. The fund balance decreased by \$99,171 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues were higher than budgeted in the General fund due to the local option levy taxes, and expenditures were lower than budgeted in total due to an effort to reduce spending.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment. As of June 30, 2008, the District had invested \$162,366,848 in capital assets, net of depreciation.

Additional information on the District's capital assets can be found on page 24 in the notes to the financial statements.

Long-term debt. As of June 30, 2008, the District had total debt outstanding of \$159,721,810. Please refer to the notes to the financial statements for more information.

Additional information on the District's long-term debt can be found in notes to the financial statements on pages 25-26.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2008-09 budget was built on state revenue assumptions that have come under pressure from a November 2008 state revenue forecast. It is felt that most of this pressure will be felt in fiscal years beginning with 2009-10.

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.

Signature: 
Title: Business Manager

Signature: 
Title: Superintendent

FINANCIAL SECTION

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

STATEMENT OF NET ASSETS
JUNE 30, 2008

		Component Units	
	Governmental Activities	Three Rivers Charter School	Art Tech Charter School
ASSETS:			
Cash and Investments	\$ 13,900,168	\$ 315,433	\$ -
Property Taxes Receivable	2,211,086	-	-
Other Receivables	2,649,186	-	5,437
Due from School District	-	-	42,553
Supply Inventory	108,443	-	-
Prepaid Expenses	119,842	17,285	-
Prepaid Pension Asset	32,346,209	-	-
Bond Issue Costs	1,240,792	-	-
Non-Depreciable Capital Assets	8,371,880	-	-
Capital Assets, Net of Depreciation:	153,994,968	62,146	-
TOTAL ASSETS	214,942,574	394,864	47,990
LIABILITIES:			
Accounts Payable	830,997	9,375	-
Accrued Salaries and Benefits	5,528,417	20,450	42,553
Due to Charter School	42,553	-	-
Unearned Revenue	62,455	-	-
Accrued Compensated Absences Payable	134,078	-	-
Accrued Interest	352,467	-	-
Tax Anticipation Note Payable	3,500,000	-	-
Long-Term Liabilities:			
Portion Due or Payable Within One Year:	12,022,394	-	-
Portion Due or Payable After One Year:	147,699,416	-	-
TOTAL LIABILITIES	170,172,777	29,825	42,553
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	45,633,075	62,146	-
Restricted for:			
Debt Service	3,391,956	-	-
Unrestricted	(4,255,234)	302,893	5,437
TOTAL NET ASSETS	\$ 44,769,797	\$ 365,039	\$ 5,437

See notes to basic financial statements.

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

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets	Component Units	
		Charges for Services	Operating Grants and Contributions		Three Rivers Charter School	Art Tech Charter School
Governmental Activities:						
Instruction	\$ 46,835,827	\$ 2,354,620	\$ 1,876,952	\$ (42,604,255)	\$ 650,018	\$ 584,717
Support	27,029,360	-	756,163	(26,273,197)	281,976	-
Enterprise and Community Services	2,513,565	1,225,918	588,972	(698,675)	-	-
Facilities Acquisition	590,175	-	-	-	-	-
Interest on Long-Term Debt	8,165,996	-	-	(8,165,996)	-	-
Total Governmental Activities	<u>\$ 85,134,923</u>	<u>\$ 3,580,538</u>	<u>\$ 3,222,087</u>	<u>(78,332,298)</u>	<u>931,994</u>	<u>584,717</u>
Component Unit						
Three Rivers Charter School	<u>\$ 931,994</u>	<u>26,342</u>	<u>\$ -</u>		<u>(905,652)</u>	
Art Tech Charter School	<u>\$ 584,717</u>	<u>-</u>	<u>\$ -</u>			<u>(584,717)</u>
General revenues:						
Property Taxes				44,180,149	-	-
Local Option Tax				-	88,226	-
State School Fund - General Support				36,829,154	479,440	583,252
Unrestricted				2,846,406	324,265	905
Earnings on Investments				988,810	8,780	-
Gain/Loss on Disposal				(1,315,927)	(3,746)	-
Total general revenues				<u>83,528,592</u>	<u>896,965</u>	<u>584,157</u>
CHANGE IN NET ASSETS				5,196,294	(8,687)	(560)
Net Assets - July 1, 2007				<u>39,573,503</u>	<u>373,726</u>	<u>5,997</u>
Net Assets - June 30, 2008				<u>\$ 44,769,797</u>	<u>\$ 365,039</u>	<u>\$ 5,437</u>

See notes to basic financial statements.

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Funds	Total
ASSETS					
Cash and Investments	\$ 10,562,794	\$ 2,677,981	\$ 659,393	\$ -	\$ 13,900,168
Due From Other Funds	238,654	656,119	-	135,884	1,030,657
Property Taxes Receivable	1,490,660	720,426	-	-	2,211,086
Other Receivables	1,287,907	-	144,003	1,217,276	2,649,186
Supply Inventory	40,984	-	-	67,459	108,443
Prepaid Expenditures	119,842	-	-	-	119,842
TOTAL ASSETS	<u>\$ 13,740,841</u>	<u>\$ 4,054,526</u>	<u>\$ 803,396</u>	<u>\$ 1,420,619</u>	<u>\$ 20,019,382</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 830,997	\$ -	\$ -	\$ -	\$ 830,997
Accrued Salaries and Benefits	5,220,158	-	-	308,259	5,528,417
Due To Other Funds	-	-	223,294	807,363	1,030,657
Due To Charter School	-	-	-	42,553	42,553
Tax Anticipation Note Payable	3,500,000	-	-	-	3,500,000
Accrued Interest	129,718	-	-	-	129,718
Deferred Taxes	1,367,829	662,570	-	-	2,030,399
Other Deferred Revenue	62,455	-	-	-	62,455
TOTAL LIABILITIES	<u>11,111,157</u>	<u>662,570</u>	<u>223,294</u>	<u>1,158,175</u>	<u>13,155,196</u>
Fund Balances:					
Reserved for:					
Debt Service Fund	-	3,391,956	-	-	3,391,956
Prepaid Expenditures	119,842	-	-	-	119,842
Unreserved, designated for, reported in:					
Capital Projects Fund	-	-	580,102	-	580,102
Unreserved, undesignated reported in:					
General Fund	2,509,842	-	-	-	2,509,842
Special Revenue Funds	-	-	-	262,444	262,444
TOTAL FUND BALANCES	<u>2,629,684</u>	<u>3,391,956</u>	<u>580,102</u>	<u>262,444</u>	<u>6,864,186</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,740,841</u>	<u>\$ 4,054,526</u>	<u>\$ 803,396</u>	<u>\$ 1,420,619</u>	<u>\$ 20,019,382</u>

See notes to basic financial statements.

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

RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET ASSETS
JUNE 30, 2008

TOTAL FUND BALANCES		\$	6,864,186
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Capital assets are not financial resources and therefore are not reported in the governmental funds:

Cost	\$	197,518,263	
Accumulated depreciation		<u>(35,151,415)</u>	162,366,848

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.

2,030,399

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	(134,078)	
Early Retirement	(808,037)	
Bonds payable	(157,032,238)	
Premium on Bonds Payable	(1,881,535)	
Accrued interest payable	<u>(222,749)</u>	(160,078,637)

The unamortized portion of prepaid pension costs and bond issuance costs is not available to pay for current period expenditures, and therefore is not reported in the governmental funds.

Prepaid Pension Asset	32,346,209	
Bond Issue Costs	<u>1,240,792</u>	<u>33,587,001</u>

TOTAL NET ASSETS		\$	<u><u>44,769,797</u></u>
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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, 2008

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Funds	Total
REVENUES:					
Local Sources:	\$ 32,956,416	16,427,004	238,945	1,429,529	51,051,894
Intermediate Sources	1,452	-	-	611,876	613,328
State Sources	36,829,154	-	-	15,924	36,845,078
Federal Sources	209,088	-	-	2,464,037	2,673,125
TOTAL REVENUES	69,996,110	16,427,004	238,945	4,521,366	91,183,425
EXPENDITURES:					
Current:					
Instruction	41,391,686	-	-	1,583,630	42,975,316
Support Services	24,828,257	-	-	859,485	25,687,742
Enterprise and Community Services	-	-	-	2,269,268	2,269,268
Facilities Acquisition and Construction	-	-	688,116	-	688,116
Debt Service	2,286,015	16,359,703	-	134,429	18,780,147
Capital Outlay	28,222	-	-	-	28,222
TOTAL EXPENDITURES	68,534,180	16,359,703	688,116	4,846,812	90,428,811
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,461,930	67,301	(449,171)	(325,446)	754,614
OTHER FINANCING SOURCES, (USES):					
Sale of Capital Assets	-	-	350,000	-	350,000
Transfers In	-	-	-	630,000	630,000
Transfers Out	(630,000)	-	-	-	(630,000)
TOTAL OTHER FINANCING SOURCES	(630,000)	-	350,000	630,000	350,000
NET CHANGE IN FUND BALANCE	831,930	67,301	(99,171)	304,554	1,104,614
FUND BALANCE, July 1, 2007	1,756,770	3,324,655	679,273	(109,569)	5,651,129
Adjustment for Inventories reported under the purchase method	40,984	-	-	67,459	108,443
FUND BALANCE, June 30, 2008	\$ 2,629,684	\$ 3,391,956	\$ 580,102	\$ 262,444	\$ 6,864,186

See notes to basic financial statements.

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

NET CHANGE IN FUND BALANCE	\$ 1,104,614
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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 (net)	\$ 126,163	
Capital asset deletion (net)	(1,665,927)	
Less current year depreciation	<u>(3,890,204)</u>	(5,429,968)

Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Assets, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Prepaid Pension asset amortization	(1,617,310)	
Bond premium amortization	149,639	
Bond issue cost amortization	(114,194)	
Debt principal repaid	<u>10,560,000</u>	8,978,135

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.

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.	24,734
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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.	54,151
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Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.	463,720
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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	(2,628)	
Early retirement obligations	<u>3,536</u>	<u>908</u>

CHANGE IN NET ASSETS	\$ <u>5,196,294</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, 2008

	AGENCY FUNDS
ASSETS:	
Cash and Investments	<u>\$ 1,449,206</u>
Total Assets	<u><u>\$ 1,449,206</u></u>
LIABILITIES AND NET ASSETS:	
Liabilities:	
Due to Student Organizations	<u>\$ 1,449,206</u>
Total Liabilities	<u>1,449,206</u>
Net Assets:	<u>-</u>
Total Liabilities and Net Assets	<u><u>\$ 1,449,206</u></u>

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. West Linn-Wilsonville School District No. 3J has two component units, the Three Rivers Charter School and the Art Tech Charter School. The Three Rivers Charter School and the Art Tech Charter School are 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 the Art Tech Charter School, and their exclusion from the District's financial statements would cause the District's financial statements to be misleading or incomplete. The component units are discretely presented in the Statement of Net Assets and the Statement of Activities, pages 9 and 10 respectively. Detailed information about the Charter School's budgetary compliance and compliance with laws and regulations is contained in the Component Unit Financial Reports of Three Rivers Charter School and the Art Tech Charter School which are 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, however interfund services provided and used are not eliminated in the process of consolidation. 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 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.

