

**CHEHALEM PARKS AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2016**



**12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223**

CHEHALEM PARKS AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

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CHEHALEM PARKS AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON

2015-16 FINANCIAL REPORT

Don Loving, President	June 30, 2019
Peter Siderius, Vice President	June 30, 2017
Bart Rierson, Secretary / Treasurer	June 30, 2019
Mike McBride	June 30, 2017
Mike Ragsdale	June 30, 2017

Board members receive mail at the District address listed below

ADMINISTRATION

W. Don Clements, Superintendent and Registered Agent  
125 S Elliott Road  
Newberg, Oregon 97132



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CHEHALEM PARKS AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON

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www.paulyrogersandcocpas.com

February 22, 2017

To the Board of Directors  
Chehalem Parks and Recreation District  
Yamhill County, Oregon

## INDEPENDENT AUDITORS' REPORT

### **Report on the Basic Financial Statements**

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Chehalem Parks and Recreation District, as of and for the year ended June 30, 2016, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Basic Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Chehalem Parks and Recreation District, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

The District adopted the provisions of GASB Statement No. 72, *Fair Value Measurement and Application* and GASB 79 – *Certain External Investment Pools and Pool Participants*, for the year ended June 30, 2016. Our opinion is not modified with respect to this manner.

## **Other Matters**

### *Required Supplementary Information*

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

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

The listing of board members containing their term expiration dates located before the table of contents, and the other information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated February 22, 2017, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive, flowing style.

ROY R. ROGERS, CPA  
PAULY, ROGERS AND CO., P.C.

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**CHEHALEM PARKS AND RECREATION DISTRICT  
NEWBERG, OREGON  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

This section of Chehalis Parks and Recreation District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2016. Please read it in conjunction with the District's financial statements and notes, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's total net position was \$16,349,039 at June 30, 2016.
- During the year, the District's net position increased by \$68,571.
- The general fund reported a fund balance this year of \$1,020,899.

**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.

This annual report consists of four parts: *management's discussion and analysis* (this section), the *basic financial statements*, *supplementary information*, and *other information*. The basic financial statements include two kinds of statements that present different views of the District:

**Government-wide Statements**

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

*The Statement of Net Position:* The Statement of Net Position presents information on all of the assets and liabilities of the District at year-end. Net position is what remains after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position serves as a useful indicator of whether the financial position of the District is improving or deteriorating. It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

*The Statement of Activities:* The Statement of Activities presents information showing how the net position of the District changed over the year tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing 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* - The District's basic functions are shown here, such as parks and facilities expense. These activities are primarily financed through user fees and property taxes.



## Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds* - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. The District has five funds, all of which are considered to be major funds under the provisions of GASB 34.

The District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's main sources of revenue are taxes. The District's main disbursements are personnel services.

	<u>2015-16</u>	<u>2014-15</u>
ASSETS		
Current Assets	\$ 21,040,257	\$ 21,492,038
Capital Assets	<u>19,315,162</u>	<u>19,649,396</u>
Total Assets	40,355,419	41,141,434
DEFERRED OUTFLOWS	<u>43,853</u>	<u>48,726</u>
Total Assets and Deferred Outflows	<u>40,399,272</u>	<u>41,190,160</u>
LIABILITIES		
Current Liabilities	1,087,933	1,025,674
Noncurrent Liabilities	<u>22,962,300</u>	<u>23,884,018</u>
Total Liabilities	<u>24,050,233</u>	<u>24,909,692</u>
Net Position		
Net Investment in Capital Assets	(4,547,579)	(5,020,604)
Restricted	19,627,045	20,416,714
Unrestricted	<u>1,269,573</u>	<u>884,358</u>
Total Net Position	\$ <u><u>16,349,039</u></u>	\$ <u><u>16,280,468</u></u>

	<u>2015-16</u>	<u>2014-15</u>
REVENUES		
General Revenues		
Charges for Services	\$ 3,465,994	\$ 3,572,406
Property Taxes	3,832,941	2,593,595
Interest and Investment Earnings	<u>169,202</u>	<u>11,096</u>
Total Revenues	<u>7,468,137</u>	<u>6,177,097</u>
EXPENSES		
Parks	6,430,150	5,343,836
Interest on Long-Term Debt	<u>969,416</u>	<u>564,548</u>
Total Expenses	<u>7,399,566</u>	<u>5,908,384</u>
Change in Net Position	68,571	268,713
Prior period adjustment	-	130,000
Beginning Net Position	<u>16,280,468</u>	<u>15,881,755</u>
Ending Net Position	<u>\$ 16,349,039</u>	<u>\$ 16,280,468</u>

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

Governmental fund balances totaled \$20,647,944 at June 30, 2016. A summary of changes in governmental fund balances follows:

	<u>June 30, 2015</u>	<u>June 30, 2015</u>	<u>Change</u>
General Fund	\$ 1,020,899	\$ 704,640	\$ 316,259
System Development Fund	274,632	342,550	(67,918)
2015 Bond Debt Service Fund	(27,674)	-	(27,674)
Debt Service	30,867	30,643	224
Pool Bond Fund	<u>19,349,220</u>	<u>20,043,521</u>	<u>(694,301)</u>
	<u>\$ 20,647,944</u>	<u>\$ 21,121,354</u>	<u>\$ (473,410)</u>

### **CAPITAL ASSETS**

At June 30, 2016, the District had \$19,315,162 invested in capital assets net of depreciation. More detailed information about the District's capital assets is presented in the notes to the financial statements.

### **LONG-TERM DEBT**

At June 30, 2016, the District had outstanding debt payable of \$23,906,594. More detailed information about the District's long-term debt is presented in the notes to the financial statements.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

Our financial report is designed to provide our taxpayers, ratepayers, investors and creditors with an overview of the District's finances. If you have any questions about this report or need any clarification of information please contact Don Clements at the Chehalem Parks and Recreation District. Our address is 125 S Elliott Rd., Newberg, OR 97132.

CHEHALEM PARKS AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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**CHEHALEM PARKS AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**STATEMENT OF NET POSITION**  
**June 30, 2016**

<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 20,353,599
Accounts Receivable	252,649
Taxes Receivable	298,149
Interest Receivable	30,172
Supply Inventory	52,290
Prepaid Expenses	53,398
Capital Assets not being depreciated	12,115,425
Capital Assets, net of accumulated depreciation	<u>7,199,737</u>
Total Assets	40,355,419
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Charge on Refunding	<u>43,853</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>40,399,272</b></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	13,028
Unearned Revenue	44,622
Compensated Absences	85,989
Long-term Debt – Current Portion	<u>944,294</u>
Total Current Liabilities	1,087,933
Noncurrent Liabilities:	
Long-term Debt	<u>22,962,300</u>
Total Liabilities	<u>24,050,233</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	(4,547,579)
Restricted	19,627,045
Unrestricted	<u>1,269,573</u>
Total Net Position	<u><u>\$ 16,349,039</u></u>

See accompanying notes to basic financial statements

**CHEHALEM PARKS AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2016**

<u>FUNCTIONS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES CHARGES FOR SERVICES</u>	<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>
Parks	\$ 6,430,150	\$ 3,465,994	\$ (2,964,156)
Interest on Long-term Debt	<u>969,416</u>	<u>-</u>	<u>(969,416)</u>
Total Governmental Activities	<u>\$ 7,399,566</u>	<u>\$ 3,465,994</u>	<u>\$ (3,933,572)</u>
General Revenues:			
Property Taxes			3,832,941
Interest and Investment Earnings			<u>169,202</u>
Total General Revenues			<u>4,002,143</u>
Changes in Net Position			68,571
Net Position – Beginning			<u>16,280,468</u>
Net Position – Ending			<u>\$ 16,349,039</u>

