

CHEHALEM PARK AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2007

AUDITS MUNICIPALITIES

	Date	Initial
Rec'd	12-6-07	smc
DIS	12-6-07	smc
Muni	12-10-07	ICM
Scanned		
Comments		

CHEHALEM PARK AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON

2006-07 FINANCIAL REPORT

Mike McBride, President	June 30, 2009
Don Loving, Vice President	June 30, 2011
Donna McCain, Secretary-Treasurer	June 30, 2009
Larry Anderson	June 30, 2011
Keith Bearden	June 30, 2009

Board members receive mail at the District address listed below

ADMINISTRATION

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

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

INTRODUCTORY SECTION





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

**CERTIFIED PUBLIC ACCOUNTANTS**

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

September 19, 2007

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

INDEPENDENT AUDITORS' REPORT

We have audited the basic financial statements, as listed in the table of contents, of the Chehalem Parks and Recreation District, Newberg, Oregon as of the year ended June 30, 2007. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Chehalem Parks and Recreation District, Newberg, Oregon, at June 30, 2007, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chehalem Parks and Recreation District's basic financial statements. The Supplementary Information, except page 23, including budgetary comparison schedules (which are required supplementary information for major governmental funds) as listed in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The schedule of expenditures by department on page 23 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

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

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

This section of Chehalem Park 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, 2007. Please read it in conjunction with the District's financial statements and notes, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's total net assets were \$11,298,908 at June 30, 2007.
- During the year, the District's net assets decreased by \$2,694,616.
- The general fund reported a fund balance this year of \$2,936,177.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

This annual report consists of three parts: *management's discussion and analysis* (this section), the *basic financial statements*, and *supplementary 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 Assets:* The statement of net assets presents information on all of the assets and liabilities of the District at year-end. Net assets are what remain after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net assets serve 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 assets of the District changed over the year tracking revenues, expenses and other transactions that increase or reduce net assets. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

- *Governmental activities* – 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 most significant *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 four funds, each considered to be major funds under the provisions of GASB 34.

Most of 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.

### GOVERNMENT-WIDE CASH BALANCES

	<u>2006-07</u>	<u>2005-06</u>
ASSETS:		
Current Assets	\$ 3,897,542	\$ 1,559,590
Capital Assets	<u>16,123,812</u>	<u>16,851,448</u>
Total Assets	<u>20,021,354</u>	<u>18,411,038</u>
LIABILITIES:		
Current Liabilities	972	19,455
Noncurrent Liabilities	<u>8,721,473</u>	<u>4,398,058</u>
Total Liabilities	<u>8,722,445</u>	<u>4,417,513</u>
NET ASSETS:		
Invested in Capital Assets	7,402,339	12,453,390
Restricted	76,330	72,267
Unrestricted	<u>3,820,239</u>	<u>1,467,867</u>
Total Net Assets	<u>\$ 11,298,908</u>	<u>\$ 13,993,524</u>

## CHANGES IN NET ASSETS

	<u>2006-07</u>	<u>2005-06</u>
REVENUES:		
General Revenues		
Charges for Services	\$ 2,357,578	\$ 2,175,117
Property Taxes	1,715,611	1,805,645
Interest and Investment Earnings	384	46,971
Miscellaneous	<u>780,684</u>	<u>1,078,716</u>
Total Revenues	<u>4,854,257</u>	<u>5,106,449</u>
EXPENSES:		
Parks	7,160,458	3,222,782
Interest on Long-Term Debt	<u>388,415</u>	<u>314,625</u>
Total Expenses	<u>7,548,873</u>	<u>3,537,407</u>
Change in Net Assets	(2,694,616)	1,569,042
Beginning Net Assets	13,993,524	8,310,239
Prior Period Adjustment	<u>-</u>	<u>4,114,243</u>
Ending Net Assets	<u>\$ 11,298,908</u>	<u>\$ 13,993,524</u>

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental fund balances totaled \$3,713,607 at June 30, 2007. A summary of changes in governmental fund balances follows:

### CHANGES IN GOVERNMENTAL FUND BALANCES

	<u>June 30,</u> <u>2007</u>	<u>June 30,</u> <u>2006</u>	<u>Change</u>
General Fund	\$ 2,936,177	\$ 495,450	\$ 2,440,727
System Development Fund	701,100	768,373	(67,273)
Reserve for Equipment	49,540	47,187	2,353
Debt Service	<u>26,790</u>	<u>25,080</u>	<u>1,710</u>
	<u>\$ 3,713,607</u>	<u>\$ 1,336,090</u>	<u>\$ 2,377,517</u>

## CAPITAL ASSETS

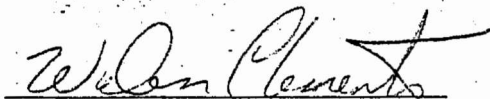
At June 30, 2007, the District had \$16,123,812 invested in capital assets net of depreciation. More detailed information about the District's capital assets is presented in the notes to the financial statements.