There are the following major governmental funds:

General Fund - This is the 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 General Obligation Bond and PERS Bond issues. The principal sources of revenue are property taxes and charges to other funds.

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

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

Additionally, the following other fund types are reported:

Fiduciary Funds

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

Measurement Focus and Basis of Accounting

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

grant agreements, certain programs are funded 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 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. All revenues reported in the governmental funds are considered 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.

Agency fund financial statements report only assets and liabilities and therefore, have no measurement focus. However the accrual basis of accounting is used to recognize receivables and payables.

Cash, Cash Equivalents and Investments

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

The 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 value in pool shares.

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

Accounts and Other Receivables

Accounts and other receivables are comprised primarily of State school support and claims for reimbursement of costs under various federal and state grants. All accounts receivable are current and no allowance for uncollectible accounts is made.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes Receivable

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

Grants

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as unearned revenue.

Supply Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items both in the government-wide and fund financial statements.

Capital Assets

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement Plans

Substantially all of the 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.

There is 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 policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

Long-term Debt

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

A budget is prepared and legally adopted for each governmental fund type and pension trust fund on the modified accrual basis of accounting. The agency fund is not required to be budgeted. A budget is prepared for two areas of the 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 capitalization level, are budgeted by major function in governmental fund types, inventories are budgeted as expenditures when purchased. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

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

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. During the year, four appropriation transfers were made. Appropriations lapse at the end of each fiscal year. Expenditures of the various funds were within authorized appropriations, except for the General fund, which overspent Instruction by \$339,779; the Debt Service Fund which overspent Debt Service by \$2,273,047. The Special Revenue fund which overspent Support Services by \$546,718 and Debt Service by \$8,368.

Use of Estimates

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

2. CASH AND INVESTMENTS

Deposits

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. The total bank balance per the bank statements was \$5,414,914. Of these deposits, \$424,830 were covered by federal depository insurance, \$4,293,735 by certificates of participation backed by securities held by financial institutions acting as agents for the District in the District's name. For deposits in excess of federal depository insurance, Oregon Revised Statutes require the depositor institution to maintain on deposit with the collateral pool manager securities having a value not less than 25% of the outstanding certificates of participation issued by the pool manager. This collateral is held in the name of the bank(s). The remaining \$696,349 was not collateralized. State statutes govern the cash management policies, because there is not an official investment policy. Statutes authorize the District to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

Investments

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2008.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. There is no material difference between the fair value of the District's position in the State Treasurer's Local Government Investment Pool and the value of the pool shares at June 30, 2008. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year, except as noted above regarding collateralization.

2. CASH AND INVESTMENTS (CONTINUED)

Cash and Investments at June 30, 2008, (recorded at fair value) consisted of:

Deposits With Financial Institutions:	2008	Reported in:	2008
Demand Deposits:		Governmental Activities	\$ 13,900,168
Checking	\$ 389,962	Fiduciary Funds	1,449,206
Cash with Fiscal Agents	316,015		
Investments	11,133,734	Total	\$ 15,349,374
Total	\$ 15,349,374		

There were the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-18	18-59
State Treasurer's Investment Pool	\$ 11,133,734	\$ 11,133,734	\$ -	\$ -
Total	\$ 11,133,734	\$ 11,133,734	\$ -	\$ -

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. The District does not have any investments that have a maturity date greater than three months.

Credit Risk

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

Concentration of Credit Risk

At June 30, 2008, 99% of total investments were in the State Treasurer's Investment Pool and 1% in OSBA Capitalized Interest Bonds and Notes. State statutes do not limit the percentage of investments in either of these instruments. Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2008, there was compliance with all percentage restrictions.

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

3. RECEIVABLES

Receivables are comprised of the following as of June 30, 2008:

Property taxes	\$	2,211,086
Other Receivables		<u>2,649,186</u>
Total	\$	<u><u>4,859,272</u></u>

4. CAPITAL ASSETS

Capital assets activity for the year was as follows:

	Balance June 30, 2007	Additions	Reclassification and Deletions	Balance June 30, 2008
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 8,245,717	\$ 126,163	\$ -	\$ 8,371,880
Total Capital Assets Not Being Depreciated	<u>8,245,717</u>	<u>126,163</u>	<u>-</u>	<u>8,371,880</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	188,429,770	-	1,646,021	186,783,749
Machinery and Equipment	<u>3,829,970</u>	<u>-</u>	<u>1,467,336</u>	<u>2,362,634</u>
Total Capital Assets Being Depreciated	<u>192,259,740</u>	<u>-</u>	<u>3,113,357</u>	<u>189,146,383</u>
Accumulated Depreciation				
Total Accumulated Depreciation	<u>32,708,641</u>	<u>3,890,204</u>	<u>1,447,430</u>	<u>35,151,415</u>
Total Capital Assets Being Depreciated, Net	<u>159,551,099</u>	<u>3,890,204</u>	<u>1,665,927</u>	<u>153,994,968</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 167,796,816</u>	<u>\$ (3,764,041)</u>	<u>\$ 1,665,927</u>	<u>\$ 162,366,848</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
Instruction	\$ 2,917,653
Support Services	778,041
Community Services	<u>194,510</u>
Total Depreciation Expense-	
Governmental Activities	<u><u>\$ 3,890,204</u></u>

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

5. LONG-TERM DEBT

Bonds Payable

The following changes occurred in bonds payable during the fiscal year ending June 30, 2008:

Issue Date	Interest Rates	Original Issue	Outstanding July 1, 2007	Issued	Matured And Redeemed	Outstanding June 30, 2008	Due Within One Year
September 1997	4.45-5.75%	\$ 76,440,000	\$ 19,450,000	\$ -	\$ 7,830,000	\$ 11,620,000	\$ 9,210,000
July 2002	2.5-4.5%	12,995,000	5,625,000	-	1,915,000	3,710,000	1,980,000
May 2003	2.0-4.78%	74,997,238	72,922,238	-	815,000	72,107,238	500,000
March 2004	2.0-4.78%	42,180,000	42,180,000	-	-	42,180,000	45,000
November 2004	2.0-4.78%	27,815,000	27,415,000	-	-	27,415,000	-
			167,592,238	-	10,560,000	157,032,238	11,735,000
Early Retirement Obligation			811,573	284,000	287,536	808,037	287,394
Unamortized Premium/(Discount)			2,031,174	-	149,639	1,881,535	-
Total Bonds Payable			<u>\$ 170,434,985</u>	<u>\$ 284,000</u>	<u>\$ 10,997,175</u>	<u>\$ 159,721,810</u>	<u>\$ 12,022,394</u>

Future maturities of bonds payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2009	11,735,000	5,262,960
2010	8,720,000	4,654,141
2011	7,785,000	4,341,444
2012	8,720,000	3,968,514
2013	9,760,000	3,541,680
2014-2018	46,715,376	28,821,190
2019-2023	42,911,862	45,764,157
2024-2028	20,685,000	3,335,319
Total	<u>\$ 157,032,238</u>	<u>\$ 99,689,405</u>

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

5. LONG-TERM DEBT (CONTINUED)

General Obligation Bonds

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

Advance Refunding Bonds

In July of 2002 general obligation refunding bonds were issued. 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 basic financial statements.

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

On June 30, 2008, \$40,801,920 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 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 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 future required contribution rate.

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds at June 30, 2008 and transfers in and out for the year then ended are as follows:

	Due From Other Funds	Due to Other Funds	Transfers In	Transfers Out
General Fund	\$ 238,654	\$ -	\$ -	\$ 630,000
Debt Service Fund	656,119	-	-	-
Capital Projects Fund	-	223,294	-	-
Special Revenue Fund	135,884	807,363	630,000	-
	<u>\$ 1,030,657</u>	<u>\$ 1,030,657</u>	<u>\$ 630,000</u>	<u>\$ 630,000</u>

Interfund balances represent amounts owed to or from the general fund for pooled cash and investments. The interfund transfers represent a subsidy from the General Fund to Food Service fund for operations.

7. OTHER POST EMPLOYMENT BENEFITS

Early Retirement

An early retirement plan is provided 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 total obligation to 47 employees currently on early retirement is \$808,037. 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 2008 and 2007 was \$287,536 and \$318,302 respectively, and were equal to required contributions for each year. An actuarial study has been done however it was not included in this report as the District will implement GASB Statement No. 45 during the 2008-09 fiscal year.

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, 75 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 2008 and 2007, these costs totaled \$842,147 and \$760,653 respectively.

8. PENSION PLAN

Contributes are made 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, 2005 is 2.78% 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"). \$42,180,000 was borrowed, 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 contribution to the plan for the years ending June 30, 2008, 2007, and 2006 were \$5,106,261, \$3,956,717, and \$4,126,975, respectively, and were equal to the required contributions for each year. The employee's 6% required contribution is paid in accordance with bargaining agreements.

9. RISK MANAGEMENT

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

10. COMMITMENTS AND CONTINGENCIES

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

The District participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The federal audits for these programs for the year ended June 30, 2008 have not been conducted. Accordingly, compliance with grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although such amounts are expected to be immaterial.

11. SUBSEQUENT EVENTS

\$3.7 million in Tax and Revenue Anticipation Notes were issued in August 2008. This financing was done to provide necessary cash to be used for cash flow purposes in October 2008 and June 2009. The repayment date of this TRAN issue is July 31, 2009.

On November 4, 2008 voters approved a \$98 million general obligation bond issue to finance construction projects district-wide. The most prominent of these projects are two new primary schools. These serial bonds, scheduled to be sold in winter or spring 2009, mature over the next 25 years.