See accompanying notes to basic financial statements

**CHEHALEM PARK AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON**

**BALANCE SHEET – GOVERNMENTAL FUNDS  
June 30, 2016**

	GENERAL FUND	SYSTEM DEVELOPMENT FUND	DEBT SERVICE FUND	2015 BOND DEBT SERVICE FUND	POOL BOND FUND	TOTAL
<b>ASSETS</b>						
Cash and Investments	\$ 835,938	\$ 208,731	\$ 30,867	\$ -	\$ 19,278,063	\$ 20,353,599
Accounts Receivable	175,214	65,901	-	11,534	-	252,649
Taxes Receivable	253,423	-	-	44,726	-	298,149
Interest Receivable	902	-	-	-	29,270	30,172
Prepaid Expenditures	53,398	-	-	-	-	53,398
Due from Other Funds	-	-	-	-	41,887	41,887
Total Assets	<u>\$ 1,318,875</u>	<u>\$ 274,632</u>	<u>\$ 30,867</u>	<u>\$ 56,260</u>	<u>\$ 19,349,220</u>	<u>\$ 21,029,854</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 13,028	\$ -	\$ -	\$ -	\$ -	\$ 13,028
Due to Other Funds	-	-	-	41,887	-	41,887
Deferred Revenue	44,622	-	-	-	-	44,622
Total Liabilities	<u>57,650</u>	<u>-</u>	<u>-</u>	<u>41,887</u>	<u>-</u>	<u>99,537</u>
<b>Deferred Inflows of Resources</b>						
Unavailable Revenue - Property Taxes	<u>240,326</u>	<u>-</u>	<u>-</u>	<u>42,047</u>	<u>-</u>	<u>282,373</u>
<b>Fund Balance</b>						
Nonspendable	53,398	-	-	-	-	53,398
Restricted for Acquisition and Development	-	274,632	-	-	19,349,220	19,623,852
Restricted for Debt Service	-	-	30,867	(27,674)	-	3,193
Unassigned	<u>967,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>967,501</u>
Total Fund Balance	<u>1,020,899</u>	<u>274,632</u>	<u>30,867</u>	<u>(27,674)</u>	<u>19,349,220</u>	<u>20,647,944</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,318,875</u>	<u>\$ 274,632</u>	<u>\$ 30,867</u>	<u>\$ 56,260</u>	<u>\$ 19,349,220</u>	<u>\$ 21,029,854</u>

See accompanying notes to basic financial statements



**CHEHALEM PARK AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2016**

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Total Fund Balances - Governmental Funds	\$	20,647,944
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The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets as a whole.

Net Capital Assets		19,315,162
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Inventory is not accounted for in the governmental funds as it is recorded on the purchase method instead of the consumption method.		52,290
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Long-term liabilities applicable to the governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.

Long term Liabilities		
Bonds payable	(23,825,000)	
Bond premium	(81,594)	
Deferred charge on refunding	<u>43,853</u>	(23,862,741)

Compensated Absences Payable not accounted for in governmental funds		(85,989)
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Property taxes receivable and other receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resource in the fund financial statements.

		<u>282,373</u>
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Net Position	\$	<u><u>16,349,039</u></u>
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See accompanying notes to basic financial statements

CHEHALEM PARK AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2016

	GENERAL FUND	SYSTEM DEVELOPMENT FUND	DEBT SERVICE FUND	2015 BOND DEBT SERVICE FUND	POOL BOND FUND	TOTALS
REVENUES						
Taxes	\$ 2,618,333	\$ -	\$ -	\$ 1,168,064	\$ -	\$ 3,786,397
Earnings on Investments	5,983	2	224	7,252	155,741	169,202
Parks	12,907	-	-	-	-	12,907
Concession Income	14,720	-	-	-	-	14,720
Sports Receipts	331,330	-	-	-	-	331,330
Recreation	105,242	-	-	-	-	105,242
Preschool	30,353	-	-	-	-	30,353
Community School	33,539	-	-	-	-	33,539
Community Center/Scout House	123,256	-	-	-	-	123,256
Paddle Launch	17,553	-	-	-	-	17,553
Pool Receipts	500,860	-	-	-	-	500,860
Playgrounds/Centers	624,346	-	-	-	-	624,346
Golf Club House	1,317,332	-	-	-	-	1,317,332
SDC Income	-	290,080	-	-	-	290,080
Miscellaneous Income	64,476	-	-	-	-	64,476
Total Revenues	5,800,230	290,082	224	1,175,316	155,741	7,421,593
EXPENDITURES						
Current:						
Personal Services	2,269,677	-	-	-	-	2,269,677
Materials and Services	2,248,557	-	-	-	-	2,248,557
Capital Outlay	352,390	358,000	-	-	852,542	1,562,932
Debt Service	-	-	610,847	1,202,990	-	1,813,837
Total Expenditures	4,870,624	358,000	610,847	1,202,990	852,542	7,895,003
Excess of Revenues Over (Under) Expenditures	929,606	(67,918)	(610,623)	(27,674)	(696,801)	(473,410)
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	610,847	-	2,500	613,347
Transfers Out	(613,347)	-	-	-	-	(613,347)
Total Other Financing Sources (Uses)	(613,347)	-	610,847	-	2,500	-
Net Change in Fund Balance	316,259	(67,918)	224	(27,674)	(694,301)	(473,410)
Beginning Fund Balance	704,640	342,550	30,643	-	20,043,521	21,121,354
Ending Fund Balance	\$ 1,020,899	\$ 274,632	\$ 30,867	\$ (27,674)	\$ 19,349,220	\$ 20,647,944

See accompanying notes to basic financial statements

**CHEHALEM PARK AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and  
Changes in Fund Balances to the Statement of Activities  
For the Year Ended June 30, 2016**

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Total Net Changes in Fund Balances - Governmental Funds \$ (473,410)

Repayment of bond principal, capital leases and post-retirement obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Additions to bond principal, capital leases and post-retirement obligations is an expense for the Statement of Net Position, but not the governmental funds.

Long-term Debt Principal Reduction	\$ 845,000	
Reduction in Premium	4,294	
Deferred Charge on Refunding	(4,873)	
Compensated Absences	<u>(10,656)</u>	833,765

Capital asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeds depreciation.

Capital Asset Additions	297,463	
Depreciation Expense	<u>(631,697)</u>	(334,234)

In the governmental funds, inventory is accounted for with a reserve account. In the Statement of Activities, the changes in inventory during the year is recognized as an expense. In prior years, prepaids was handled the same way, but is removed in this reconciliation as it is reported in the governmental funds.

Change in Inventory		(4,094)
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Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered as "available" revenues in the governmental funds, and are instead recorded as unavailable revenue. They are, however, recorded as revenue in the Statement of Activities.

46,544

Change in Net Position of Governmental Activities	<u>\$ 68,571</u>
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See accompanying notes to basic financial statements

**CHEHALEM PARKS AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. THE FINANCIAL REPORTING ENTITY**

The Chehalem Parks and Recreation District is a municipal corporation governed by an elected board. Accounting principles general accepted in the United States of America require that these financial statements present Chehalem Parks and Recreation District (the primary government) and all component units, if any. Component units, as established by the GASB Statement No. 61, are separate organizations that are included in the reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. There are no component units.

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)**

The Statement of Net Position and Statement of Activities display information about the District as a whole.

The Statement of Net Position and Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting for exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting for nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the general revenues.

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

In the process of aggregating data for the Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

**FUND FINANCIAL STATEMENTS**

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

**CHEHALEM PARKS AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (continued)**

**FUND EQUITY**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, is followed. The objective of this statement was to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, there are five balance classifications: *non-spendable*, *restricted*, *committed*, *assigned* and *unassigned*.

- Non-spendable represents amounts that are not in a spendable form. The Non-spendable fund balance represents prepaid items.
- Restricted represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirement or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as *restricted* or *committed*. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.
- Unassigned is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The District has approved the following order of spending regarding fund balance categories: restricted resources are spent first when both restricted and unrestricted (*committed*, *assigned* or *unassigned*) resources are available for expenditures. When unrestricted resources are spent, the order of spending is *committed* (if applicable), *assigned* (if applicable) and *unassigned*.

There were no assigned or committed fund balances as of June 30, 2016.

**GOVERNMENTAL FUNDS**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measureable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable that is due within the current fiscal period is considered to be measureable to accrue as revenue of the current period.

**CHEHALEM PARKS AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (continued)**

**GOVERNMENTAL FUNDS (continued)**

All other revenue items are considered to be measureable and available only when cash is received.

There are the following major funds:

**GENERAL FUND**

This fund accounts for all financial resources and expenditures, except those required to be accounted for in another fund. The principal revenue sources are property taxes, pool receipts, golf receipts, recreational income and state grants.

**SYSTEM DEVELOPMENT FUND**

The System Development Fund was established to handle monies received from new homes built within the District limits. It helps fund expansions due to a larger volume of residents in the area utilizing the facilities.

**DEBT SERVICE FUND**

The Debt Service Fund was established to account for payments made to retire lease purchases. The principal financing source is transfers from the General Fund.