## LONG-TERM DEBT

At June 30, 2007, the District had outstanding debt payable of \$8,721,473. A loan was obtained to finance land acquisition during the year. 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 the Chehalem Park and Recreation District. Our address is: 125 S Elliott Rd, Newberg, OR 97132.

A handwritten signature in dark ink, appearing to read "Wilson Clements", written over a horizontal line.

Superintendent

CHEHALEM PARKS AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET ASSETS**  
**At June 30, 2007**

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**ASSETS**

Cash and cash equivalents	\$ 3,679,625
Accounts Receivable	25,970
Taxes Receivable	104,411
Supply Inventory	49,279
Prepaid Expenditures	38,257
Capital assets, net of accumulated depreciation	<u>16,123,812</u>
Total Assets	<u>20,021,354</u>

**LIABILITIES:**

Payroll Liabilities	972
Compensated Absences	51,473
Noncurrent liabilities	
Due within one year	515,000
Due in more than one year	<u>8,155,000</u>
Total Liabilities	<u>8,722,445</u>

**NET ASSETS:**

Invested in capital assets, net of related debt	7,402,339
Reserved for:	
Debt Service	26,790
Equipment	49,540
Unrestricted	<u>3,820,239</u>
Total Net Assets	<u>\$ 11,298,908</u>

See accompanying notes to basic financial statements

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

**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2007**

<u>FUNCTIONS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>	<u>NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS</u>
		<u>CHARGES FOR SERVICES</u>	
Parks	\$ 7,160,458	\$ 2,357,578	\$ (4,802,880)
Interest on Long-Term Debt	<u>388,415</u>	<u>0</u>	<u>(388,415)</u>
Total Governmental Activities	<u><u>\$ 7,548,873</u></u>	<u><u>\$ 2,357,578</u></u>	<u><u>(5,191,295)</u></u>
	General Revenues		
	Property Taxes		1,715,611
	Interest and Investment Earnings		384
	Miscellaneous		<u>780,684</u>
	Total General Revenues		<u>2,496,679</u>
	Changes in Net Assets		(2,694,616)
	Net Assets - Beginning		<u>13,993,524</u>
	Net Assets - Ending		<u><u>\$ 11,298,908</u></u>

See accompanying notes to basic financial statements



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

**BALANCE SHEET - GOVERNMENTAL FUNDS**

At June 30, 2007

	SPECIAL REVENUE FUNDS				
	GENERAL	SYSTEM DEVELOPMENT FUND	RESERVE FOR EQUIPMENT	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>					
Cash and Investments	\$ 2,902,195	\$ 701,100	\$ 49,540	\$ 26,790	\$ 3,679,625
Accounts Receivable	25,970	0	0	0	25,970
Taxes Receivable	104,411	0	0	0	104,411
Prepaid Expenses	0	0	0	0	0
<b>Total Assets</b>	<b>\$ 3,032,576</b>	<b>\$ 701,100</b>	<b>\$ 49,540</b>	<b>\$ 26,790</b>	<b>\$ 3,810,006</b>
<b>LIABILITIES AND FUND BALANCE:</b>					
<b>Liabilities:</b>					
Payroll Liabilities	\$ 972	\$ 0	\$ 0	\$ 0	\$ 972
Deferred Revenues	95,427	0	0	0	95,427
<b>Total Liabilities</b>	<b>96,399</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>96,399</b>
<b>Fund Balance:</b>					
Reserved for:					
System Development	0	701,100	0	0	701,100
Equipment	0	0	49,540	0	49,540
Debt Service	0	0	0	26,790	26,790
Unreserved:	2,936,177	0	0	0	2,936,177
<b>Total Fund Balance</b>	<b>2,936,177</b>	<b>701,100</b>	<b>49,540</b>	<b>26,790</b>	<b>3,713,607</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 3,032,576</b>	<b>\$ 701,100</b>	<b>\$ 49,540</b>	<b>\$ 26,790</b>	<b>\$ 3,810,006</b>

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 Assets**  
**June 30, 2007**

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Total Fund Balances - Governmental Funds \$ 3,713,607

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 Assets includes those capital assets among the assets as a whole.

Net Capital Assets 16,123,812

Inventory is not accounted for in the governmental funds as it is recorded on the purchase method instead of the consumption method 49,279

Prepaid expenses are not accounted for in the governmental funds because all expenses are charged currently instead of to the period they apply 38,257

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 Assets.