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

REQUIRED SUPPLEMENTARY DATA

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WEST LINN WILSONVILLE SCHOOL DISTRICT
CLACKAMAS COUNTY OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET
 For the Year Ended June 30, 2008

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Local Sources	\$ 32,154,536	\$ 32,554,536	\$ 32,956,416	\$ 401,880
Intermediate Sources	14,546	14,546	1,452	(13,094)
State Sources	35,686,359	36,243,059	36,829,154	586,095
Federal Sources	-	-	209,088	209,088
Total Revenues	<u>67,855,441</u>	<u>68,812,141</u>	<u>69,996,110</u>	<u>1,183,969</u>
EXPENDITURES:				
Instruction	40,848,429	41,080,129 (1)	41,419,908	(339,779)
Support Services	24,969,391	25,119,391 (1)	24,828,257	291,134
Debt Service	2,530,621	3,105,621 (1)	2,286,015	819,606
Total Expenditures	<u>68,348,441</u>	<u>69,305,141</u>	<u>68,534,180</u>	<u>770,961</u>
Excess of Revenues Over (Under) Expenditures	<u>(493,000)</u>	<u>(493,000)</u>	<u>1,461,930</u>	<u>413,008</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(630,000)	(630,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(630,000)</u>	<u>(630,000)</u>
Net Change in Fund Balance	<u>(493,000)</u>	<u>(493,000)</u>	<u>831,930</u>	<u>1,324,930</u>
Beginning Fund Balance	<u>493,000</u>	<u>493,000</u>	<u>1,756,770</u>	<u>1,263,770</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,588,700</u>	<u>\$ 2,588,700</u>
Inventory			<u>40,984</u>	
Fund Balance (GAAP Basis)			<u>\$ 2,629,684</u>	

(1) 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, 2008

SPECIAL REVENUE FUND

	Budget (2)		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES:				
Local Sources	1,662,545	1,662,545	\$ 1,429,529	(233,016)
Intermediate Sources	608,000	608,000	611,876	3,876
State Sources	20,600	20,600	15,924	(4,676)
Federal Sources	2,417,600	2,417,600	2,464,037	46,437
TOTAL REVENUES	4,708,745	4,708,745	4,521,366	(187,379)
EXPENDITURES:				
Instruction	2,295,934	2,295,934 (1)	1,583,630	712,304
Support Services	312,767	312,767 (1)	859,485	(546,718)
Enterprise and Community Services	1,994,283	2,619,283 (1)	2,269,268	350,015
Other Objects	126,061	126,061 (1)	134,429	(8,368)
TOTAL EXPENDITURES	4,729,045	5,354,045	4,846,812	507,233
OTHER FINANCING SOURCES:				
Transfers In	-	625,000	630,000	5,000
NET CHANGE IN FUND BALANCE	(20,300)	(20,300)	304,554	324,854
FUND BALANCE, July 1, 2007		-	(109,569)	(129,869)
FUND BALANCE, June 30, 2008	\$ (20,300)	\$ (20,300)	\$ 194,985	\$ 194,985

(1) Appropriation level

Reconciliation to GAAP Basis Ending Fund Balance

Budgetary Basis Ending Fund Balance	\$ 194,985
Supply Inventory	67,459
GAAP Basis Ending Fund Balance	\$ 262,444

(1) Appropriation Level

(2) The District appropriates one special revenue fund. The combining schedules on pages 33-35 show the details of the special revenue subfunds

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

SUPPLEMENATARY DATA

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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, 2008

DEBT SERVICE FUND

	Budget		Debt Service	PERS Debt		Variance with
	Adopted	Final	Fund	Service Fund	Total	Final Budget Positive (Negative)
REVENUES:						
Local Sources						
Property Taxes	\$ 13,448,006	\$ 13,448,006	\$ 13,850,002	\$ -	\$ 13,850,002	\$ 401,996
Earnings on Investments	202,000	202,000	277,199	64,471	341,670	139,670
Services Provided Other Funds	-	-	-	2,235,332	2,235,332	2,235,332
TOTAL REVENUES	<u>13,650,006</u>	<u>13,650,006</u>	<u>14,127,201</u>	<u>2,299,803</u>	<u>16,427,004</u>	<u>2,776,998</u>
EXPENDITURES:						
Debt service	<u>14,086,656</u>	<u>14,086,656</u>	(1) 14,086,656	2,273,047	16,359,703	(2,273,047)
TOTAL EXPENDITURES	<u>14,086,656</u>	<u>14,086,656</u>	<u>14,086,656</u>	<u>2,273,047</u>	<u>16,359,703</u>	<u>(2,273,047)</u>
NET CHANGE IN FUND BALANCE	(436,650)	(436,650)	40,545	26,756	67,301	503,951
FUND BALANCE, July 1, 2007	<u>2,814,463</u>	<u>2,814,463</u>	<u>3,139,546</u>	<u>185,109</u>	<u>3,324,655</u>	<u>510,192</u>
FUND BALANCE, June 30, 2008	<u>\$ 2,377,813</u>	<u>\$ 2,377,813</u>	<u>\$ 3,180,091</u>	<u>\$ 211,865</u>	<u>\$ 3,391,956</u>	<u>\$ 1,014,143</u>

(1) 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, 2008

CAPITAL PROJECTS FUND

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES:				
Local Sources:				
Construction Excise Tax	-	-	209,859	209,859
Earnings on Investments	-	-	29,086	29,086
TOTAL REVENUES	-	-	238,945	238,945
EXPENDITURES:				
Facilities Acquisition and Construction:	31,130,000	31,130,000 (1)	688,116	30,441,884
TOTAL EXPENDITURES	31,130,000	31,130,000	688,116	30,441,884
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	29,880,000	29,880,000	350,000	(29,530,000)
Total Other Financing Sources (Uses)	29,880,000	29,880,000	350,000	(29,530,000)
Net Change in Fund Balance	(1,250,000)	(1,250,000)	(99,171)	1,150,829
FUND BALANCE, July 1, 2007	1,250,000	1,250,000	679,273	(570,727)
FUND BALANCE, June 30, 2008	\$ -	\$ -	\$ 580,102	\$ (570,727)

(1) Appropriation level

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

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2008

	SOAR Fund	Vocational Education Fund	Title IA/D Fund	IDEA Fund	Title IIA Fund	Youth Transition Program Fund	Title III Fund
ASSETS							
Due from Other Funds	\$ 19,416	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-	-
Accounts Receivable	-	16,247	150,829	492,998	117,814	39,958	34,004
TOTAL ASSETS	<u>\$ 19,416</u>	<u>\$ 16,247</u>	<u>\$ 150,829</u>	<u>\$ 492,998</u>	<u>\$ 117,814</u>	<u>\$ 39,958</u>	<u>\$ 34,004</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Payroll	-	-	3,715	110,356	14,092	7,652	-
Deferred Revenue	-	-	-	-	-	-	-
Due to Other Funds	-	16,247	147,114	340,089	103,722	32,306	34,004
Due to Charter School	-	-	-	42,553	-	-	-
TOTAL LIABILITIES	-	16,247	150,829	492,998	117,814	39,958	34,004
Fund Balances:							
Unreserved, Undesignated	19,416	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 19,416</u>	<u>\$ 16,247</u>	<u>\$ 150,829</u>	<u>\$ 492,998</u>	<u>\$ 117,814</u>	<u>\$ 39,958</u>	<u>\$ 34,004</u>

Title IID Fund	Title V Fund	Oregon Ready to Learn Fund	Title IV-A Fund	Disabled Child Fund	Food Service Fund	Community Education Fund	Total
\$ -	\$ -	\$ 11,753	\$ -	\$ -	\$ 104,715	\$ -	\$ 135,884
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,233	7,448	-	6,949	305,938	19,610	24,248	1,217,276
<u>\$ 1,233</u>	<u>\$ 7,448</u>	<u>\$ 11,753</u>	<u>\$ 6,949</u>	<u>\$ 305,938</u>	<u>\$ 124,325</u>	<u>\$ 24,248</u>	<u>\$ 1,353,160</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,940	-	-	69,751	100,753	-	308,259
-	-	-	-	-	-	-	-
1,233	5,508	-	6,949	106,944	-	13,247	807,363
-	-	-	-	-	-	-	42,553
1,233	7,448	-	6,949	176,695	100,753	13,247	1,158,175
-	-	11,753	-	129,243	23,572	11,001	194,985
<u>\$ 1,233</u>	<u>\$ 7,448</u>	<u>\$ 11,753</u>	<u>\$ 6,949</u>	<u>\$ 305,938</u>	<u>\$ 124,325</u>	<u>\$ 24,248</u>	<u>\$ 1,353,160</u>

Reconciliation to GAAP Basis Ending Fund Balance

Budgetary Basis Ending Fund Balance	\$ 194,985
Supply Inventory	<u>67,459</u>
GAAP Basis Ending Fund Balance	<u>\$ 262,444</u>

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

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2008

	SOAR	Vocational				Youth		
	Fund	Education	Title I A/D	IDEA	Title IIA	Transition	Title III	Title IID
	Fund	Fund	Fund	Fund	Fund	Program	Fund	Fund
REVENUES:								
Local Sources	\$ 6,162	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate Sources	-	-	-	-	-	-	-	-
State Sources	-	-	-	-	-	-	-	-
Federal Sources	-	21,342	339,018	1,208,727	147,267	78,322	65,705	3,494
TOTAL REVENUES	6,162	21,342	339,018	1,208,727	147,267	78,322	65,705	3,494
EXPENDITURES:								
Instruction	10,633	21,342	320,870	486,918	87,207	75,822	-	-
Support Services	-	-	-	682,572	54,168	-	65,705	3,494
Enterprise and Community Services	-	-	-	-	-	-	-	-
Other Objects	588	-	18,148	39,237	5,892	2,500	-	-
TOTAL EXPENDITURES	11,221	21,342	339,018	1,208,727	147,267	78,322	65,705	3,494
OTHER FINANCING SOURCES:								
Transfers In	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(5,059)	-	-	-	-	-	-	-
FUND BALANCE, July 1, 2007	24,475	-	-	-	-	-	-	-
FUND BALANCE, June 30, 2008	\$ 19,416	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(1) Appropriation level

Oregon									Variance with
Title V	Ready to	Title IV-A	Disabled	Food	Community	Total	Budget		Final Budget
Fund	Learn	Fund	Child	Service	Education		Adopted	Final	Positive
			Fund	Fund	Fund				(Negative)
\$ -	\$ -	\$ -	\$ 1,179	\$ 1,238,789	\$ 183,399	\$ 1,429,529	\$ 1,662,545	\$ 1,662,545	\$ (233,016)
-	-	-	611,876	-	-	611,876	608,000	608,000	3,876
-	-	-	-	15,924	-	15,924	20,600	20,600	(4,676)
9,310	-	17,289	-	573,563	-	2,464,037	2,417,600	2,417,600	46,437
9,310	-	17,289	613,055	1,828,276	183,399	4,521,366	4,708,745	4,708,745	(187,379)
6,444	12,194	-	562,200	-	-	1,583,630	2,295,934	2,295,934	(1) 712,304
2,471	-	17,289	33,786	-	-	859,485	312,767	312,767	(1) (546,718)
-	-	-	-	2,084,895	184,373	2,269,268	1,994,283	2,619,283	(1) 350,015
395	-	-	18,792	41,376	7,501	134,429	126,061	126,061	(1) (8,368)
9,310	12,194	17,289	614,778	2,126,271	191,874	4,846,812	4,729,045	5,354,045	507,233
-	-	-	-	630,000	-	630,000	-	625,000	5,000
-	(12,194)	-	(1,723)	332,005	(8,475)	304,554	(20,300)	(20,300)	324,854
-	23,947	-	130,966	(308,433)	19,476	(109,569)	20,300	20,300	(129,869)
\$ -	\$ 11,753	\$ -	\$ 129,243	\$ 23,572	\$ 11,001	\$ 194,985	\$ -	\$ -	\$ 194,985

Reconciliation to GAAP Basis Ending Fund Balance

Budgetary Basis Ending Fund Balance	\$ 194,985
Supply Inventory	67,459
GAAP Basis Ending Fund Balance	<u>\$ 262,444</u>