**2015 BOND DEBT SERVICE FUND**

This fund provides for the payment of principal and interest on the 2015 General Obligation Bond. The principal revenue source is property taxes.

**POOL BOND FUND**

The Pool Bond Fund was established to account for the revenues and expenditures related to the bond which was issued to replace or upgrade the existing swimming pool.

**C. BUDGET**

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles, except for budgetary purposes, depreciation is not recorded; capital outlay, prepaid items and supply inventory are expensed when purchased; taxes are recorded as revenue when received and debt is an expenditure when paid.

Expenditure budgets are appropriated at the following levels for each fund:

Personnel Services	Interfund Transfers
Materials and Services	Debt Service
Capital Outlay, Development, Improvement and Acquisition	Contingency

**CHEHALEM PARKS AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. BUDGET (continued)**

Expenditures cannot legally exceed appropriations except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal levels of control) are not changed. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements include the original budget amounts and approved transfers between appropriations. Appropriations lapse at the end of the year.

Expenditures of the various funds were within authorized appropriations except the 2015 Bond Debt Service Fund was over-expended by \$34,927 in Debt Service.

**D. PROPERTY TAXES RECEIVABLE**

In the government-wide financial statements, uncollected property taxes are recorded on the Statement of Net Position. In the fund financial statements, property taxes that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as unavailable revenue because it is not deemed available to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary by management, as uncollectible taxes become a lien on the property. Property taxes are levied on all taxable property as of July 1, the beginning of the fiscal year, and become a lien on that date. Property taxes are payable on November 15, February 15 and May 15. 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.

**E. CAPITAL ASSETS**

Capital assets are recorded at their original or estimated cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are defined as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Interest incurred during construction, maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized. Costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	30 years
Equipment	10 to 20 years

**F. PENSION PLAN**

A defined contribution 401(k) pension plan is participated in through Principal Mutual Life Insurance Company. Employees may contribute 1 to 10 percent of their salary to the plan, and the District will pay up to 8 percent of the employee's salary, based on the amount the employee elects to contribute.



**CHEHALEM PARKS AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. VESTED COMPENSATED ABSENCES**

It is the policy to permit employees to accumulate earned 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. 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 retirement.

**H. SUPPLY INVENTORIES**

Inventories purchased are valued at cost (first-in, first-out method). Any donated inventories are valued at their estimated fair market value. Inventories purchased have been charged as expenditures in the financial statements when purchased in the budgetary statements.

**I. ESTIMATES**

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

**J. LONG-TERM DEBT**

In the government-wide financial statements, long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts 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 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.

**K. NET POSITION**

Net position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Net Investment in Capital Assets – consists of all capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

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

Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.



**CHEHALEM PARKS AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**K. NET POSITION (continued)**

When both restricted and unrestricted assets are available, it is policy to first use restricted assets, then unrestricted as needed.

**L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods, and so will not be recognized as an outflow of resources (expenditure) until then. The District has only one item that qualifies for reporting in this category. It is the deferred charge on refunding in the amount of \$43,853 reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. Unavailable revenues for property taxes are \$282,373. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**M. CASH AND CASH EQUIVALENTS**

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**N. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY**

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

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

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

**CHEHALEM PARKS AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**N. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY (continued)**

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

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

**2. CASH AND INVESTMENTS**

Cash and investments at June 30, 2016 (recorded at fair value) consisted of:

Deposits with Financial Institutions	
Demand Deposits	\$ 517,507
Investments	<u>19,836,092</u>
Total	<u>\$ 20,353,599</u>

There are the following investments and maturities:

Investment Type	Fair Value	Maturity (in months)		
		Less than 3	3 - 17	18 - 59
State Treasurer's Investment Pool	<u>\$ 19,836,092</u>	<u>\$ 19,836,092</u>	<u>\$ -</u>	<u>\$ -</u>

**DEPOSITS**

Deposits with financial institutions consist of bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. Effective July 1, 2008, state statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295.001 to 295.108. As long as the bank depository has entered in an agreement [ORS 295.008(2)(b)] and has deposited securities pursuant to state statutes [ORS 295.015(1)], there may now be on deposit at any one bank depository and its branches a sum in excess of the amount insured by the Federal Deposit Insurance Corporation.

**CREDIT RISK – DEPOSITS**

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2016, the bank balance of \$490,357 was fully insured or collateralized under the Oregon Public Funds Collateralization Program.

**CHEHALEM PARKS AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

**INVESTMENTS**

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2016. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2016, the fair value of the position in the LGIP is 100.6% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

**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. There are no investments that have a maturity date beyond three months.

**CUSTODIAL CREDIT RISK**

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from U. S. Government agencies or USGSE. The State Investment Pool is not rated.

**CONCENTRATION OF CREDIT RISK**

At June 30, 2016, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in either of these instruments. Oregon Revised Statutes require no more than 25% of the monies of a local government to be invested in banker's acceptances or any qualified financial institution. At June 30, 2016, investments were compliant with all percentage restrictions.

**CHEHALEM PARKS AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**3. CAPITAL ASSETS**

The changes in capital assets for the year ended June 30, 2016 are as follows:

	Balance July 1, 2015	Adjustments	Additions	Deletions	Balance June 30, 2016
Non-Depreciable					
Land	\$ 12,115,425	\$ -	\$ -	\$ -	\$ 12,115,425
Depreciable:					
Land Improvements	585,624	1,106,456	16,450	-	1,708,530
Buildings and Improvements	7,072,686	(167,242)	-	-	6,905,444
Golf Course	6,351,231	183,730	281,013	-	6,815,974
Vehicles and Equipment	1,812,218	(1,122,944)	-	(44,139)	645,135
Total Capital Assets	27,937,184	-	297,463	(44,139)	28,190,508
Accumulated Depreciation					
Land and Improvements	128,838	961,122	76,177	-	1,166,137
Buildings and Improvements	4,124,799	(58,054)	208,254	-	4,274,999
Golf Course	2,695,720	65,763	315,630	-	3,077,113
Vehicles and Equipment	1,338,431	(968,831)	31,636	(44,139)	357,097
Total Accumulated Depreciation	8,287,788	-	631,697	(44,139)	8,875,346
Capital Assets, Net	<u>\$ 19,649,396</u>				<u>\$ 19,315,162</u>

Depreciation of \$631,697 was allocated to the Parks function.

Adjustments were made to reconcile and update the books to actual. A total of \$1,290,186 was reclassified in the current year. There was also \$44,139 of vehicles and equipment disposed in the current year. At the time of the disposal, the assets were completely depreciated.

**4. PENSION PLAN**

Pension benefits are provided to all full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. A 401(k) plan offered through Principal Mutual Life Insurance is available to employees. Employees may contribute 1 to 10 percent of their salary to the plan. In addition, the District will pay 8 percent of the employee's salary if the employee contributes 4 or more percent. If the employee contributes less than 4 percent, the District will pay according to a sliding scale. Contributions paid by the District were \$128,374, \$122,430, and \$117,570, respectively, for the years ended June 30, 2016, 2015, and 2014. The plan was fully funded on June 30, 2016. The assets of the plan are held by the Plan Administrator for the benefit of the employees and thus are not included in the District financial statements.

**CHEHALEM PARKS AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**5. JOINT VENTURES**

During the year ended June 30, 1995, an inter-governmental agreement was entered into with the Newberg School District and the City of Newberg. The agreement was made to undertake the Combined Crater Site Projects, which includes, among other things, construction of an elementary school, a middle school, a Senior Center and four official tournament-sized softball fields on property owned by the School District and the District. The District is responsible for costs related to operation of the Senior Center and softball fields. The agreement also includes an operating lease whereby the District leases the property for the Senior Center from the School District for \$1 per year for a term of 99 years.

The School District shall have sole responsibility for the cost of maintenance of the facilities located upon the school site, except that the District shall have the sole responsibility for the cost of maintenance for the Senior Center on property leased from the School District. The District and the School District have each capitalized their own portion of the above projects; therefore, there is no separate financial statement for the joint venture.

**6. RISK MANAGEMENT**

There is exposure to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omission; injuries to employees; or natural disasters. Commercial insurance is purchased to minimize exposure to these risks. Settled claims for the last three years have not exceeded this commercial coverage.