Long term Liabilities

Bonds payable	\$ (7,970,000)	
Capital lease obligations payable	<u>(700,000)</u>	
		(8,670,000)

Compensated Absences Payable not accounted for in governmental funds (51,473)

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds 95,426

Net Assets \$ 11,298,908

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, 2007**

REVENUES:	GENERAL	SYSTEM DEVELOPMENT FUND	RESERVE FOR EQUIPMENT	DEBT SERVICE	TOTALS 2007
Taxes	\$ 1,728,304	\$ 0	\$ 0	\$ 0	\$ 1,728,304
Parks	15,258	0	0	0	15,258
Pool Receipts	365,852	0	0	0	365,852
Sports Receipts	247,714	0	0	0	247,714
Recreation Income	115,535	0	0	0	115,535
Grants	1,618,655	0	0	0	1,618,655
Earnings on Investments	280,527	33,666	2,353	1,710	318,256
Concession Income	8,324	0	0	0	8,324
Preschool Income	29,907	0	0	0	29,907
Bambino League Income	112	0	0	0	112
Chehalem Tiger Volleyball Income	384	0	0	0	384
Skate Park Income	680	0	0	0	680
Quilt Club Income	3,148	0	0	0	3,148
Historic Friends of Newberg	28,495	0	0	0	28,495
Community School	94,387	0	0	0	94,387
Community Center	50,859	0	0	0	50,859
Golf Club House	1,021,492	0	0	0	1,021,492
Playgrounds/Centers	375,431	269,761	0	0	645,192
Short Term Loan	149,500	0	0	0	149,500
Miscellaneous	3,289,896	0	0	0	3,289,896
Total Revenues	9,424,460	303,427	2,353	1,710	9,731,950
EXPENDITURES:					
Personnel Services	1,563,356	0	0	0	1,563,356
Materials and Services	1,672,099	0	0	0	1,672,099
Acquisition	0	80,000	0	0	80,000
Capital Outlay	229,347	290,700	0	2,620,516	3,140,563
Debt Service:					
Principal	0	0	0	772,558	772,558
Interest	0	0	0	125,857	125,857
Total Expenditures:	3,464,802	370,700	0	3,518,931	7,354,433
Excess of Revenues Over, -Under Expenditures	5,959,658	-67,273	2,353	-3,517,221	2,377,517
Other Financing Sources, -Uses:					
Transfers In	0	0	0	3,518,931	3,518,931
Transfers Out	-3,518,931	0	0	0	-3,518,931
Total Other Financing Sources, -Uses	-3,518,931	0	0	3,518,931	0
Net Change in Fund Balance	2,440,727	-67,273	2,353	1,710	2,377,517
Beginning Fund Balance	495,450	768,373	47,187	25,080	1,336,090
Ending Fund Balance	\$ 2,936,177	\$ 701,100	\$ 49,540	\$ 26,790	\$ 3,713,607

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, 2007**

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Total Net Changes in Fund Balances - Governmental Funds \$ 2,377,517

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 Assets. Additions to bond principal, capital leases and post retirement obligations is an expense for the Statement of Net Assets but not the governmental funds.

Additions to Long-Term Debt	\$ (4,865,000)	
Long-Term Debt Principal Reduction	510,000	
Compensated Absences	<u>31,585</u>	
		(4,323,415)

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	\$ 103,305	
Depreciation Expense	<u>(830,941)</u>	
		(727,636)

In the governmental funds inventory and prepaid insurance are accounted for with a reserve account. In the Statement of Activities the changes in these assets during the year are recognized as expenses.

Change in Inventory	\$ (15,292)	
Change in Insurance	<u>6,903</u>	
		(8,389)

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 deferred revenue. They are, however recorded as revenue in the Statement of Activities.

(12,693)

Change in Net Assets of Governmental Activities \$ (2,694,616)

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 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 District's accounting policies are described below.

**A. THE FINANCIAL REPORTING ENTITY**

The Chehalem Park and Recreation District is a municipal corporation governed by an elected five member board. Accounting principles generally accepted in the United States of America require that these financial statements present Chehalem Park and Recreation District (the primary government) and all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement No. 39, 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 Assets and Statement of Activities display information about the reporting government as a whole.

The Statement of Net Assets and the 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 from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from 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 District's 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 of 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 Assets and the 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

**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 are maintained consistent with legal and managerial requirements.

**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 measurable 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, franchise taxes, licenses, 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 due within the current fiscal period is considered to be measurable to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The District reports 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, recreational income and state grants.