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

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2008

	BALANCE AT 7/1/07	ADDITIONS	DEDUCTIONS	BALANCE AT 6/30/08
STUDENT ACTIVITY FUNDS:				
ASSETS:				
Cash and Investments	\$ 1,358,168	\$ 3,227,944	\$ 3,136,906	\$ 1,449,206
Total Assets	<u>\$ 1,358,168</u>	<u>\$ 3,227,944</u>	<u>\$ 3,136,906</u>	<u>\$ 1,449,206</u>
LIABILITIES:				
Due to Student Organizations	\$ 1,358,168	\$ 3,227,944	\$ 3,136,906	\$ 1,449,206
Total Liabilities	<u>\$ 1,358,168</u>	<u>\$ 3,227,944</u>	<u>\$ 3,136,906</u>	<u>\$ 1,449,206</u>

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

SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2008

GENERAL FUND

Tax Year	Original Levy or Balance Uncollected 7/1/07	Deduct Discounts	Adjustments To Rolls	Add Interest	Cash Collections By County Treasurer	Balance Uncollected Or Unsegregated 6/30/2008
Current:						
2007-08	\$ 30,893,741	\$ 742,745	\$ (48,903)	\$ 17,946	\$ 29,061,564	\$ 1,058,475
Prior Years:						
2006-07	785,956	(66)	(9,103)	39,568	559,401	257,086
2005-06	208,715	(26)	(14,785)	19,323	108,781	104,498
2004-05	91,459	(9)	(2,049)	19,378	75,174	33,623
2003-04	34,299	(8)	(1,460)	9,056	32,004	9,899
2002-03 & Prior	34,494	(4)	(1,069)	2,740	9,090	27,079
Total Prior	1,154,923	(113)	(28,466)	90,065	784,450	432,185
Total General Fund	<u>\$ 32,048,664</u>	<u>\$ 742,632</u>	<u>\$ (77,369)</u>	<u>\$ 108,011</u>	<u>\$ 29,846,014</u>	<u>\$ 1,490,660</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 29,846,014
Accrual of Receivables:	
June 30, 2007	(102,417)
June 30, 2008	<u>122,831</u>
Total Revenue	<u>\$ 29,866,428</u>

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

SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2008

DEBT SERVICE FUND

Tax Year	Original Levy or Balance Uncollected 7/1/07	Deduct Discounts	Adjustments To Rolls	Add Interest	Cash Collections By County Treasurer	Balance Uncollected Or Unsegregated 6/30/2008
Current:						
2007-08	\$ 14,328,621	\$ 344,488	\$ (22,683)	\$ 8,323	\$ 13,478,851	\$ 490,922
Prior Years:						
2006-07	380,701	(31)	(4,222)	18,352	259,452	135,410
2005-06	99,745	(12)	(6,857)	8,962	50,453	51,409
2004-05	45,517	(4)	(950)	8,988	34,866	18,693
2003-04	20,198	(4)	(677)	4,200	14,843	8,882
2002-03 & Prior	18,549	(2)	(496)	1,271	4,216	15,110
Total Prior	564,710	(53)	(13,202)	41,773	363,830	229,504
Total Debt Service Fund	<u>\$ 14,893,331</u>	<u>\$ 344,435</u>	<u>\$ (35,885)</u>	<u>\$ 50,096</u>	<u>\$ 13,842,681</u>	<u>\$ 720,426</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 13,842,681
Accrual of Receivables:	
Other Taxes	
June 30, 2007	(50,535)
June 30, 2008	57,856
Total Revenue	<u>\$ 13,850,002</u>

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

SCHEDULE OF BOND AND INTEREST TRANSACTIONS AND BALANCES
For The Year Ended June 30, 2008

DATE OF ISSUE	MATURED BONDS & COUPONS OUTSTANDING AT 7/1/07	BONDS & COUPONS MATURING DURING THE YEAR	BONDS REDEEMED AND COUPONS PAID DURING THE YEAR	MATURED BONDS & COUPONS OUTSTANDING AT 6/30/08
11/30/04	\$ -	\$ 1,296,975	\$ 1,296,975	\$ -
03/01/04	-	2,273,047	2,273,047	-
05/28/03	-	1,767,125	1,767,125	-
Series 2002 Refunding	-	2,074,181	2,074,181	-
09/01/97	-	8,948,375	8,948,375	-
TOTALS:	\$ 0	\$ 16,359,703	\$ 16,359,703	\$ 0

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

SCHEDULE OF BOND REDEMPTION AND INTEREST REQUIREMENTS
For The Year Ended June 30, 2008

FISCAL YEAR	ISSUE OF 5/28/03		SERIES 2002 REFUNDING		ISSUE OF 9/1/97	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
	Due 6/15	Due 12/15 & 6/15	Due 10/1	Due 10/1 & 4/1	Due 6/1	Due 12/1 & 6/1
2008-09	500,000	931,750	1,980,000	93,038	9,210,000	668,150
2009-10	4,400,000	918,000	1,730,000	29,194	2,410,000	138,574
2010-11	4,745,000	780,500	-	-	-	-
2011-12	5,190,000	543,250	-	-	-	-
2012-13	5,675,000	283,750	-	-	-	-
2013-14	4,052,593	2,137,407	-	-	-	-
2014-15	3,982,904	2,437,096	-	-	-	-
2015-16	3,911,288	2,758,712	-	-	-	-
2016-17	3,852,387	3,077,613	-	-	-	-
2017-18	6,356,204	5,708,796	-	-	-	-
2018-19	6,231,753	6,308,247	-	-	-	-
2019-20	6,078,221	6,956,780	-	-	-	-
2020-21	5,826,065	7,473,935	-	-	-	-
2021-22	5,711,928	8,118,072	-	-	-	-
2022-23	5,593,895	8,791,105	-	-	-	-
2023-24	-	-	-	-	-	-
2024-25	-	-	-	-	-	-
2025-26	-	-	-	-	-	-
2026-27	-	-	-	-	-	-
2027-28	-	-	-	-	-	-
TOTALS	<u>\$ 72,107,238</u>	<u>\$ 57,225,013</u>	<u>\$ 3,710,000</u>	<u>\$ 122,232</u>	<u>\$ 11,620,000</u>	<u>\$ 806,724</u>

PENSION BOND ISSUE OF 3/1/04		SERIES 2004 REFUNDING		TOTAL REQUIREMENTS	
PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	ALL ISSUES	
Due 6/30	Due 12/30 & 6/30	Due 6/30	Due 12/30 & 6/30	PRINCIPAL	INTEREST
45,000	2,273,047	-	1,296,975	11,735,000	5,262,960
180,000	2,271,398	-	1,296,975	8,720,000	4,654,141
320,000	2,263,969	2,720,000	1,296,975	7,785,000	4,341,444
480,000	2,249,889	3,050,000	1,175,375	8,720,000	3,968,514
650,000	2,227,867	3,435,000	1,030,063	9,760,000	3,541,680
830,000	2,196,842	3,845,000	860,812	8,727,593	5,195,061
1,035,000	2,157,060	4,285,000	678,563	9,302,904	5,272,719
1,250,000	2,106,107	4,785,000	453,600	9,946,288	5,318,419
1,490,000	2,043,320	5,295,000	238,275	10,637,387	5,359,208
1,745,000	1,966,987	-	-	8,101,204	7,675,783
2,030,000	1,875,846	-	-	8,261,753	8,184,093
2,335,000	1,767,789	-	-	8,413,221	8,724,569
2,665,000	1,642,329	-	-	8,491,065	9,116,264
3,025,000	1,497,806	-	-	8,736,928	9,615,878
3,415,000	1,332,248	-	-	9,008,895	10,123,353
3,835,000	1,143,467	-	-	3,835,000	1,143,467
4,290,000	931,468	-	-	4,290,000	931,468
4,785,000	694,317	-	-	4,785,000	694,317
5,310,000	429,802	-	-	5,310,000	429,802
2,465,000	136,265	-	-	2,465,000	136,265
<u>\$ 42,180,000</u>	<u>\$ 33,207,823</u>	<u>\$ 27,415,000</u>	<u>\$ 8,327,613</u>	<u>\$ 157,032,238</u>	<u>\$ 99,689,405</u>

WEST LINN-WILSONVILLE SCHOOL DISTRICT
SCHEDULE OF REVENUES BY FUNCTION - GENERAL FUND

Revenue from Local Sources		General
1110 Ad Valorem Taxes Levied by District	\$	22,844,036
1120 Local Option Ad Valorem Taxes Levied by District		7,022,392
1190 Penalties and Interest on Taxes		42,962
1200 Rev from Local Gov't Units Other Than Districts		854,838
1310 Regular Day School Tuition		
1320 Adult/Continuing Education Tuition		(1,133)
1330 Summer School Tuition		
1400 Transportation Fees		
1500 Earnings on Investments		618,054
1600 Food Service		
1700 Extracurricular Activities		865,815
1800 Community Services Activities		
1910 Rentals		193,284
1920 Contributions and Donations From Private Sources		8,154
1960 Recovery of Prior Years' Expenditure		
1970 Services Provided Other Funds		
1980 Fees Charged to Grants		
1990 Miscellaneous		508,014
Total Revenue from Local Sources		\$ 32,956,416
Revenue from Intermediate Sources		General
2101 County School Funds	\$	1,452
2102 Education Service District Apportionment		
2105 Natural Gas, Oil, and Mineral Receipts		
2199 Other Intermediate Sources		
2200 Restricted Revenue		
2800 Revenue in Lieu of Taxes		
2900 Revenue for/on Behalf of the District		
Total Revenue from Intermediate Sources		\$ 1,452
Revenue from State Sources		General
3101 State School Fund - General Support	\$	34,145,616
3102 State School Fund - School Lunch Match		
3103 Common School Fund		739,046
3104 State Managed County Timber		
3105 Ssf Transportation		
3199 Other Unrestricted Grants-in-Aid		116,452
3204 Driver Education		
3222 SSF Transportation Equipment		
3299 Other Restricted Grants-in-Aid		1,828,040
3800 Revenue in Lieu of Taxes		
3900 Revenue for/on Behalf of the District		
Total Revenue from State Sources		\$ 36,829,154
Revenue from Federal Sources		General
4100 Unrestricted Rev. Dir. Federal Government	\$	-
4200 Unrestr. Rev. Federal Government Through State		-
4300 Restr. Rev. Federal Government		-
4500 Restricted Rev. Federal Gov. Through State		-
4700 Grants-In-Aid Fed. Gov. Thru Intern. Agencies		-
4801 Federal Forest Fees		209,088
4802 Impact Aid to School Districts for Operation (PL 874)		-
4803 Coos Bay Wagon Road Funds		-
4899 Other Revenue in Lieu of Taxes		-
4900 Revenue for/on Behalf of the District		-
Total Revenue from Federal Sources		\$ 209,088
Revenue from Other Sources		General
5100 Long Term Debt Financing Sources	\$	-
5200 Interfund Transfers		-
5300 Sale (Loss) from Fixed Asset Disposal		-
5400 Resources - Beginning Fund Balance		
Total Revenue from Other Sources		-
Grand Totals		\$ 69,996,110