**7. PROPERTY TAX LIMITATIONS**

The voters of the State of Oregon imposed a constitutional limit on property taxes for schools and non-school government operations. School operations include community colleges, local school districts and education service districts. The limitation provides that property taxes for non-school operations are limited to \$10.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

The voters further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction was accomplished by rolling property values back to their 1995-96 values, less 10%, and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and now bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

**8. POST-EMPLOYMENT BENEFITS**

The actuary has determined that there is no implicit rate subsidy required to be recognized under GASB 45.

**9. SHORT-TERM DEBT**

The District has an available line of credit agreement with KeyBank which can be used to borrow up to \$300,000. Interest rates are based on the prime rate of the bank for the month(s) outstanding. Interest paid on the amounts borrowed against the credit line during the 2015-16 fiscal year was \$1,345. As of June 30, 2016, there was \$0 outstanding.

**10. LONG-TERM DEBT**

All long-term debt obligations are payable from the General Fund and the Debt Service Fund. Interest rates vary between 4.0 percent and 6.5 percent.



**CHEHALEM PARKS AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**10. LONG-TERM DEBT (continued)**

The following changes occurred in long-term debt for the year ended June 30, 2016:

	GO Bond	Bond Premium	Full Faith and Credit Bonds	Total Bonds and Premium	Deferred Charge on Refunding
Balance at July 1, 2015	\$ 19,900,000	\$ 85,888	\$ 4,770,000	\$ 24,755,888	\$ 48,726
Additions	-	-	-	-	-
Reductions	(420,000)	(4,294)	(425,000)	(849,294)	(4,873)
Balance at June 30, 2016	<u>\$ 19,480,000</u>	<u>\$ 81,594</u>	<u>\$ 4,345,000</u>	<u>\$ 23,906,594</u>	<u>\$ 43,853</u>

**REFUNDING CERTIFICATES OF PARTICIPATION**

Amounts Payable in Fiscal Year	GO Bond	Bond Premium	Full Faith and Credit Bonds	Total Bonds and Premium	Interest	Deferred Charge on Refunding
2016-17	\$ 495,000	\$ 4,294	\$ 445,000	\$ 944,294	\$ 877,288	\$ 4,873
2017-18	535,000	4,294	455,000	994,294	846,100	4,873
2018-19	575,000	4,294	460,000	1,039,294	812,688	4,872
2019-20	620,000	4,294	485,000	1,109,294	777,038	4,873
2020-21	660,000	4,294	505,000	1,169,294	702,169	4,873
2021-26	4,150,000	21,473	1,995,000	6,166,473	2,951,687	19,490
2026-31	5,960,000	21,473	-	5,981,473	1,818,937	-
2031-35	6,485,000	17,178	-	6,502,178	605,175	-
Total	<u>\$ 19,480,000</u>	<u>\$ 81,594</u>	<u>\$ 4,345,000</u>	<u>\$ 23,906,594</u>	<u>\$ 9,391,082</u>	<u>\$ 43,854</u>

In February 2002, a refunding certificate of participation was issued. The proceeds of the new debt were placed in an irrevocable trust to provide for future debt service payments on the 1995, 1996 and 1997 capital leases. Accordingly, the trust account assets and liability for the defeased capital leases are not included in the basic financial statements.

**FULL FAITH AND CREDIT BONDS**

Full faith and credit obligation bonds are direct obligations and pledge the full faith and credit of the District. Full faith and credit obligation bonds are issued to provide funds for the acquisition and construction of a golf course.

In May 2014, \$1,735,000 of full faith and credit obligation bonds were issued to refinance \$1,640,000 of the 2004 full faith and credit obligation bonds. A portion of the net proceeds of \$1,676,528 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds.

The following full faith and credit obligations were outstanding at June 30, 2016:

Amount	Rates	Maturity	Balance
\$ 1,665,000	4.00%	2022	\$ 790,000
3,200,000	4.25-5.00%	2026	2,010,000
1,735,000	4.00-4.75%	2024	1,545,000
Total			<u>\$ 4,345,000</u>

**CHEHALEM PARKS AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**10. LONG-TERM DEBT (continued)**

**POOL GENERAL OBLIGATION BOND 2015**

In April of 2015, general obligation bonds-Series 2015 were issued in the amount of \$19,900,000 with current interest bonds at 4%. Bond interest payments begin June 15, 2016 and end June 15, 2035. The premium for the G.O. Bond is \$85,888.

**11. OPERATING AND OTHER LEASES**

Several parks are leased from the City of Newberg at no cost. During the year ended June 30, 1995 these leases were extended for 99 years. Crabtree Park is leased from Yamhill County at no cost for a 25-year period ending on May 9, 2018. Leasehold improvements made to these parks will revert to the owners of the property in the event of non-renewal of the lease.

Operating lease agreements have been entered into for six copiers and printers. The monthly payments range from \$207 to \$845. Lease payments for the year ending June 30, 2016 were \$12,837.

The future minimum operating lease payments are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2017	\$ 12,624
2018	12,624
2019	7,554
2020	828
Total	<u>\$ 33,630</u>

**12. INTERFUND TRANSFERS AND INTERFUND RECEIVABLES/PAYABLES**

	<u>Transfers Out</u>	<u>Transfers In</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 613,347	\$ -	\$ -	\$ -
Debt Service Fund	-	610,847	-	-
2015 Bond Debt Service Fund	-	-	-	41,887
Pool Bond Fund	-	2,500	41,887	-
Total	<u>\$ 613,347</u>	<u>\$ 613,347</u>	<u>\$ 41,887</u>	<u>\$ 41,887</u>

Interfund transfers and interfund receivables/payables consist of the following:

**13. DEFICIT FUND BALANCE**

At June 30, 2016, the 2015 Bond Debt Service Fund had a negative budgetary ending fund balance of \$27,674. The deficit fund balance will be eliminated in the next fiscal year through property tax revenue.

CHEHALEM PARKS AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION



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**CHEHALEM PARK AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

GENERAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Property Tax:				
Current Year	\$ 2,467,806	\$ 2,467,806	\$ 2,534,067	66,261
Prior Years	60,000	60,000	84,266	24,266
Earnings on Investments	3,500	3,500	5,983	2,483
Parks	42,500	42,500	12,907	(29,593)
Sports:				
Concession Income	50,240	50,240	14,720	(35,520)
Sports Receipts	326,287	326,287	331,330	5,043
Recreation:				
Recreation	145,400	145,400	105,242	(40,158)
Preschool	49,528	49,528	30,353	(19,175)
Community School	59,500	59,500	33,539	(25,961)
Community Center/Scout House	148,300	148,300	123,256	(25,044)
Paddle Launch	-	-	17,553	17,553
Pool Receipts	464,555	464,555	500,860	36,305
Playgrounds/Centers	379,900	379,900	624,346	244,446
Golf Club House	1,504,500	1,504,500	1,317,332	(187,168)
Rec Adjustment	61,500	61,500	-	(61,500)
Miscellaneous Income	550,000	550,000	64,476	(485,524)
 Total Revenues	 <u>6,313,516</u>	 <u>6,313,516</u>	 <u>5,800,230</u>	 <u>(513,286)</u>

Continued on page 23a

**CHEHALEM PARK AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	<u>GENERAL FUND</u>			<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES				
Personnel Services	\$ 2,472,720	\$ 2,472,720 (1)	\$ 2,269,677	\$ 203,043
Materials and Services	2,607,082	2,607,082 (1)	2,248,557	358,525
Capital Outlay, Development, Improvement and Acquisition	476,941	476,941 (1)	352,390	124,551
Contingency	100,000	100,000 (1)	-	100,000
Total Expenditures *	<u>5,656,743</u>	<u>5,656,743</u>	<u>4,870,624</u>	<u>786,119</u>
Excess of Revenues Over (Under) Expenditures	656,773	656,773	929,606	272,833
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(1,106,773)</u>	<u>(1,106,773) (1)</u>	<u>(613,347)</u>	<u>493,426</u>
Total Other Financing Sources (Uses)	<u>(1,106,773)</u>	<u>(1,106,773)</u>	<u>(613,347)</u>	<u>493,426</u>
Net Change in Fund Balance	(450,000)	(450,000)	316,259	766,259
Beginning Fund Balance	<u>450,000</u>	<u>450,000</u>	<u>704,640</u>	<u>254,640</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,020,899</u>	<u>\$ 1,020,899</u>