**SPECIAL REVENUE FUNDS**

The Special Revenue Funds account for revenue and expenditures for special projects or programs. Funds included in the Special Revenue Funds category are:

**SYSTEM DEVELOPMENT FUND**

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

**RESERVE FOR EQUIPMENT AND MAJOR MAINTENANCE FUND**

The Reserve for Equipment and Major Maintenance Fund was established to accumulate funds for future equipment purchases and major maintenance work. Its main financing source is transfers from the General Fund.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

**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.

**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 and capital outlay and supply inventory are expensed when purchased.

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

- Personnel Services
- Material and Services
- Capital Outlay, Development, Improvement, and Acquisition
- Interfund Transfers
- Contingency

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. Appropriations lapse at the end of the year.

Expenditures of the various funds were within authorized appropriations.

**D. PROPERTY TAXES RECEIVABLE**

In the Government-Wide Financial Statements uncollected property taxes are recorded on the Statement of Net Assets. 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 deferred revenue because it is not deemed available to finance operation of the current period. An allowance for doubtful accounts is not deemed necessary, 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

**E. CAPITAL ASSETS**

Capital assets are recorded at the 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 three years. Interest incurred during construction, maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are 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**

The District participates in a defined contribution 401K pension plan through Principal Mutual Life Insurance Company. District employees have the option of whether to participate in the plan.

**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 retirements.

**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. Inventories are offset by a fund balance reserve and are not available expendable resources.

**I. ESTIMATES**

The preparation of 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 and 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 Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.



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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

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

**J. LONG TERM DEBT (CONTINUED)**

In the fund financial statements bond premiums and discounts, as well as bond issuance costs, are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**K. NET ASSETS**

Net assets comprise the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net assets are classified in the following three categories.

Invested in capital assets, net of related debt – 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 net 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 net assets – consists of all other net assets that are not included in the other categories previously mentioned.

**2. CASH AND INVESTMENTS**

**DEPOSITS**

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. Deposits with financial institutions include bank demand deposits. The total bank balance per the bank statements is \$2,548,127, of which \$100,000 is covered by federal depository insurance and \$612,032 was fully collateralized with securities held by financial institutions acting as agents for the District and the remainder \$1,836,095 was uncollateralized.

**INVESTMENTS**

State statutes governing cash management are followed. Statutes authorize investing in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB), which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2007.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

**INVESTMENTS (CONTINUED)**

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. There is no material difference between the fair value of the District's position in the State Treasurer's Local Governmental Investment Pool and the value of the pool shares at June 30, 2007. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

Cash and Investments at June 30, 2007 (recorded at fair value) consisted of:

Deposits With Financial Institutions:	2007
Petty Cash	\$ 25
Demand Deposits	2,413,940
Cash with County	48,844
Investments	<u>1,216,816</u>
Total	<u>\$ 3,679,625</u>

There are the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 3</u>	<u>3-17</u>	<u>18-59</u>
State Treasurer's Investment Pool	<u>\$ 1,216,816</u>	<u>\$ 1,216,816</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 1,216,816</u>	<u>\$ 1,216,816</u>	<u>\$ 0</u>	<u>\$ 0</u>

**Interest Rate Risk**

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date.

**Credit Risk**

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

**Concentration of Credit Risk**

At June 30, 2007, 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 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2007, the District was in compliance with all percentage restrictions.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**3. CAPITAL ASSETS**

The changes in capital assets for the 2006-07 fiscal year are as follows:

	BALANCE JULY 1, 2006	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2007
Land & Improvements	\$ 9,216,236	\$ 0	\$ 0	\$ 9,216,236
Buildings & Improvements	6,398,680	0	0	6,398,680
Golf Course	2,216,348	0	0	2,216,348
Vehicles & Equipment	1,648,304	103,305	0	1,751,609
Subtotal	19,479,568	103,305	0	19,582,873
Accumulated Depreciation	2,628,120	830,941	0	3,459,061
Prior Period Adjustment				
Capital Assets, Net	<u>\$ 16,851,448</u>			<u>\$ 16,123,812</u>

**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. An employee may participate in the plan which is a 401K plan offered through Principal Mutual Life Insurance. They can 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 for 2006-07 were \$79,325 (\$39,599 by the District and \$39,726 by the employees). The plan was fully funded on June 30, 2007.

**5. LEASES**

Several parks are leased from the City of Newberg at no cost. During 1994-95, these leases were extended for 99 years. Crabtree Park is leased from Yamhill County at no cost for a 25 year period ending in May 9, 2018. Leasehold improvements made to these parks by the District will revert to the owners of the property in the event of non-renewal of the lease.