WEST LINN-WILSONVILLE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES BY FUNCTION/OBJECT - GENERAL FUND

General Fund

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Primary, K-3	\$ 9,719,652	\$ 6,615,989	\$ 2,866,109	\$ 40,452	\$ 197,102			
1112 Intermediate Programs	4,710,460	3,136,413	1,404,378	34,655	135,014			
1113 Elementary Extracurricular	-							
1121 Middle/Junior High Programs	8,105,272	5,370,686	2,376,769	137,850	219,967			
1122 Middle/Junior High School Extracurricular	501,973	381,084	80,527	28,509	11,853			
1131 High School Programs	9,153,293	5,985,948	2,605,546	115,524	445,217		1,058	
1132 High School Extracurricular	1,514,770	985,412	207,723	171,437	122,955		27,243	
1140 Pre-Kindergarten Programs	306,159	210,545	80,196	8,837	6,581			
1210 Programs for the Talented and Gifted	398,703	121,715	84,348	178,833	13,807			
1220 Restrictive Programs for Students with Disabilities	1,981,243	1,300,975	651,318	20,800	8,150			
1250 Less Restrictive Programs for Students with Disabilities	2,731,598	1,783,793	851,629	73,852	22,324			
1260 Early Intervention	-							
1271 Remediation	-							
1272 Title I	-							
1280 Alternative Education	44,009	27,832	16,177					
1288 Charter Schools	1,188,286	20,719	15,751	1,151,816				
1291 English Second Language Programs	760,019	541,743	218,276					
1292 Teen Parent Program	-							
1293 Migrant Education	-							
1294 Youth Corrections Education	-							
1299 Other Programs	231,974	142,067	49,970	20,024	18,489	475	929	
1300 Adult/Continuing Education Programs	-							
1400 Summer School Programs	72,497	53,500	10,732	1,925	6,340			
Total Instruction Expenditures	\$ 41,419,908	\$ 26,678,441	\$ 11,519,449	\$ 1,984,514	\$ 1,207,799	\$ 475	\$ 29,230	\$ -
Support Services Expenditures								
2110 Attendance and Social Work Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2120 Guidance Services	1,269,551	874,348	390,830	100	4,273			
2130 Health Services	230,857	158,373	68,325	3,293	731		135	
2140 Psychological Services	363,784	205,233	97,599	59,599	1,353			
2150 Speech Pathology and Audiology Services	799,746	566,569	201,461	28,644	3,072			
2160 Other Student Treatment Services	-							
2190 Service Direction, Student Support Services	355,911	208,019	97,177	33,275	17,319		121	
2210 Improvement of Instruction Services	410,298	195,966	56,909	110,038	42,475		4,910	
2211 Instructional Services Dir.	106,572	73,000	16,676	16,896				
2215 District Music	122			122				
2218 Professional Development Classified	3,292			3,292				
2219 Professional Development Teachers	76,178	15,017	2,398	58,763				
2222 Libraries	1,420,225	919,040	411,303	755	89,127			
2223 Audio Visual	60,057			10,191	49,866			
2230 Assessment & Testing	-							
2240 Instructional Staff Development	474,923		233,620	237,899	1,034		2,370	
2310 Board of Education Services	-							
2320 Executive Administration Services	626,260	309,463	117,183	156,183	41,397		2,034	
2410 Office of the Principal Services	3,942,035	2,563,269	1,147,547	190,463	40,323		433	
2490 Other Support Services - School Administration	-							
2510 Direction of Business Support Services	459,823	95,045	35,720	37,636	122		291,300	
2520 Fiscal Services	444,623	289,413	137,901	3,851	13,308		150	
2535 Building Acquisition and Construction and I.M.	10,774		1,870	8,904				
2540 Operation and Maintenance of Plant Services	439,208	286,641	127,049	21,442	4,076			
2542 Care and Upkeep of Buildings	5,364,391	1,477,058	723,031	2,714,323	434,919	15,060		
2543 Care and Upkeep of Grounds	372,712	148,202	76,906	78,766	56,001	12,587	150	
2544 Maintenance	721,215	478,163	218,082	7,415	17,485		70	
2545 Vehicles	98,140			27,805	70,335			
2552 Vehicle Operation Service	4,149,986			4,149,986				
2558 Transportation Special Ed.	-							
2570 Internal Services	246,955	108,264	60,266	78,425				
2610 Direction of Central Support Services	-							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	-							
2630 Information Services	16				16			
2640 Staff Services	352,827	202,873	80,398	46,042	23,204		310	
2660 Technology Services	887,992	381,312	187,207	18,760	300,713			
2670 Records Management Services	-							
2690 Other Support Services - Central	-							
2700 Supplemental Retirement Program	1,139,784	297,637	842,147					
Total Support Services Expenditures	\$ 24,828,257	\$ 9,852,905	\$ 5,331,605	\$ 8,102,868	\$ 1,211,149	\$ 27,747	\$ 301,983	\$ -
Enterprise and Community Services Expenditures								
3100 Food Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody and Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Services Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4120 Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150 Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4190 Other Facilities Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Uses Expenditures								
5100 Debt Service	\$ 147,396	\$ -	\$ -	\$ 1,250			\$ 146,146	
5200 Transfers of Funds	630,000	-	-					630,000
5300 Apportionment of Funds by ESD	-	-	-					
5400 PERS UAL Bond Lump Sum	2,138,619	-	-				2,138,619	
Total Other Uses Expenditures	\$ 2,916,015	\$ -	\$ -	\$ 1,250	\$ -	\$ -	\$ 2,284,765	\$ 630,000
Grand Total	\$ 69,164,180	\$ 36,531,346	\$ 16,851,054	\$ 10,088,632	\$ 2,418,948	\$ 28,222	\$ 2,615,978	\$ 630,000

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

SUPPLEMENTAL INFORMATION

As Required by The Oregon Deptment of Education
For The Year Ended June 30, 2008

A. Energy bills for heating - all funds:

	Objects 325 and 326
Function 2540	\$ 1,522,006
Function 2550	0

B. Replacement of equipment - General Fund:

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

Exclude these functions:

			Amount
1113, 1122 & 1132	Co-curricular activities	4150	Construction
1140	Pre-kindergarten	2550	Pupil transportation
1300	Continuing education	3100	Food service
1400	Summer school	3300	Community services

STATISTICAL SECTION

Statistical Section

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

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Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

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Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

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Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

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Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

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Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 in 2002-03; schedules presenting government-wide information include information beginning in that year.

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Condensed Statement of Net Assets
Last Six Fiscal Years
(accrual basis of accounting)

Governmental Activities	Fiscal year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Assets						
Current and other assets	\$ 82,608,379	\$ 112,273,115	\$ 75,063,440	\$ 49,996,892	\$ 54,020,714	\$ 52,575,726
Prepaid PERS unfunded actuarial liability	-	-	-	-	-	-
Net capital assets	<u>100,620,543</u>	<u>113,695,823</u>	<u>147,835,489</u>	<u>171,507,759</u>	<u>167,796,816</u>	<u>162,366,848</u>
Total assets	<u>183,228,922</u>	<u>225,968,938</u>	<u>222,898,929</u>	<u>221,504,651</u>	<u>221,817,530</u>	<u>214,942,574</u>
Liabilities						
Long-term debt outstanding	157,772,237	196,767,766	188,903,069	180,107,776	170,434,985	159,721,810
Prepaid PERS unfunded actuarial liability outstanding	-	-	-	-	-	-
Other liabilities	<u>6,491,152</u>	<u>8,176,562</u>	<u>9,740,146</u>	<u>6,935,527</u>	<u>12,122,461</u>	<u>10,450,967</u>
Total liabilities	<u>164,263,389</u>	<u>204,944,328</u>	<u>198,643,215</u>	<u>187,043,303</u>	<u>182,557,446</u>	<u>170,172,777</u>
Net Assets						
Invested in capital assets, net of related debt	14,656,512	20,366,412	28,889,967	65,166,761	40,223,047	45,633,075
Restricted for: Debt Service	-	-	3,141,291	2,954,391	3,324,655	3,391,956
Unrestricted	<u>1,761,244</u>	<u>658,198</u>	<u>(7,775,544)</u>	<u>(33,659,804)</u>	<u>(3,974,199)</u>	<u>(4,255,234)</u>
Total Net Assets	<u>\$ 16,417,756</u>	<u>\$ 21,024,610</u>	<u>\$ 24,255,714</u>	<u>\$ 34,461,348</u>	<u>\$ 39,573,503</u>	<u>\$ 44,769,797</u>

Note:

The District implemented GASB 34 beginning in 2002-03. As a result, ten years data is not available. Over time, ten fiscal years will be presented.

Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)

Governmental Activities

	Fiscal year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenditures						
Instruction	\$ 33,905,376	\$ 35,492,665	\$ 38,656,948	\$ 38,347,498	\$ 44,209,456	\$ 46,835,827
Support services	19,179,034	19,800,606	20,811,534	21,962,806	25,283,384	27,029,360
Enterprise and Community Services	1,652,223	1,884,698	1,997,921	2,045,144	2,419,485	2,513,565
Non-capital facilities maintenance & replacement	1,379,436	86,168	-	-	-	590,175
Interest and fees on long-term debt	5,551,137	4,813,531	6,262,943	8,315,888	8,259,152	8,165,996
Total expenditures	<u>61,667,206</u>	<u>62,077,668</u>	<u>67,729,346</u>	<u>70,671,336</u>	<u>80,171,477</u>	<u>85,134,923</u>
Program Revenues						
Charges for services	2,649,976	2,732,738	2,509,632	2,795,934	2,942,968	3,580,538
Instruction	-	-	-	-	-	-
Support services	-	-	-	-	-	-
Enterprise and Community Services	-	-	-	-	-	-
Operating grants and contributions	2,402,192	2,474,175	2,878,652	3,069,900	3,314,862	3,222,087
Instruction	-	-	-	-	-	-
Support services	-	-	-	-	-	-
Enterprise and Community Services	-	-	-	-	-	-
Total program revenues	<u>5,052,168</u>	<u>5,206,913</u>	<u>5,388,284</u>	<u>5,865,834</u>	<u>6,257,830</u>	<u>6,802,625</u>
Net (Expenditures)	(56,615,038)	(56,870,755)	(62,341,062)	(64,805,502)	(73,913,647)	(78,332,298)
General Revenues						
Property taxes	31,163,390	33,403,772	35,389,208	38,622,717	41,982,666	44,180,149
State School Fund	21,676,035	26,125,868	24,556,149	28,111,908	31,341,677	36,829,154
Investment earnings	334,120	1,006,349	971,582	924,818	1,171,599	988,810
Other	1,037,546	941,620	4,918,708	4,813,585	4,529,860	2,846,406
Gain on disposal of capital assets	-	-	-	-	-	(1,315,927)
Total general revenues	<u>54,211,091</u>	<u>61,477,609</u>	<u>65,835,647</u>	<u>72,473,028</u>	<u>79,025,802</u>	<u>83,528,592</u>
Change in Net Assets	<u>\$ (2,403,947)</u>	<u>\$ 4,606,854</u>	<u>\$ 3,494,585</u>	<u>\$ 7,667,526</u>	<u>\$ 5,112,155</u>	<u>\$ 5,196,294</u>

Note:

The District implemented GASB 34 beginning in 2002-03. As a result, ten years data is not available. Over time, ten fiscal years will be presented.