(1) Appropriation level

Continued from page 23

\* Expenditure detail by Department follows on pages 30A through 30N

**CHEHALEM PARK AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

SYSTEM DEVELOPMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
SDC Income	\$ 140,000	\$ 140,000	\$ 290,080	\$ 150,080
Interest Earned	160	160	2	(158)
Total Revenues	<u>140,160</u>	<u>140,160</u>	<u>290,082</u>	<u>149,922</u>
EXPENDITURES:				
Capital, Development, Improvement & Acquisition	<u>380,160</u>	<u>380,160 (1)</u>	<u>358,000</u>	<u>22,160</u>
Net Change in Fund Balance	(240,000)	(240,000)	(67,918)	172,082
Beginning Fund Balance	<u>240,000</u>	<u>240,000</u>	<u>342,550</u>	<u>102,550</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 274,632</u>	<u>\$ 274,632</u>

(1) Appropriation level

**CHEHALEM PARK AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	<u>DEBT SERVICE FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Interest Earned	\$ 183	\$ 183	\$ 224	\$ 41
Total Revenue	<u>183</u>	<u>183</u>	<u>224</u>	<u>41</u>
EXPENDITURES:				
Capital Outlay	30,865	30,865 (1)	-	30,865
Debt Service	<u>1,106,773</u>	<u>1,106,773 (1)</u>	<u>610,847</u>	<u>495,926</u>
Total Expenditures	<u>1,137,638</u>	<u>1,137,638</u>	<u>610,847</u>	<u>526,791</u>
Excess of Revenues Over (Under) Expenditures	(1,137,455)	(1,137,455)	(610,623)	526,832
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>1,106,773</u>	<u>1,106,773</u>	<u>610,847</u>	<u>(495,926)</u>
Total Other Financing Sources (Uses)	<u>1,106,773</u>	<u>1,106,773</u>	<u>610,847</u>	<u>(495,926)</u>
Net Change in Fund Balance	(30,682)	(30,682)	224	30,906
Beginning Fund Balance	<u>30,682</u>	<u>30,682</u>	<u>30,643</u>	<u>(39)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,867</u>	<u>\$ 30,867</u>

(1) Appropriation level

**CHEHALEM PARK AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

2015 BOND DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property Tax	\$ 1,251,944	\$ 1,251,944	\$ 1,168,064	\$ (83,880)
Interest Earned	-	-	7,252	7,252
Total Revenue	<u>1,251,944</u>	<u>1,251,944</u>	<u>1,175,316</u>	<u>(76,628)</u>
EXPENDITURES:				
Debt Service	<u>1,168,063</u>	<u>1,168,063 (1)</u>	<u>1,202,990</u>	<u>(34,927)</u>
Net Change in Fund Balance	83,881	83,881	(27,674)	(111,555)
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ 83,881</u>	<u>\$ 83,881</u>	<u>\$ (27,674)</u>	<u>\$ (111,555)</u>

(1) Appropriation level

**CHEHALEM PARK AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	<u>POOL BOND FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Taxes Levied	\$ 102,000	\$ 102,000	\$ 155,741	\$ 53,741
Interest Earned				
Total Revenue	<u>102,000</u>	<u>102,000</u>	<u>155,741</u>	<u>53,741</u>
EXPENDITURES:				
Capital Outlay	<u>20,617,000</u>	<u>20,617,000</u> (1)	<u>852,542</u>	<u>19,764,458</u>
Total Expenditures	<u>20,617,000</u>	<u>20,617,000</u>	<u>852,542</u>	<u>19,764,458</u>
Excess of Revenues Over (Under) Expenditures	(20,515,000)	(20,515,000)	(696,801)	19,818,199
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>
Net Change in Fund Balance	(20,515,000)	(20,515,000)	(694,301)	19,820,699
Beginning Fund Balance	<u>20,515,000</u>	<u>20,515,000</u>	<u>20,043,521</u>	<u>(471,479)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,349,220</u>	<u>\$ 19,349,220</u>

(1) Appropriation level

CHEHALEM PARKS AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON

SUPPLEMENTARY INFORMATION



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**CHEHALEM PARK AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES  
OF TAXES UNCOLLECTED  
For the Year Ended June 30, 2016**

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2015</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTION BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED/ UNSEGREGATED 06/30/16</u>
<u>GENERAL FUND</u>						
CURRENT						
2015-16	\$ 2,716,044	\$ 68,927	\$ (23,503)	\$ 1,672	\$ 2,528,256	\$ 97,030
PRIOR YEARS						
2014-15	106,421	-	(5,621)	3,336	50,069	54,067
2013-14	59,079	-	(4,213)	3,799	20,131	38,534
2012-13	38,796	-	(4,291)	4,035	13,489	25,051
2011-12	16,376	-	(1,671)	1,716	4,538	11,883
Prior	30,113	-	(3,131)	1,471	1,595	26,858
Total Prior	250,785	-	(18,927)	14,357	89,822	156,393
Total	<u>\$ 2,966,829</u>	<u>\$ 68,927</u>	<u>\$ (42,430)</u>	<u>\$ 16,029</u>	<u>\$ 2,618,078</u>	<u>\$ 253,423</u>

	<u>GENERAL FUND</u>
RECONCILIATION OF REVENUE	
Cash Collections by County Treasurer Above	\$ 2,618,078
Accrual of Receivables	
Other taxes	2,114
June 30, 2015	(14,956)
June 30, 2016	<u>13,097</u>
Total Revenue	<u>\$ 2,618,333</u>

**CHEHALEM PARK AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES  
OF TAXES UNCOLLECTED  
For the Year Ended June 30, 2016**

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/2015</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTION BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED/ UNSEGREGATED 06/30/16</u>
<u>2015 BOND DEBT SERVICE FUND</u>						
CURRENT						
2015-16	\$ 1,251,944	\$ 31,771	\$ (10,832)	\$ 770	\$ 1,165,385	\$ 44,726
PRIOR YEARS						
2014-15	-	-	-	-	-	-
2013-14	-	-	-	-	-	-
2012-13	-	-	-	-	-	-
2011-12	-	-	-	-	-	-
Prior	-	-	-	-	-	-
Total Prior	-	-	-	-	-	-
Total	<u>\$ 1,251,944</u>	<u>\$ 31,771</u>	<u>\$ (10,832)</u>	<u>\$ 770</u>	<u>\$ 1,165,385</u>	<u>\$ 44,726</u>

	<u>GENERAL FUND</u>
RECONCILIATION OF REVENUE	
Cash Collections by County Treasurer Above	\$ 1,165,385
Accrual of Receivables	
June 30, 2015	-
June 30, 2016	<u>2,679</u>
Total Revenue	<u>\$ 1,168,064</u>

CHEHALEM PARKS AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON

OTHER INFORMATION

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**CHEHALEM PARK AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES BY DEPARTMENT – BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

	<u>GENERAL FUND</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>WITH FINAL</u>
	<u>BUDGET</u>	<u>BUDGET</u>		<u>BUDGET</u>
EXPENDITURES - Department 413				
ADMINISTRATION				
Personnel Services				
Superintendent	\$ 99,986	\$ 99,986	\$ 99,990	\$ (4)
Administrative Coordinator	31,088	31,088	30,182	906
Public Information Coordinator	45,871	45,871	45,699	172
Part-time Clerk	10,400	10,400	4,477	5,923
Payroll Taxes and Benefits	92,289	92,289	92,059	230
Total Personnel Services	279,634	279,634	272,407	7,227
Materials and Services				
Office Supplies	7,000	7,000	9,312	(2,312)
Postage Supplies	1,000	1,000	1,263	(263)
Program Supplies	2,500	2,500	3,192	(692)
Promotional Supplies	2,500	2,500	592	1,908
Classifieds	1,000	1,000	544	456
Brochures	7,000	7,000	1,457	5,543
Flyers and Schedules	200	200	630	(430)
Publicity	750	750	1,145	(395)
Directors Fees	360	360	-	360
Professional Dues	8,000	8,000	12,949	(4,949)
Conferences/Workshops	5,250	5,250	3,693	1,557
Staff Mileage	500	500	-	500
Staff Expenses	7,500	7,500	6,503	997
Telephone	3,000	3,000	3,457	(457)
Miscellaneous	-	-	102	(102)
Fees	6,500	6,500	6,862	(362)
Maintenance	1,000	1,000	-	1,000
Legal Services	68,250	68,250	32,596	35,654
Audit Services	23,000	23,000	17,330	5,670
Program Contracts	15,950	15,950	12,367	3,583
Insurance Services	7,750	7,750	3,608	4,142
Interest	1,500	1,500	-	1,500
Equipment Maintenance Contracts	2,500	2,500	-	2,500
Consultants	38,250	38,250	-	38,250
Property Taxes	7,500	7,500	11,895	(4,395)
Elections	-	-	13,216	(13,216)
Rental/Lease	1,500	1,500	362	1,138
Total Materials and Services	220,260	220,260	143,075	77,185
TOTAL ADMINISTRATION	499,894	499,894	415,482	84,412