**6. JOINT VENTURES**

During 1994-95 an intergovernmental 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 include, 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**6. JOINT VENTURES (CONTINUED)**

Both the District and the school district shall have sole responsibility for the cost of maintenance of the facilities located upon the property owned by each party, 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 not a separate financial statement of the joint venture.

**7. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to minimize its exposure to these risks.

**8. LONG-TERM DEBT**

All long-term debt obligations are payable from the general fund and the debt service fund. The following changes occurred in bonds payable for the year ended June 30, 2007:

	VESTED COMPENSATED ABSENCES	CAPITAL LEASES	REFUNDING COP	GENERAL OBLIGATION BONDS	TOTAL	INTEREST RATES (4.2-6.5%)
Balance 7/01/06	\$ 83,058	\$ 815,000	\$ 845,000	\$ 2,655,000	\$ 4,398,058	
Additions	51,473	0	0	4,865,000	4,916,473	
Reductions	(83,058)	(115,000)	(295,000)	(100,000)	(593,058)	
Balance 6/30/07	<u>51,473</u>	<u>700,000</u>	<u>550,000</u>	<u>7,420,000</u>	<u>8,721,473</u>	

**Amounts Payable in Fiscal Year:**

2007-2008	51,473	120,000	105,000	290,000	566,473	445,090
2008-2009	0	75,000	105,000	305,000	485,000	435,258
2009-2010	0	75,000	110,000	320,000	505,000	425,840
2010-2011	0	80,000	110,000	330,000	520,000	415,196
2011-2012	0	80,000	120,000	340,000	540,000	411,396
2012-2017	0	270,000	0	1,955,000	2,225,000	1,789,932
2017-2022	0	0	0	2,190,000	2,190,000	1,302,141
2022-2026	0	0	0	1,690,000	1,690,000	418,470
	<u>\$ 51,473</u>	<u>\$ 700,000</u>	<u>\$ 550,000</u>	<u>\$ 7,420,000</u>	<u>\$ 8,721,473</u>	<u>\$ 5,643,323</u>

**Refunding Certificates of Participation**

In February of 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. The amount payable represents future payments payable to U.S. Bank.

**General Obligation Bonds**

General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds are issued to provide funds for the acquisition and construction of a golf course. The original amount of general obligation bonds issued in 2005 was \$2,750,000. An additional \$4,865,000 was issued in 2007.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**8. LONG-TERM DEBT (CONTINUED)**

**Flex Lease**

There are the following Flex Lease issues at June 30, 2007:

ISSUE	ORIGINAL AMOUNT	INTEREST RATES	FINAL MATURITY	PRINCIPAL BALANCE
05/01/05	775,000	4.5-6.5%	01/01/15	\$ 650,000
05/01/01	322,000	3.4-4.5%	01/01/08	50,000
				<u>\$ 700,000</u>

**9. PROPERTY TAX LIMITATIONS**

The State of Oregon imposes a constitutional limit on property taxes for schools and nonschool government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for nonschool 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 State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

**10. INTERFUND TRANSFERS**

The following transfers occurred during fiscal year 2006-07 to fund capital purchases:

	Transfers In	Transfers Out
General Fund	\$ 0	\$ 3,518,931
Debt Service Fund	3,518,931	0
Total	<u>\$ 3,518,931</u>	<u>\$ 3,518,931</u>

CHEHALEM PARKS AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2007**

GENERAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE -NEGATIVE</u>
REVENUES:				
Property Tax:				
Current Year's	\$ 1,764,723	\$ 1,764,723	\$ 1,658,433	\$ -106,290
Prior Year's	33,001	33,001	69,871	36,870
Parks	19,037	19,037	15,258	-3,779
Pool Receipts	332,360	332,360	365,852	33,492
Sports Receipts	254,677	254,677	247,714	-6,963
Recreation Income	155,086	155,086	115,535	-39,551
Grants	0	0	1,618,655	1,618,655
Earnings on Investments	8,000	8,000	280,527	272,527
Concession Income	35,500	35,500	8,324	-27,176
Preschool Income	52,430	52,430	29,907	-22,523
Bambino League Income	30,000	30,000	112	-29,888
Chehalem Tiger Volleyball Income	20,000	20,000	384	-19,616
Skate Park Income	0	0	680	680
Newberg Theatre Group	10,000	10,000	0	-10,000
Quilt Club Income	1,500	1,500	3,148	1,648
Historic Friends of Newberg	0	0	28,495	28,495
Community School	109,418	109,418	94,387	-15,031
Community Center	57,800	57,800	50,859	-6,941
Golf Club House	1,284,575	1,284,575	1,021,492	-263,083
Playgrounds/Centers	374,525	374,525	375,431	906
Short Term Loan	0	0	149,500	149,500
Bond Proceeds	2,758,600	2,758,600	3,289,896	531,296
	<u>7,301,232</u>	<u>7,301,232</u>	<u>9,424,460</u>	<u>2,123,228</u>
Total Revenues	<u>7,301,232</u>	<u>7,301,232</u>	<u>9,424,460</u>	<u>2,123,228</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**For the Year Ended June 30, 2007**