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal years 1999-2003				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Fund Balances (Deficit)					
Reserved, reported in					
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service funds	4,527,758	3,577,357	3,793,580	3,836,150	2,540,585
Unreserved, reported in					
General Fund	1,050,141	897,131	2,058,946	2,141,630	1,470,692
Special revenue funds	92,051	308,406	250,347	46,025	70,504
Capital projects funds	38,538,387	15,375,186	2,665,898	164,006	70,612,018
Total fund balances	<u>\$ 44,208,337</u>	<u>\$ 20,158,080</u>	<u>\$ 8,768,771</u>	<u>\$ 6,187,811</u>	<u>\$ 74,693,799</u>

	Fiscal years 2004-2008				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Fund Balances (Deficit)					
Reserved, reported in					
General Fund	\$ -	\$ -	\$ -	\$ 66,402	\$ 119,842
Debt service funds	3,943,605	3,141,291	2,954,391	3,324,655	3,391,956
Unreserved, reported in					
General Fund	2,717,453	1,020,304	790,382	1,743,775	2,509,842
Special revenue funds	51,653	65,772	196,097	(79,268)	262,444
Capital projects funds	55,964,637	21,402,101	1,155,172	679,273	580,102
Total fund balances	<u>\$ 62,677,348</u>	<u>\$ 25,629,468</u>	<u>\$ 5,096,042</u>	<u>\$ 5,734,837</u>	<u>\$ 6,864,186</u>

Changes in Fund Balance of All Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting)

	Fiscal year					
	2003	2004	2005	2006	2007	2008
REVENUES:						
Local Sources:	\$ 34,374,056	\$ 37,731,949	\$ 42,926,775	\$ 45,685,506	\$ 48,639,999	\$ 51,051,894
Intermediate Sources:	596,173	587,001	614,729	599,640	633,717	613,328
State Sources:	22,208,398	26,375,409	25,512,843	29,481,446	32,272,703	36,845,078
Federal Sources	1,808,050	2,133,957	2,260,619	2,610,189	2,715,361	2,673,125
TOTAL REVENUES	58,986,677	66,828,316	71,314,966	78,376,781	84,261,780	91,183,425
EXPENDITURES:						
Current:						
Instruction	32,016,112	32,717,657	35,693,149	37,068,616	39,352,423	42,975,316
Support Services	18,112,108	59,188,474	19,762,592	22,077,238	23,613,514	25,687,742
Enterprise and Community Services	1,560,310	1,713,652	1,818,188	1,941,015	2,110,337	2,269,268
Facilities Acquisition and Construction	3,850,609	15,559,358	4,561,140	2,493,913	1,299,427	688,116
Debt Service	15,148,279	11,852,533	14,359,419	17,001,485	18,010,644	18,780,147
Capital Outlay	85,275	-	32,016,594	18,328,091	22,921	28,222
TOTAL EXPENDITURES	70,772,693	121,031,674	108,211,082	98,910,358	84,409,266	90,428,811
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,786,016)	(54,203,358)	(36,896,116)	(20,533,577)	(147,486)	754,614
OTHER FINANCING SOURCES, (USES):						
Sale of Fixed Assets	2,794,225	1,610			750,000	350,000
Bond Sale Proceeds	77,486,994	42,180,000				
Bond Issuance			27,815,000			
Premium on Bond Refunding			2,185,976			
Payment to Refunding Escrow Agent			(29,929,876)			
Transfers In		82,824	75,000	35,000	71,225	630,000
Transfers Out		(82,824)	(75,000)	(35,000)	(71,225)	(630,000)
TOTAL OTHER FINANCING SOURCES	80,281,219	42,181,610	71,100	-	750,000	350,000
NET CHANGE IN FUND BALANCE	68,495,203	(12,021,748)	(36,825,016)	(20,533,577)	602,514	1,104,614
BEGINNING FUND BALANCE	6,163,513	74,693,799	62,677,348	25,629,468	5,118,032	5,651,129
Adjustment for Inventories reported under the purchase method	35,083	5,297	40,617	151	14,291	108,443
Prior Period Adjustment			(263,481)			
ENDING FUND BALANCE	\$ 74,693,799	\$ 62,677,348	\$ 25,629,468	\$ 5,096,042	\$ 5,734,837	\$ 6,864,186
Ratio of total debt service to total non-capital expenditures	0.293	0.127	0.251	0.278	0.277	0.289

Note:

The District implemented GASB 34 beginning in 2002-03. As a result, ten years data is not available. Over time, ten fiscal years will be presented.

**Assessed Values of Taxable Property within School District No. 3JT Boundaries
Last Ten Fiscal Years**

Fiscal Year Ending June 30	Assessed Value			Total Direct Tax Rate *	Real Market Value			AV as a % of RMV
	Real Property	Personal Property	Total Assessed Value		Real Property	Personal Property	Total Real Market Value	
1999	2,785,688,417	110,882,373	2,896,570,790	7.56	3,714,251,221	147,847,164	3,862,098,385	75.0
2000	3,006,075,959	123,238,059	3,129,314,018	6.74	4,040,424,676	165,642,553	4,206,067,229	74.4
2001	3,256,643,456	103,261,391	3,359,904,847	8.03	4,359,629,791	138,234,794	4,497,864,585	74.7
2002	3,402,833,262	117,529,407	3,520,362,669	8.00	4,531,069,590	156,497,213	4,687,566,803	75.1
2003	3,644,403,999	100,732,613	3,745,136,612	8.47	4,938,216,801	136,494,055	5,074,710,856	73.8
2004	3,868,580,367	103,118,237	3,971,698,604	8.59	5,241,978,817	139,726,609	5,381,705,426	73.8
2005	3,995,380,006	112,018,400	4,200,996,289	8.62	5,655,571,079	154,935,546	5,810,506,625	72.3
2006	4,487,616,707	106,868,396	4,690,368,420	8.91	6,315,491,873	146,999,169	6,462,491,042	72.6
2007	4,760,908,645	148,994,974	4,909,903,619	9.11	7,397,850,604	148,994,974	7,546,845,578	65.1
2008	5,094,620,465	155,796,810	5,250,417,275	9.12	8,837,919,704	155,796,810	8,993,716,514	58.4

Source:

Assessors office of both Clackamas and Washington Counties.

* Per \$1,000 of Assessed Value

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

District Direct Rates

Fiscal Year	General Tax Permanent Rate 1	Local Option 2	GAP Bond (PERS)	General Obligation Debt Service Bonds	Total Direct Tax Rate
1999	\$ 4.20			\$ 3.36	\$ 7.56
2000	4.80			1.94	6.74
2001	4.79	0.59		2.65	8.03
2002	4.80	0.59		2.61	8.00
2003	4.84	0.85		2.78	8.47
2004	4.84	0.84		2.91	8.59
2005	4.84	0.97	-	2.81	8.62
2006	4.84	1.21	-	2.86	8.91
2007	4.84	1.33	-	2.94	9.11
2008	4.84	1.38	-	2.87	9.09

Overlapping Total Property Tax Rates

Fiscal Year	City of West Linn	City of Wilsonville	Clackamas Community College	Clackamas County	Clackamas County Education Service Dist	Tualatin Valley Fire & Rescue	Metropolitan Service District
1999	\$ 2.31	\$ 2.70	\$ 0.62	\$ 2.97	\$ 0.37	\$ 1.53	\$ 0.36
2000	2.54	2.68	0.62	2.96	0.37	1.56	0.23
2001	4.07	2.67	0.62	2.97	0.37	1.59	0.34
2002	3.92	2.93	0.86	2.40	0.37	1.83	0.32
2003	3.84	2.52	0.74	2.40	0.36	1.60	0.27
2004	4.28	2.36	0.74	3.15	0.36	1.77	0.27
2005	3.01	2.42	0.78	2.40	0.36	1.59	0.25
2006	3.02	2.37	0.76	2.40	0.36	1.77	0.27
2007	3.26	2.32	0.73	2.40	0.36	1.82	0.27
2008	2.43	2.25	0.71	3.16	0.36	1.87	0.33

1. Permanent tax rates are determined by the State of Oregon Constitution and State Statutes. Existing districts cannot increase their permanent rate authority. Local option levies are limited to five years for operations and ten years for capital projects. Elections for local option levies must meet the double majority election test, except in the November and May election every year. Rates for debt service are based on each year's requirements.

2. Local Option taxes are assessed at \$1.50 per thousand AV. The district-wide average rate for 2007-08 is \$1.38. Local option taxes are assessed on a property by property basis. Not all properties pay at the highest \$1.50 rate.

Source: Clackamas County Assessors Office

Port of Portland		Tri-Met		City of Tualatin		Washington County		City of Lake Oswego	
\$	0.08	\$	0.15	\$	3.00	\$	2.56	\$	5.82
	0.08		0.14		3.15		2.54		5.38
	0.07		0.13		2.90		2.52		5.45
	0.07		0.14		2.75		2.96		5.46
	0.07		0.12		3.06		2.91		5.40
	0.07		0.10		2.01		2.90		6.06
	0.06		0.11		2.75		2.87		5.68
	0.07		0.11		2.81		2.84		5.62
	0.07		0.10		2.13		2.87		5.32
	0.07		0.08		2.26		3.03		5.28

Principal Property Tax Payers for West Linn-Wilsonville School District
Current Year and Ten Years Ago
Taxing District - School District

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Ten Largest Taxpayers						
Fred Meyer Stores Inc. #651	\$ 175,938,129	1	3.35%			
General Growth Properties Inc	136,749,352	2	2.60			
PCC Structurals Inc	83,838,807	3	1.60			
Shorenstein Properties LLC	72,368,247	4	1.38			
Xerox Corporation	69,033,458	5	1.31			
Safeway Stores Inc #2696	50,761,633	6	0.97			
Mentor Graphics Corp	48,824,089	7	0.93	\$ 55,213,620	2	1.91%
Warn Industries Inc	46,387,977	8	0.88			
Kaiser Foundation Hosp	43,643,091	9	0.83			
United Western Grocers Inc	43,047,373	10	0.82			
Tektronix, Inc				67,096,490	1	2.32
Capital Reality Corp				23,963,900	3	0.83
Village at Main Street I LLC				20,113,470	4	0.69
Spieker Properties				22,706,920	5	0.78
Nike Inc				16,143,080	6	0.56
RFD Publications Inc				16,149,590	7	0.56
Security Capital IND Trust				14,661,980	8	0.51
AMB Property LP				13,827,710	9	0.48
Sysco/Continental Food Services				13,435,840	10	0.46
Subtotal of Ten Largest Taxpayers	770,592,156		14.68	263,312,600		9.10
All Other Taxpayers	4,479,825,119		85.32	2,633,258,190		90.90
Total All Taxpayers	\$ 5,250,417,275		100.00%	\$ 2,896,570,790		100.00%

Source:
Clackamas County, Division of Assessment and Taxation

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ending June 30	Net Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections for Prior Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	23,859,056	22,204,682	93.07	896,861	23,101,543	96.83
2000	21,205,600	19,730,833	93.05	1,049,934	20,780,767	98.00
2001	27,071,096	25,095,644	92.70	995,748	26,091,392	96.38
2002	28,318,910	26,329,933	92.98	1,172,368	27,502,301	97.12
2003	31,824,472	29,878,169	93.88	1,468,751	31,346,920	98.50
2004	34,286,516	32,323,178	94.27	1,165,200	33,488,378	97.67
2005	36,627,991	35,654,134	97.34	1,120,001	36,774,135	100.40
2006	39,681,166	38,684,902	97.49	875,157	39,560,059	99.69
2007	42,965,992	40,712,129	94.75	1,005,602	41,717,731	97.09
2008	45,222,362	42,540,415	94.07	1,148,280	43,688,695	96.61

Note:
Net taxes levied are combined for Clackamas and Washington counties. Responsibility for the collection of all property taxes rests within the County's Department of Assessment and Taxation. Current taxes are assessed as of July, become due as of November 15 and become delinquent as of May 15. Assessed taxes become a lien upon real property in the fourth year of delinquency. Proceeds of tax sales are applied to delinquent taxes, interest and other costs attributable to the property sold.