**CHEHALEM PARK AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES BY DEPARTMENT – BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	<u>GENERAL FUND</u>			<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES - Department 450				
PARKS DEPARTMENT				
Personnel Services				
Park Supervisor	\$ 67,457	\$ 67,457	\$ 67,392	\$ 65
Park Lead Man	37,579	37,579	37,631	(52)
Park Technicians	58,383	58,383	49,946	8,437
Maintenance Supervisor	58,284	58,284	58,284	0
Park Laborer/Secretaries	68,642	68,642	63,518	5,124
Payroll Taxes and Benefits	157,684	157,684	137,586	20,098
Total Personnel Services	448,029	448,029	414,357	33,672
Materials and Services				
Office Supplies	2,200	2,200	1,429	771
Postage Supplies	550	550	1,264	(714)
Program Supplies	2,200	2,200	2,067	133
Small Tools	2,500	2,500	1,208	1,292
Janitorial Supplies	17,000	17,000	17,161	(161)
Chemical and Agricultural Supplies	6,000	6,000	7,187	(1,187)
Gas and Oil Supplies	17,000	17,000	8,375	8,625
Classifieds	225	225	104	121
Brochures	750	750	1,099	(349)
Flyers	2,500	2,500	1,642	858
Professional Dues	4,000	4,000	3,790	210
Conferences/Workshops	1,500	1,500	-	1,500
Staff Mileage	600	600	1,077	(477)
Staff Expense	600	600	667	(67)
Electricity	56,000	56,000	55,642	358
Natural Gas	29,000	29,000	20,350	8,650
Water/Sewer	160,000	160,000	137,564	22,436
Fees	2,500	2,500	2,043	457
Telephone	4,200	4,200	4,611	(411)
Garbage Expense	7,500	7,500	11,125	(3,625)
Building Maintenance	20,000	20,000	14,415	5,585
Structure Maintenance	12,000	12,000	10,894	1,106
Equipment Maintenance	42,000	42,000	37,394	4,606
Grounds Maintenance	30,000	30,000	32,287	(2,287)
Program Contracts	153,270	153,270	154,955	(1,685)
Insurance Services	24,838	24,838	12,372	12,466
Refunds	-	-	99	(99)
Equipment Rental	1,500	1,500	1,718	(218)
Buildings and Structures	19,050	19,050	9,289	9,761
Total Materials and Services	619,483	619,483	551,827	67,656
TOTAL PARKS DEPARTMENT	1,067,512	1,067,512	966,184	101,328

**CHEHALEM PARK AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES BY DEPARTMENT – BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	<u>GENERAL FUND</u>			VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES - Department 451				
AQUATICS				
Personnel Services				
Aquatic Coordinator	\$ 37,579	\$ 37,579	\$ 37,566	\$ 13
Secretary	26,696	26,696	27,263	(567)
Guards, Instructors and Cashiers	161,450	161,450	141,087	20,363
Coaches	5,812	5,812	4,341	1,471
Payroll Taxes and Benefits	78,333	78,333	75,620	2,713
Total Personnel Services	309,870	309,870	285,877	23,993
Materials and Services				
Office Supplies	2,750	2,750	2,690	60
Postage Supplies	1,450	1,450	1,054	396
Program Supplies	10,200	10,200	8,988	1,212
Chemical and Agricultural Supplies	16,500	16,500	18,135	(1,635)
Store Supplies	6,000	6,000	2,814	3,186
Gas and Oil Supplies	-	-	228	(228)
Classifieds	625	625	35	590
Brochures	600	600	1,203	(603)
Flyers	2,700	2,700	2,092	608
Professional Dues	2,500	2,500	1,528	972
Conferences/Workshops	750	750	-	750
Staff Mileage	350	350	48	302
Staff Expenses	400	400	309	91
Electricity	52,400	52,400	49,732	2,668
Natural Gas	70,050	70,050	61,005	9,046
Water/Sewer	33,000	33,000	24,827	8,173
Telephone	7,730	7,730	2,072	5,658
Fees	20,750	20,750	29,211	(8,461)
Program Contracts	22,000	22,000	19,769	2,231
Insurance Services	25,900	25,900	11,856	14,044
Refunds	450	450	145	305
Total Materials and Services	277,105	277,105	237,744	39,361
TOTAL AQUATICS	586,975	586,975	523,621	63,354



**CHEHALEM PARK AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES BY DEPARTMENT – BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	<u>GENERAL FUND</u>			<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES - Department 452				
RECREATION - ADULT SPORTS				
Personnel Services				
Sports Supervisor	\$ 10,118	\$ 10,118	\$ 10,086	\$ 32
Sports Technician	7,878	7,878	6,816	1,062
Sports Assistant	2,775	2,775	938	1,837
Payroll Taxes and Benefits	12,082	12,082	8,801	3,281
Total Personnel Services	32,853	32,853	26,641	6,212
Materials and Services				
Office Supplies	1,350	1,350	1,659	(309)
Postage Supplies	320	320	977	(657)
Program Supplies	2,150	2,150	10,127	(7,977)
Classifieds	100	100	-	100
Brochures	850	850	1,257	(407)
Flyers and Schedules	400	400	101	299
Professional Dues	340	340	298	43
Conferences/Workshops	75	75	-	75
Staff Mileage	225	225	(9)	234
Staff Expenses	100	100	116	(16)
Electricity	1,950	1,950	4,844	(2,894)
Telephone	900	900	230	670
Fees	1,000	1,000	884	116
Equipment Maintenance	225	225	-	225
Program Contracts	9,156	9,156	8,362	794
Insurance	3,200	3,200	1,766	1,434
Refunds	850	850	(1,000)	1,850
Equipment Rental	225	225	295	(70)
Buildings and Structures	225	225	-	225
Total Materials and Services	23,641	23,641	29,906	(6,265)
TOTAL ADULT SPORTS	56,494	56,494	56,547	(53)

**CHEHALEM PARK AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES BY DEPARTMENT – BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

	<u>GENERAL FUND</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>WITH FINAL</u>
	<u>BUDGET</u>	<u>BUDGET</u>		<u>BUDGET</u>
EXPENDITURES - Department 453				
RECREATION - YOUTH SPORTS				
Personnel Services				
Sports Supervisor	\$ 35,077	\$ 35,077	\$ 35,055	\$ 22
Sports Technician	23,634	23,634	24,022	(388)
Sports Leaders/Secretaries	32,375	32,375	23,219	9,156
Payroll Taxes and Benefits	41,562	41,562	29,888	11,674
Total Personnel Services	132,648	132,648	112,184	20,464
Materials and Services				
Office Supplies	3,400	3,400	3,377	23
Postage Supplies	700	700	1,142	(442)
Program Supplies	50,481	50,481	75,033	(24,552)
Janitorial Supplies	-	-	2,424	(2,424)
Gas and Oil Supplies	700	700	204	496
Classifieds	100	100	-	100
Brochures	1,700	1,700	1,257	443
Flyers	1,400	1,400	108	1,292
Professional Dues	1,350	1,350	1,244	106
Conferences/Workshops	400	400	299	101
Staff Mileage	250	250	(8)	258
Staff Expenses	375	375	331	44
Electricity	2,000	2,000	304	1,696
Telephone	2,200	2,200	1,347	853
Fees	7,300	7,300	7,547	(247)
Equipment Maintenance	375	375	-	375
Program Contracts	40,135	40,135	37,038	3,097
Insurance Services	5,000	5,000	2,475	2,525
Refunds	2,000	2,000	1,567	433
Equipment Rental	2,100	2,100	3,918	(1,818)
Buildings and Structures	-	-	88	(88)
Total Materials and Services	121,966	121,966	139,695	(17,729)
TOTAL YOUTH SPORTS	254,614	254,614	251,879	2,735

**CHEHALEM PARK AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES BY DEPARTMENT – BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