	<u>GENERAL FUND</u>			VARIANCE POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
Personnel Services	\$ 1,826,312	\$ 1,840,805 (1)	\$ 1,563,356	\$ 277,449
Materials & Services	1,745,257	1,770,836 (1)	1,672,099	98,737
Capital Outlay, Development, Improvement & Acquisition	<u>410,659</u>	<u>410,659 (1)</u>	<u>229,347</u>	<u>181,312</u>
Total Expenditures *	<u>3,982,228</u>	<u>4,022,300</u>	<u>3,464,802</u>	<u>557,498</u>
Excess of Revenues Over, -Under Expenditures	3,319,004	3,278,932	5,959,658	2,680,726
Other Financing Sources, -Uses:				
Transfers Out	-3,470,010	-3,518,932 (1)	-3,518,931	1
Contingency	<u>88,994</u>	<u>0 (1)</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources, -Uses:	<u>-3,381,016</u>	<u>-3,518,932</u>	<u>-3,518,931</u>	<u>1</u>
Change in Fund Balance	6,700,020	6,797,864	2,440,727	-4,357,137
Beginning Fund Balance	<u>240,000</u>	<u>240,000</u>	<u>495,450</u>	<u>255,450</u>
Ending Fund Balance	<u>\$ 6,940,020</u>	<u>\$ 7,037,864</u>	<u>\$ 2,936,177</u>	<u>\$ 2,936,177</u>

(1) Appropriation level

\* Expenditure detail by Department follows on pages 23a through 23n.



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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT  
For the Year Ended June 30, 2007**

	<u>GENERAL FUND</u>			VARIANCE POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
ADMINISTRATION:				
Personnel Services:				
Superintendent	\$ 83,192	\$ 83,091	\$ 83,091	\$ 0
Administrative Coordinator	0	2,193	2,192	1
Administrative Secretary	23,887	21,566	21,566	0
Payroll Taxes, Benefits	43,180	43,409	43,323	86
Total Personnel Services	150,259	150,259	150,172	87
Materials and Services:				
Office Supplies	16,500	4,500	3,983	517
Postage Supplies	3,300	3,300	986	2,314
Program Supplies	3,000	3,000	726	2,274
Classified Ads	1,500	1,500	677	823
Brochure	1,000	1,000	312	688
Flyers and Schedules	250	250	30	220
Directors Fees	360	360	0	360
Professional Dues	10,000	10,000	6,887	3,113
Conferences/Workshops	5,000	5,000	4,089	911
Staff Mileage	300	300	321	-21
Staff Expenses	6,000	6,000	5,761	239
Telephone	6,500	6,500	4,158	2,342
Miscellaneous	300	300	0	300
Maintenance	6,000	4,500	45	4,455
Legal Services	35,000	35,000	27,712	7,288
Audit Services	7,800	9,375	9,375	0
Program Contracts	15,000	3,425	2,808	617
Insurance Services	8,000	8,000	6,414	1,586
Interest	2,000	2,000	0	2,000
Equipment Maintenance Contractrs	2,500	2,500	2,474	26
Consultants	12,000	34,000	28,138	5,862
Property Taxes	5,500	5,500	4,717	783
Elections	5,000	5,000	6,648	-1,648
Rental/Lease	1,000	2,500	1,924	576
Total Materials and Services	153,810	153,810	118,185	35,625
TOTAL ADMINISTRATION	304,069	304,069	268,357	35,712

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT  
For the Year Ended June 30, 2007**