Outstanding Debt by Type
Last Seven Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities				Per Capita
	General Obligation Bonds	Pension Obligation Bonds	Total Primary Government		
2002	\$ 89,965	\$ -	\$ 89,965	\$	2,362
2003	157,772	-	157,772		4,072
2004	151,307	42,180	193,487		4,841
2005	143,472	42,180	185,652		4,603
2006	134,972	42,180	177,152		4,367
2007	125,412	42,180	167,592		4,081
2008	114,852	42,180	157,032		3,795

Note: See Demographic and Economic Statistics for personal income and population data.
These ratios are calculated using personal income and population for the prior calendar year.

Note:
Ten years data is not currently available. Over time, ten fiscal years will be presented.

Direct and Overlapping Governmental Activities Debt
As of June 30, 2008

Overlapping Issuer	Net Property-tax Backed Debt ¹	Percent Overlapping	Overlapping Debt
Clackamas Community College	40,205,000	21.42%	8,611,911
City of West Linn	8,635,000	99.05%	8,552,968
METRO	205,626,671	4.06%	8,348,443
Clackamas County	48,775,000	15.46%	7,540,615
Washington County	36,780,000	20.40%	7,503,120
Portland Community College	44,405,000	8.86%	3,934,283
Tri-Met	44,395,000	3.06%	1,358,487
City of Tualatin	14,075,000	2.61%	367,358
Tualatin Valley Fire & Rescue Dist.	1,475,000	14.05%	207,238
Subtotal, overlapping debt	\$ 444,371,671		46,424,423
Direct District net property-tax backed debt	\$ 114,852,238	100%	114,852,238
Total direct and overlapping debt	\$ 559,223,909		\$ 161,276,661

¹ Net Property-tax Backed Debt includes all General Obligation (GO) bonds and Limited-tax GO bonds, less Self-supporting Unlimited-tax (GO) and Self-supporting Limited-tax GO debt.

Source:
Oregon State Treasury, Debt Management Division

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	General Bonded Debt			Percentage of Actual Taxable Value of Property (1)	Net G.O. Debt per Student Average Daily Membership (2)
	General Obligation Bonds	Less Amount Available for Repayment	Net General Obligation Bonds Outstanding		
1999	\$ 100,045,000		\$ 100,045,000	3.45%	\$ 14,211
2000	97,960,000		97,960,000	3.13%	13,676
2001	94,305,000		94,305,000	2.81%	13,049
2002	89,965,000		89,965,000	2.56%	12,153
2003	157,772,238		157,772,238	4.21%	20,872
2004	151,307,238		151,307,238	3.81%	19,833
2005	143,472,238		143,472,238	3.42%	18,698
2006	134,972,238	-	134,972,238	2.88%	17,278
2007	125,412,238	-	125,412,238	2.55%	15,696
2008	114,852,238		114,852,238	2.19%	14,273

Fiscal Year	Other Governmental Activities Debt				Total District ⁽³⁾	Per Student ADM ⁽²⁾	Per Capita ⁽⁴⁾
	Limited Tax G.O. Refunding Bonds	Certificates of Participation	Refunding Special Obligations	Small Scale Energy Loan Programs			
1999					\$ 100,045,000	\$ 14,211	\$ 2,793
2000					97,960,000	13,676	2,720
2001					94,305,000	13,049	2,536
2002					89,965,000	12,153	2,362
2003					157,772,238	20,872	4,072
2004			\$ 42,180,000		193,487,238	25,362	4,841
2005			42,180,000		185,652,238	24,196	4,603
2006			42,180,000		177,152,238	22,677	4,367
2007			42,180,000		167,592,238	20,975	4,081
2008			42,180,000		157,032,238	19,514	3,796

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

¹ See schedule titled "Assessed Values of Taxable Property ..."

² Student enrollment data can be found on the sheet titled "Operating Statistics"

³ Includes net general bonded debt and other governmental activities debt.

⁴ Per capita is calculated using the estimated District population of 41,373 for 2007-08

Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2008

Real Market Value	\$ 8,993,716,514
Debt Limit (7.95%) ¹	715,000,463
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonded Debt	114,852,238
Less: Amount Available in Debt Service Funds	-
Amount of Debt Applicable to Debt Limit	<u>114,852,238</u>
Legal Debt margin	<u>\$ 600,148,225</u>

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt Limit	\$ 307,198,793	\$ 334,382,345	\$ 357,580,234	\$ 372,661,561	\$ 403,439,513	\$ 427,845,581	\$ 461,935,276	513,768,038	599,974,223	715,000,463
Total net debt applicable to limit	<u>100,045,000</u>	<u>97,960,000</u>	<u>94,305,000</u>	<u>89,965,000</u>	<u>157,772,238</u>	<u>151,307,238</u>	<u>143,472,238</u>	<u>137,926,629</u>	<u>125,412,238</u>	<u>114,852,238</u>
Legal debt margin	<u>\$ 207,153,793</u>	<u>\$ 236,422,345</u>	<u>\$ 263,275,234</u>	<u>\$ 282,696,561</u>	<u>\$ 245,667,275</u>	<u>\$ 276,538,343</u>	<u>\$ 318,463,038</u>	<u>\$ 375,841,409</u>	<u>\$ 474,561,985</u>	<u>\$ 600,148,225</u>
Total net debt applicable to the limit as a percentage of debt limit	32.57%	29.30%	26.37%	24.14%	39.11%	35.36%	31.06%	26.85%	20.90%	16.06%

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

^A For each grade from kindergarten to eighth for which the District operates schools, fifty-five one-hundredths of one percent (.0055) of the real market value.

^B For each grade from ninth to twelfth for which the District operates schools, seventy-five one-hundredths of one percent (.0075) of the real market value.

Allowable Percentage of Real Market Value:

^A Kindergarten through eighth grade, 9 x .0055 4.95%

^B Ninth through twelfth, 4 x .0075 3.00%

Allowable Percentage 7.95%

Source

Market value per Clackamas and Washington County Assessors Offices.

Demographic and Economic Statistics
Last Ten Calendar Years
Clackamas County

Year	District Population <i>(Estimated)</i>	County Personal Income (1) <i>(thousands of dollars)</i>	County Per Capita Personal Income (1)	County Unemployment Rate (2)	County Construction Activity (3) <i>(thousands of dollars)</i>
1999	35,820	10,710,079	32,168	4.4	211,206
2000	36,018	11,309,126	33,669	4.0	221,002
2001	37,190	12,416,346	36,568	4.3	175,055
2002	38,082	12,300,729	35,658	6.2	185,807
2003	38,747	12,430,074	35,316	7.0	152,934
2004	39,970	12,813,995	35,973	6.8	169,105
2005	40,329	13,599,941	37,631	6.1	267,491
2006	40,570	14,327,255	39,116	5.4	268,316
2007	41,065	15,371,418	41,378	4.4	251,900
2008	41,373	N/A	N/A	(4) 6.7	N/A

Sources:

¹ Bureau of Economic Analysis for Clackamas County. District-level data unavailable

² Oregon Employment Department for Clackamas County. District-level data unavailable.

³ Clackamas County Building Department for Clackamas County. District-level data unavailable.

⁴ State of Oregon Unemployment Rate (county rate not available)

**Full-time Equivalent District Employees by Type
Last Three Fiscal Years**

	<u>Full-time Equivalent Employees as of June 30 (1)</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Instructional Staff</u>			
Primary, K-3 Instruction	140.72	133.47	127.24
Intermediate, 4-5 Instruction	70.32	67.98	64.86
Middle School Instruction	106.92	98.42	97.81
High School Instruction	116.12	109.24	105.81
High School Activities	2.20	1.88	0.00
Pre-Kindergarten Instruction	5.59	4.94	4.75
Talented & Gifted	2.51	2.45	2.00
High Needs Students	47.05	38.69	38.50
Emotionally Disturbed	0	0	0
Resource Rooms	45.49	46.13	44.43
Alternative Education	1.15	0.67	2.11
Charter Schools	0.00	1.63	1.63
English - Second Language	11.01	10.91	13.80
CREST	2.50	2.50	0.00
Subtotal Instructional Staff	<u>551.58</u>	<u>518.91</u>	<u>502.94</u>
<u>Support Services Staff</u>			
Counseling	19.30	19.30	19.30
District Nurse	3.12	3.00	2.50
Psychological Services	3.50	5.40	5.40
Speech	9.55	9.85	9.05
Special Services-Direction	4.00	4.00	4.00
Curriculum Development	2.31	1.50	2.39
Curriculum - Direction	0.50	0.54	0.54
Libraries-Media	21.40	20.40	21.31
Executive Administration	3.00	3.00	3.00
Office of the Principal	45.60	42.60	41.10
Business - Direction	1.00	1.00	0.00
Fiscal Office	6.00	6.00	6.00
Operations Direction	0.00	2.00	2.00
Maintenance - Direction	4.00	2.00	0.00
Care & Upkeep of Buildings	39.00	39.00	39.00
Care & Upkeep of Grounds	5.00	5.00	0.00
Maintenance	9.50	10.50	10.50
Warehouse & Distribution	3.00	3.00	2.45
Staff Services - Personnel	3.50	3.50	0.00
Technology Services	8.00	8.00	8.00
Subtotal Support Services Staff	<u>191.28</u>	<u>189.59</u>	<u>176.54</u>
Total	<u>742.86</u>	<u>708.50</u>	<u>679.48</u>

Source:

District Budget Office

Notes:

(1) General Fund Employees Only. Over time, ten fiscal years will be presented.