	<u>GENERAL FUND</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>WITH FINAL</u>
	<u>BUDGET</u>	<u>BUDGET</u>		<u>BUDGET</u>
EXPENDITURES - Department 454				
RECREATION - CLASSES & ACTIVITIES				
Personnel Services				
Recreation Supervisor	\$ 11,467	\$ 11,467	\$ 11,489	\$ (22)
Recreation Coordinator	30,016	30,016	30,948	(932)
Special Events Staff/Secretaries	37,625	37,625	29,279	8,346
Payroll Taxes and Benefits	40,310	40,310	39,067	1,243
Total Personnel Services	119,418	119,418	110,783	8,635
Materials and Services				
Office Supplies	1,800	1,800	2,491	(691)
Postage Supplies	700	700	1,305	(605)
Program Supplies	3,900	3,900	4,005	(105)
Gas and Oil Supplies	50	50	-	50
Classifieds	150	150	-	150
Brochures	1,200	1,200	1,377	(177)
Flyers	800	800	834	(34)
Professional Dues	200	200	189	11
Conferences/Workshops	550	550	114	436
Staff Mileage	300	300	463	(163)
Staff Expenses	300	300	421	(121)
Telephone	1,450	1,450	978	472
Fees	4,400	4,400	3,899	501
Equipment Maintenance	50	50	-	50
Program Contracts	18,400	18,400	25,999	(7,599)
Insurance Services	4,600	4,600	1,922	2,678
Refunds	150	150	15	135
Total Materials and Services	39,000	39,000	44,012	(5,012)
TOTAL CLASSES & ACTIVITIES	158,418	158,418	154,795	3,623

**CHEHALEM PARK AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES BY DEPARTMENT – BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

	<u>GENERAL FUND</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>WITH FINAL</u>
	<u>BUDGET</u>	<u>BUDGET</u>		<u>BUDGET</u>
EXPENDITURES - Department 455				
RECREATION - PLAYGROUNDS & CENTERS				
Personnel Services				
Recreation Supervisor	\$ 10,793	\$ 10,793	\$ 10,828	\$ (35)
Recreation Coordinator	37,579	37,579	37,566	13
After School Staff	190,697	190,697	208,058	(17,361)
Payroll Taxes and Benefits	50,601	50,601	53,857	(3,256)
Total Personnel Services	289,670	289,670	310,310	(20,640)
Materials and Services				
Office Supplies	3,500	3,500	1,405	2,095
Postage Supplies	300	300	626	(326)
Program Supplies	29,200	29,200	35,062	(5,862)
Gas and Oil Supplies	2,100	2,100	296	1,804
Summer Playground Supplies	-	-	89	(89)
Classifieds	300	300	-	300
Brochures	2,200	2,200	2,739	(539)
Flyers	1,000	1,000	732	268
Professional Dues	295	295	192	103
Conferences/Workshops	680	680	136	544
Staff Mileage	50	50	(10)	60
Staff Expenses	500	500	343	157
Telephone	3,500	3,500	3,953	(453)
Fees	10,100	10,100	13,745	(3,645)
Program Contracts	2,300	2,300	2,285	15
Insurance Services	2,700	2,700	1,237	1,463
Refunds	100	100	107	(7)
Contracts - Admissions	7,200	7,200	6,463	737
Equipment Rental	7,000	7,000	6,545	455
Total Materials and Services	73,025	73,025	75,944	(2,919)
TOTAL PLAYGROUNDS & CENTERS	362,695	362,695	386,254	(23,559)

**CHEHALEM PARK AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES BY DEPARTMENT – BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	<u>GENERAL FUND</u>			<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES - Department 456				
COMMUNITY CENTER/SCOUT HOUSE				
Personnel Services				
Senior Center Specialist	\$ 28,580	\$ 28,580	\$ 25,997	\$ 2,583
Building Leaders	19,558	19,558	14,295	5,263
Payroll Taxes and Benefits	34,344	34,344	30,630	3,714
Total Personnel Services	82,482	82,482	70,922	11,560
Materials and Services				
Office Supplies	1,800	1,800	729	1,071
Postage Supplies	600	600	1,008	(408)
Program Supplies	3,800	3,800	5,739	(1,939)
Gas and Oil Supplies	950	950	371	579
Classifieds	500	500	624	(124)
Brochures	1,800	1,800	3,976	(2,176)
Flyers	1,800	1,800	1,469	331
Professional Dues	400	400	68	332
Conferences/Workshops	550	550	146	404
Staff Mileage	200	200	131	69
Staff Expense	400	400	473	(73)
Electricity	8,500	8,500	8,129	371
Natural Gas	1,500	1,500	1,232	268
Water/Sewer	10,500	10,500	15,186	(4,686)
Telephone	1,400	1,400	1,496	(96)
Fees	900	900	1,150	(250)
Equipment Maintenance	500	500	-	500
Program Contracts	10,000	10,000	11,831	(1,831)
Equipment Maintenance Contracts	200	200	-	200
Insurance Services	25,000	25,000	13,077	11,923
Senior Trips	5,000	5,000	3,671	1,329
Refunds	150	150	1,723	(1,573)
Total Materials and Services	76,450	76,450	72,229	4,221
TOTAL COMMUNITY CENTER/ SCOUT HOUSE	158,932	158,932	143,151	15,781

**CHEHALEM PARK AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES BY DEPARTMENT – BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

	<u>GENERAL FUND</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>WITH FINAL</u>
	<u>BUDGET</u>	<u>BUDGET</u>		<u>BUDGET</u>
EXPENDITURES - Department 457				
COMMUNITY SCHOOLS				
Personnel Services				
Part-time, Temporary and Full-time	\$ 22,490	\$ 22,490	\$ 14,575	\$ 7,915
Payroll Taxes and Benefits	3,051	3,051	2,564	487
Total Personnel Services	25,541	25,541	17,139	8,402
Materials and Services				
Office Supplies	2,000	2,000	1,543	457
Postage Supplies	600	600	977	(377)
Program Supplies	2,850	2,850	1,408	1,442
Snacks and Food	400	400	-	400
Classifieds	100	100	-	100
Brochures	1,000	1,000	1,357	(357)
Flyers	600	600	702	(102)
Professional Dues	100	100	62	38
Conferences/Workshops	220	220	145	75
Staff Mileage	150	150	167	(17)
Staff Expense	100	100	-	100
Telephone	1,000	1,000	99	901
Fees	1,000	1,000	578	422
Program Contracts	8,000	8,000	3,483	4,517
Insurance Services	1,400	1,400	621	779
Refunds	100	100	-	100
Total Materials and Services	19,620	19,620	11,142	8,478
TOTAL COMMUNITY SCHOOLS				
PROGRAM	45,161	45,161	28,281	16,880

**CHEHALEM PARK AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES BY DEPARTMENT – BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	<u>GENERAL FUND</u>			<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES - Department 458				
GOLF COURSE MAINTENANCE				
Personnel Services				
Golf Course Supervisor	\$ 67,455	\$ 67,455	\$ 67,661	\$ (206)
Golf Course Technician	25,168	25,168	20,879	4,289
Golf Mechanic	27,230	27,230	16,155	11,075
Golf Course Landscaper	52,978	52,978	52,563	415
Assistant Groundskeeper	34,279	34,279	34,137	142
Part-time and Temporary	119,524	119,524	85,345	34,179
Payroll Taxes and Benefits	130,696	130,696	115,994	14,702
Total Personnel Services	457,330	457,330	392,733	64,597
Materials and Services				
Office Supplies	1,768	1,768	1,445	323
Postage Supplies	350	350	617	(267)
Program Supplies	15,023	15,023	9,024	5,999
Small Tools	7,104	7,104	7,758	(654)
Janitorial Supplies	1,543	1,543	1,175	368
Chemical and Agricultural Supplies	117,753	117,753	75,012	42,741
Gas and Oil Supplies	42,582	42,582	25,733	16,849
Snacks and Food	660	660	638	22
Uniforms	600	600	162	438
Classifieds	200	200	297	(97)
Brochures/Flyers	-	-	1,257	(1,257)
Flyers	-	-	202	(202)
Professional Dues	1,870	1,870	1,742	128
Conferences & Workshops	3,690	3,690	4,712	(1,022)
Staff Mileage	100	100	-	100
Staff Expense	240	240	338	(98)
Electric	15,900	15,900	14,707	1,193
Natural Gas	-	-	524	(524)
Water & Sewer	198,750	198,750	226,552	(27,802)
Telephone	2,460	2,460	3,545	(1,085)
Garbage Expense	-	-	56	(56)
Fees	600	600	-	600
Buildings	2,730	2,730	2,451	279
Equipment	49,729	49,729	87,431	(37,702)
Structures	-	-	2,721	(2,721)
Grounds	109,640	109,640	78,899	30,741
Vehicles	2,050	2,050	677	1,373
Professional Services	-	-	2,178	(2,178)
Program Contracts	18,600	18,600	30,558	(11,958)
Insurance Services	11,000	11,000	3,093	7,907
Equipment Maintenance Contracts	5,690	5,690	2,945	2,745
Consultant Services	9,600	9,600	7,000	2,600
Equipment Rentals	3,800	3,800	8,369	(4,569)
Buildings and Structures	-	-	839	(839)
Total Materials and Services	624,032	624,032	602,658	21,374
TOTAL GOLF COURSE MAINTENANCE	1,081,362	1,081,362	995,390	85,972