	<u>GENERAL FUND</u>			VARIANCE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>POSITIVE -NEGATIVE</u>
EXPENDITURES:				
PARKS DEPARTMENT				
Personnel Services:				
Park Supervisor	\$ 54,748	\$ 54,748	\$ 52,148	\$ 2,600
Park Coordinator	33,611	33,611	33,547	64
Park Technicians	44,521	44,521	42,968	1,553
Park Laborer/Secretaries	48,097	48,097	38,109	9,988
Payroll Taxes, Benefits	80,143	80,143	71,099	9,044
Total Personnel Services	261,120	261,120	237,871	23,249
Materials and Services:				
Office Supplies	2,000	2,000	2,331	-331
Postage Supplies	400	400	669	-269
Program Supplies	2,000	2,000	2,510	-510
Small Tools	2,000	2,000	1,694	306
Janitorial Supplies	12,294	12,294	12,810	-516
Chemical/Agricultural Supplies	9,316	9,316	3,674	5,642
Gas/Oil Supplies	11,000	11,000	8,927	2,073
Classifieds	225	225	229	-4
Brochures	1,900	1,900	627	1,273
Flyers	0	0	40	-40
Professional Dues	2,840	2,840	879	1,961
Conferences/Workshops	2,040	2,040	1,648	392
Staff Mileage	500	500	419	81
Staff Expense	700	700	818	-118
Utilities	0	0	0	0
Electricity	18,800	18,800	18,553	247
Natural Gas	9,100	9,100	6,844	2,256
Water/Sewer	49,000	49,000	64,941	-15,941
Telephone	3,300	3,300	4,548	-1,248
Miscellaneous	300	300	288	12
Garbage Expense	6,500	6,500	5,856	644
Building Maintenance	13,500	13,500	10,110	3,390
Structure Maintenance	6,200	6,200	4,214	1,986
Equipment Maintenance	32,000	32,000	32,840	-840
Grounds Maintenance	26,257	26,257	20,399	5,858
Program Contracts	92,239	92,239	91,883	356
Insurance Services	24,431	24,431	20,426	4,005
Equipment Maintenance Contracts	2,200	2,200	0	2,200
Equipment Rental	0	0	654	-654
Buildings and Structures	1,000	1,000	1,000	0
Total Materials and Services	332,042	332,042	319,831	12,211
TOTAL PARKS DEPARTMENT	593,162	593,162	557,702	35,460

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT  
For the Year Ended June 30, 2007**

	<u>GENERAL FUND</u>			VARIANCE POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
AQUATICS:				
Personnel Services:				
Aquatic Coordinator	\$ 33,611	\$ 33,611	\$ 33,547	\$ 64
Aquatics Technician	20,634	20,634	0	20,634
Secretary	21,666	21,666	8,797	12,869
Guards, Insructors, and Cashiers	113,592	113,592	102,339	11,253
Carlton Contracts	22,000	22,000	19,116	2,884
Coaches	3,800	3,800	3,909	-109
Payroll Taxes, Benefits	82,177	82,177	50,118	32,059
Total Personnel Services	297,480	297,480	217,826	79,654
Materials and Services:				
Office Supplies	3,800	3,800	3,026	774
Postage Supplies	2,700	2,700	2,296	404
Program Supplies	4,700	4,700	5,301	-601
Chemical and Agricultural Supplies	6,000	6,000	6,655	-655
Store Supplies	3,300	3,300	6,076	-2,776
Classifieds	300	300	90	210
Brochure	3,300	3,300	2,679	621
Flyers	2,000	2,000	1,407	593
Professional Dues	2,208	2,208	1,659	549
Conferences/Workshops	800	800	50	750
Staff Mileage	300	300	121	179
Staff Expenses	250	250	133	117
Electricity	40,000	40,000	36,330	3,670
Natural Gas	45,000	45,000	45,623	-623
Water/Sewer	14,450	14,450	15,072	-622
Telephone	4,800	4,800	4,919	-119
Fees	0	0	7,288	-7,288
Miscellaneous	3,565	3,565	999	2,566
Equipment Maintenance	350	350	143	207
Program Contracts	14,000	14,000	16,268	-2,268
Insurance Services	20,500	20,500	19,618	882
Refunds	2,000	2,000	387	1,613
Buildings and Structures	1,300	1,300	1,286	14
Total Materials and Services	175,623	175,623	177,426	-1,803
TOTAL AQUATICS	473,103	473,103	395,252	77,851

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT  
For the Year Ended June 30, 2007**