**Operating Statistics
Last Six Fiscal Years**

Fiscal Year Ending June 30	Student Average Daily Membership (1)	Charter Schools		Cost Per ADM (1)	Certified		Ave Tchr Salary	Tchr Salary Range-Low	Tchr Salary Range-High	Percentage Free & Reduced per ADM
		Student Average Daily Membership	Operating Expenses (2)		Staff FTE (3)	ADM to Certified Ratio (3)				
2002-03	7,559	100	\$ 52,062,255	\$ 6,887	409	18.2				
2003-04	7,629	100	53,273,191	6,983	413	18.2				
2004-05	7,673	100	57,273,929	7,464	431	17.6				
2005-06	7,812	160	63,042,721	8,070	445	17.2				
2006-07	7,990	180	67,349,626	8,429	454	17.2	\$ 49,969	\$ 31,368	\$ 62,355	14.7
2007-08	8,047	180	71,620,442	8,900	475	16.6	51,919	32,529	64,662	16.2

(1) Includes students at Three Rivers and Art Tech Charter Schools

(2) Operating expenditures are all governmental fund expenditures less debt service and capital outlays.

(3) Excludes charter school students and/or teachers

Source:
District Records

Note:
Ten years data is not currently available. Over time, ten fiscal years will be presented.

Principal Employers for the West Linn-Wilsonville School District Area (1)
Current Year and Eight Years Ago

Employer	2007-08			2000-01		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ten Largest Employers						
Xerox Corporation	1,560	1	10.3%	1,343	1	9.6%
Mentor Graphics	1,110	2	7.3%	946	2	6.8%
Hollywood Entertainment	620	3	4.1%	852	3	6.1%
Precision Interconnect	608	4	4.0%			
Sysco Food Services of Portland	597	5	3.9%	440	5	3.1%
Flir Systems Inc	298	6	2.0%			
Fry's Electronics, Inc.	288	7	1.9%	300	7	2.1%
Rite Aid Distribution Center	266	8	1.8%	280	8	2.0%
Nike USA, Inc.	240	9	1.6%	400	6	2.9%
Infocus Corporation	218	10	1.4%	562	4	4.0%
GI Joes Inc.				182	10	1.3%
Milgard Manufacturing Inc.				250	9	1.8%
Ten Largest Employers	5,805		10.58	5,555		9.90
City of Wilsonville Employment						
2007-08	15,200					
2000-01	14,000					

(1) City of Wilsonville only, City of West Linn not available
Number of employees is listed as FTE (full-time equivalent)

Sources:
City of Wilsonville Business License Database

**CAPITAL ASSET INFORMATION
LAST SIX FISCAL YEARS**

Fiscal Year							Average Age of Buildings
	2003	2004	2005	2006	2007	2008	(in years)
Schools							
Primary							
Buildings	7	7	7	7	7	7	47
Square Feet	422,119	422,119	446,982	446,982	446,982	446,982	
Capacity	3,465	3,465	3,719	3,382	3,382	3,382	
Membership (ADM)	3,483	3,554	3,560	3,482	3,375	3,375	
Percent Used	101%	103%	96%	103%	100%	100%	
Middle							
Buildings	3	3	3	3	3	3	19
Square Feet	268,850	268,850	282,519	282,519	282,519	282,519	
Capacity	2,241	2,241	2,241	2,082	2,082	2,082	
Membership (ADM)	1,967	1,941	1,940	1,909	1,899	1,899	
Percent Used	88%	87%	87%	92%	91%	91%	
High							
Buildings	2	2	2	2	2	2	38
Square Feet	400,206	400,206	400,206	500,631	500,631	500,631	
Capacity	2,717	2,717	2,717	3,291	3,291	3,291	
Membership (ADM)	2,445	2,521	2,446	2,638	2,508	2,508	
Percent Used	90%	93%	90%	80%	76%	76%	
Other							
Buildings	2	2	3	3	3	3	7
Square Feet	4,802	4,802	7,442	7,442	7,442	7,442	
Administration							
Buildings	1	1	1	1	1	1	77
Square Feet	21,000	21,000	21,000	21,000	21,000	21,000	
Maintenance							
Buildings	3	5	5	5	5	5	14
Square Feet	23,220	40,020	40,020	40,020	40,020	40,020	

Source: West Linn-Wilsonville School District Department of Operations Statistics

**Full-time Equivalent District Employees by Assignment/Function
Last Three Fiscal Years**

<u>Assignment/Function</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Instructional Staff			
Prekindergarten teachers	3.00	3.00	3.00
Elementary teachers K-5	164.50	159.70	158.35
Secondary teachers	210.17	196.66	193.27
Teachers of ungraded classes	57.00	53.08	50.32
Educational assistants	116.91	105.47	100.38
Instructional coordinators and supervisors	-	1.00	1.50
Subtotal Instructional Staff	<u>551.58</u>	<u>518.91</u>	<u>506.82</u>
Support Services Staff			
Guidance K-12	19.30	19.30	19.30
Librarians/media specialists	10.40	9.40	9.50
Library and media support staff	11.00	11.00	11.81
District administrators	4.00	3.54	3.54
District support staff	81.81	82.50	82.84
School administrators	22.00	21.00	21.60
School administrative support staff	23.60	21.60	19.50
Student services support staff	19.17	21.25	19.95
Subtotal Support Services Staff Staff	<u>191.28</u>	<u>189.59</u>	<u>188.04</u>
Total FTE	<u><u>742.86</u></u>	<u><u>708.50</u></u>	<u><u>694.86</u></u>

Note:

Data is for General Fund only. Data for fiscal years prior to 2005-06 not readily available. Over time, ten fiscal years of data will be presented.

Source:
District Budget Office

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AUDITORS' COMMENTS AND DISCLOSURES



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

**WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J
CLACKAMAS COUNTY, OREGON
2007-2008 AUDITORS' COMMENTS AND DISCLOSURES**

December 16, 2008

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, 2008, and have issued our report thereon dated December 16, 2008.

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

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

In planning and performing our audit of the basic financial statements of West Linn-Wilsonville School District 3J, Clackamas County, Oregon, for the year ended June 30, 2008, 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
2007-2008 AUDITORS' COMMENTS AND DISCLOSURES

REPORT ON INTERNAL ACCOUNTING CONTROL (CONTINUED)

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

We noted matters involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in our management letter dated December 16, 2008.

A material weakness is a significant deficiency 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.

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

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 accounting records are adequate to meet the audit requirements.

2007-2008 AND 2008-2009 BUDGETS

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

BUDGET TRANSACTIONS

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2008, except as noted on page 21.

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J
CLACKAMAS COUNTY, OREGON
2007-2008 AUDITORS' COMMENTS AND DISCLOSURES

COLLATERAL SECURING BANK DEPOSITS

The deposits appeared to be adequately covered by federal depository insurance or certificates of participation at all times during 2007-2008, based upon our testing. At no time throughout the year were the deposits not fully collateralized. Deposits in the State Local Government Investment Pool are not required to be collateralized.

INVESTMENTS

The investments for the year ending June 30, 2008, 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 procedures for awarding public contracts were reviewed and based upon our testing we found no instances of non-compliance with ORS Chapter 279 during 2007-2008 except for multiple instances in which the High School's activity funds did not obtain quotes for purchases over \$5,000.

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 bonded debt outstanding was within the provisions of ORS 552.645.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

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

WEST LINN-WILSONVILLE SCHOOL DISTRICT 3J
CLACKAMAS COUNTY, OREGON
2007-2008 AUDITORS' COMMENTS AND DISCLOSURES

STATE SCHOOL FUND DISTRIBUTION INFORMATION

We have performed the procedures recommended by the Oregon Secretary of State, Audits Division, regarding with the requirements of ORS 327.013 as further defined by the Oregon State Department of Education pertaining to the calculations and reporting of the factors used to compute the State School Fund distribution for the year ended June 30, 2008.

Based on the work described above, we have found no instances of noncompliance with the rules and regulations pertaining to the calculation and reporting of the factors used to compute the State School Fund distribution for the year ended June 30, 2008, except for a few instances where the teachers experience report was incorrectly reported.

STATE HIGHWAY

There were no programs funded from state highway funds during the year ended June 30, 2008.

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

SINGLE AUDIT SECTION

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS REQUIRED BY THE OREGON DEPARTMENT OF EDUCATION
YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass Through Grantor/ Program Title	Grant Fund	Federal CFDA Number	Grant Period	Expenditures
US. DEPARTMENT OF EDUCATION				
Title I	253	84.010	2006-07/07-08	339,018
Title III- Enhancing Education	267	84.365	2006-07/07-08	65,705
Title V- Innovative Education	259,274	84.298	2007-08	9,310
Title IV- A Safe & Drug Free	289,299	84.186	2006-07/07-08	17,289
Title IIA- Teacher Quality	263	84.367	2006-07/07-08	147,267
Title IID	273	84.318	2006-07/07-08	3,494
IDEA*	254,255	84.027	2006-07/07-08	1,208,727
Passed through Clackamas County ESD:				
Vocational Education	251	84.048A	2007-08	21,342
Youth Transition Program	266	84.126A	2007-08	78,322
Total U.S. Department of Education				1,890,474
U.S. DEPARTMENT OF AGRICULTURE				
Federal Forest Fees	100	10.665	2007-2008	209,088
Passed Through Oregon Department of Education:				
National School Lunch Program Breakfast	297	10.553	2007-2008	52,092
National School Lunch Program	297	10.555	2007-2008	504,570
Summer Food	297	10.559	2007-2008	16,901
Total U.S. Department of Agriculture				782,651
*major program				
TOTALS				2,673,125

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December 16, 2008

To the Board of Directors
West Linn-Wilsonville School District 3J
22210 SW Stafford Road
Tualatin, Oregon 97062

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

We have audited the financial statements of West Linn-Wilsonville School District 3J as of and for the year ended June 30, 2008, and have issued our report thereon dated December 16, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Linn-Wilsonville School District 3J's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of West Linn-Wilsonville School District 3J in a separate letter dated December 16, 2008.

This report is intended solely for the information and use of management, the Board, and others within the District, 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.



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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 - (503) 620-2632 • FAX (503) 684-7523

December 16, 2008

To the Board of Directors
West Linn-Wilsonville School District 3J
22210 SW Stafford Road
Tualatin, Oregon 97062

**Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

Compliance

We have audited the compliance of West Linn-Wilsonville School District 3J with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. West Linn-Wilsonville School District 3J's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of West Linn-Wilsonville School District 3J's management. Our responsibility is to express an opinion on West Linn-Wilsonville School District 3J's compliance based on our audit.

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

In our opinion, West Linn-Wilsonville School District 3J complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of West Linn-Wilsonville School District 3J is responsible for establishing and maintaining effective internal control over compliance with the 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's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below.

A *control deficiency* in an District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We noted no significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

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

This report is intended solely for the information and use of management, *the Board*, others within the District, 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.

**WEST LINN-WILSONVILLE SCHOOL DISTRICT 3
CLACKAMAS COUNTY, OREGON
SCHEDULE OF PRIOR AND CURRENT YEAR AUDIT FINDINGS
AND QUESTIONED COSTS RELATIVE TO FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

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, 2008:

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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