**CHEHALEM PARK AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES BY DEPARTMENT – BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

	<u>GENERAL FUND</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>WITH FINAL</u>
	<u>BUDGET</u>	<u>BUDGET</u>		<u>BUDGET</u>
EXPENDITURES - Department 459				
GOLF CLUB HOUSE				
Personnel Services				
Club House Supervisor	\$ 67,455	\$ 67,455	\$ 66,398	\$ 1,057
Golf Clerks	49,950	49,950	70,529	(20,579)
Marshall/Starter Staff	45,389	45,389	6,140	39,249
Outside Service Staff	25,900	25,900	27,375	(1,475)
Snack Bar Clerk	1,850	1,850	3,953	(2,103)
Beverage Cart Clerk	11,100	11,100	8,972	2,128
Catering Staff	1,803	1,803	-	1,803
Payroll Taxes and Benefits	52,670	52,670	51,959	711
Total Personnel Services	256,117	256,117	235,326	20,791
Materials and Services				
Office Supplies	1,800	1,800	1,153	647
Postage Supplies	900	900	1,580	(680)
Program Supplies	37,250	37,250	41,806	(4,556)
Small Tools	600	600	-	600
Janitorial Supplies	2,400	2,400	2,655	(255)
Store Supplies	168,855	168,855	158,662	10,193
Gas and Oil Supplies	600	600	-	600
Snacks and Food	1,000	1,000	141	859
Uniforms	3,600	3,600	114	3,486
Classifieds	200	200	200	-
Brochures	1,000	1,000	811	189
Flyers	30,200	30,200	13,184	17,017
Professional Dues	2,700	2,700	5,200	(2,500)
Conferences/Workshops	4,750	4,750	117	4,633
Staff Mileage	750	750	288	462
Staff Expense	750	750	258	492
Electric	18,000	18,000	16,003	1,997
Water/Sewer	1,800	1,800	25	1,775
Telephone	2,400	2,400	5,247	(2,847)
Fees	5,400	5,400	34,373	(28,973)
Computer and Cable	30,240	30,240	176	30,064
Garbage Expense	-	-	5,341	(5,341)
Buildings Maintenance	6,000	6,000	696	5,304
Structures	3,000	3,000	-	3,000
Equipment	5,600	5,600	6,889	(1,289)
Program Contracts	22,500	22,500	6,760	15,740
Insurance Services	7,500	7,500	3,650	3,850
Consultant Services	10,000	10,000	-	10,000
Refunds	6,000	6,000	-	6,000
Equipment Rentals	43,356	43,356	24,812	18,545
Total Materials and Services	419,151	419,151	330,137	89,014
TOTAL GOLF CLUB HOUSE	675,268	675,268	565,463	109,805



**CHEHALEM PARK AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES BY DEPARTMENT – BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	<u>GENERAL FUND</u>			<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES - Department 472				
JAQUITH CONCESSION				
Personnel Services				
Concession Attendant	\$ 14,476	\$ 14,476	\$ -	\$ (14,476)
Payroll Taxes and Benefits	1,980	1,980	-	1,980
Total Personnel Services	16,456	16,456	-	16,456
Materials and Services				
Office Supplies	60	60	5	55
Postage	30	30	-	30
Program Supplies	14,600	14,600	-	14,600
Classifieds	75	75	-	75
Flyers	125	125	-	125
Conferences/Workshops	700	700	-	700
Professional Dues	974	974	7	967
Concession Mileage	200	200	-	200
Concession Insurance	1,600	1,600	516	1,084
Concession Electricity	1,600	1,600	-	1,600
Fees	1,400	1,400	-	1,400
Equipment Maintenance	300	300	-	300
Total Materials and Services	21,664	21,664	528	21,136
TOTAL JAQUITH CONCESSION	38,120	38,120	528	37,592

**CHEHALEM PARK AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES BY DEPARTMENT – BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	<u>GENERAL FUND</u>			<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES - Department 474				
PRESCHOOL				
Personnel Services				
Head Instructor	\$ 20,577	\$ 20,577	\$ 17,753	\$ 2,824
Preschool Instructors	-	-	532	(532)
Payroll Taxes and Benefits	2,095	2,095	2,716	(621)
Total Personnel Services	22,672	22,672	21,000	1,672
Materials and Services				
Office Supplies	950	950	752	198
Postage	100	100	430	(330)
Program Supplies	2,100	2,100	1,433	667
Classifieds	200	200	140	60
Brochures	1,600	1,600	2,522	(922)
Dues	60	60	7	53
Conferences/Workshops	100	100	92	8
Electricity	500	500	368	132
Natural Gas	800	800	860	(60)
Water/Sewer	800	800	925	(125)
Telephone	875	875	569	306
Refunds	-	-	144	(144)
Fees	1,000	1,000	877	123
Insurance	1,100	1,100	541	559
Total Materials and Services	10,185	10,185	9,661	524
TOTAL PRESCHOOL	32,857	32,857	30,661	2,196

**CHEHALEM PARK AND RECREATION DISTRICT**  
**YAMHILL COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES BY DEPARTMENT – BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2016**

	<u>GENERAL FUND</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>WITH FINAL</u>
	<u>BUDGET</u>	<u>BUDGET</u>		<u>BUDGET</u>
EXPENDITURES - Department 470				
ACQUISITION AND IMPROVEMENT				
Capital Outlay, Development, Improvement, and Acquisition	<u>\$ 476,941</u>	<u>\$ 476,941</u>	<u>352,390</u>	<u>\$ 124,551</u>
TOTAL ACQUISITION AND IMPROVEMENT	<u>476,941</u>	<u>476,941</u>	<u>352,390</u>	<u>124,551</u>
MISCELLANEOUS DEPARTMENTS				
Materials and Services				
Babe Ruth League - Department 504	8,000	8,000	-	8,000
Bambino League - Department 503	22,000	22,000	-	22,000
Chehalem Volleyball Club - Department 505	1,500	1,500	-	1,500
Quilt Club - Department 506	10,000	10,000	-	10,000
Community Progress Team - Department 501	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
TOTAL MISCELLANEOUS DEPARTMENTS	61,500	61,500	-	61,500
CONTINGENCY	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
TOTAL EXPENDITURES	<u>\$ 5,656,743</u>	<u>\$ 5,656,743</u>	<u>\$ 4,870,624</u>	<u>786,119</u>

CHEHALEM PARKS AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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**PAULY, ROGERS, AND CO., P.C.**  
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www.paulyrogersandcocpas.com

February 22, 2017

### **Independent Auditors' Report Required by Oregon State Regulations**

We have audited the basic financial statements of the Chehalem Parks and Recreation District as of and for the year ended June 30, 2016 and have issued our report thereon dated February 22, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

#### **Compliance**

As part of obtaining reasonable assurance about whether the basic financial statement are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, including the provision of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of basic 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.

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

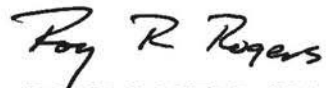
- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment**
- **Budgets legally required (ORS Chapter 294)**
- **Insurance and fidelity bonds in force or required by law**
- **Authorized investment of surplus funds (ORS Chapter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

In connection with our testing, nothing came to our attention that caused us to believe the Chehalem Parks and Recreation District was not in substantial compliance with certain provisions of laws, regulations, contracts and grants, including the provisions of Oregon Revised Statutes as specific in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except expenditures exceeded appropriations as noted on page 14 of the report.

#### **OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered the internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

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

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive style with a large, stylized "R" in the middle.

ROY R. ROGERS, CPA  
PAULY, ROGERS AND CO., P.C.