	<u>GENERAL FUND</u>			VARIANCE POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
RECREATION - ADULT SPORTS:				
Personnel Services:				
Sports Supervisor	\$ 8,213	\$ 7,822	\$ 7,822	\$ 0
Sports Technician	5,972	7,186	7,186	0
Sports Leaders/Secretaries	5,065	7,168	7,167	1
Payroll Taxes, Benefits	9,524	9,867	9,863	4
Total Personnel Services	28,774	32,043	32,038	5
Materials and Services				
Office Supplies	450	750	730	20
Postage Supplies	220	220	34	186
Program Supplies	2,980	2,980	1,422	1,558
Classified Ads	150	150	119	31
Brochure	725	725	724	1
Flyers and Schedules	125	301	301	0
Professional Dues	500	500	472	28
Conferences/Workshops	390	390	55	335
Staff Mileage	250	250	28	222
Staff Expenses	95	95	75	20
Electricity	6,000	4,784	4,323	461
Water & Sewer	0	90	90	0
Telephone	1,000	1,000	951	49
Fees	600	950	902	48
Equipment Maintenance	325	325	73	252
Program Contracts	19,793	19,793	12,572	7,221
Insurance	2,900	3,100	3,086	14
Refunds	700	800	797	3
Equipment Rental	2,200	2,200	1,167	1,033
Buildings and Structures	300	300	60	240
Total Materials and Services	39,703	39,703	27,981	11,722
TOTAL ADULT SPORTS	68,477	71,746	60,019	11,727

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT  
For the Year Ended June 30, 2007**

	<u>GENERAL FUND</u>			<u>VARIANCE POSITIVE -NEGATIVE</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
RECREATION - YOUTH SPORTS:				
Personnel Services:				
Sports Supervisor	\$ 28,469	\$ 27,203	\$ 27,118	\$ 85
Sports Technician	17,916	17,916	17,218	698
Sports Leaders/Secretaries	19,822	21,088	20,903	185
Payroll Taxes, Benefits	30,666	30,666	27,994	2,672
Total Personnel Services	96,873	96,873	93,233	3,640
Materials and Services				
Office Supplies	900	1,105	1,107	-2
Postage Supplies	450	153	153	0
Program Supplies	27,618	23,018	23,584	-566
Gas and Oil Supplies	50	10	0	10
Classifieds	100	119	119	0
Brochures	1,500	1,500	1,488	12
Flyers	500	1,185	1,185	0
Professional Dues	640	305	304	1
Conferences/Workshops	530	191	191	0
Staff Mileage	275	275	111	164
Staff Expenses	175	400	372	28
Electricity	5,000	3,550	3,802	-252
Water & Sewer	0	140	139	1
Telephone	1,850	2,000	2,395	-395
Fees	2,500	3,100	3,253	-153
Equipment Maintenance	400	400	73	327
Program Contracts	34,835	43,000	45,653	-2,653
Insurance Services	5,000	5,935	5,934	1
Refunds	1,500	1,500	979	521
Equipment Rental	4,500	2,750	2,761	-11
Buildings & Structures	0	140	140	0
Total Materials and Services	88,323	90,776	93,743	-2,967
TOTAL YOUTH SPORTS	185,196	187,649	186,976	673

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT  
For the Year Ended June 30, 2007**

	<u>GENERAL FUND</u>			<u>VARIANCE POSITIVE -NEGATIVE</u>
	<u>ORIGINAL BUDGET</u>	<u>-FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
RECREATION - CLASSES & ACTIVITIES				
Personnel Services:				
Recreation Supervisor	\$ 10,402	\$ 10,402	\$ 9,910	\$ 492
Recreation Coordinator	32,010	32,010	30,494	1,516
Special Events Staff/Secretaries	13,161	13,161	9,326	3,835
Payroll Taxes, Benefits	33,435	33,435	27,704	5,731
Total Personnel Services	89,008	89,008	77,434	11,574
Materials and Services				
Office Supplies	2,000	2,000	1,232	768
Postage Supplies	300	300	47	253
Program Supplies	4,200	5,250	5,132	118
Gas and Oil Supplies	75	75	0	75
Classifieds	275	275	235	40
Brochures	7,200	7,200	6,855	345
Flyers	75	400	365	35
Professional Dues	413	413	227	186
Conferences/Workshops	300	300	152	148
Staff Mileage	500	500	488	12
Staff Expenses	150	400	382	18
Telephone	2,600	2,600	1,717	883
Fees	0	2,100	2,282	-182
Equipment Maintenance	1,675	1,600	481	1,119
Program Contracts	72,000	64,700	62,569	2,131
Insurance Services	2,500	2,500	2,447	53
Equipment Maintenance Contract	0	2,900	2,898	2
Refunds	2,000	2,000	740	1,260
Buildings and Structures	500	500	0	500
Equipment Rental	300	1,050	1,016	34
Total Materials and Services	97,063	97,063	89,265	7,798
TOTAL CLASSES & ACTIVITIES	186,071	186,071	166,699	19,372

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT  
For the Year Ended June 30, 2007**

	<u>GENERAL FUND</u>			<u>VARIANCE POSITIVE -NEGATIVE</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
RECREATION - PLAYGROUNDS & CENTERS				
Personnel Services:				
Recreation Supervisor	\$ 7,665	\$ 7,299	\$ 7,299	\$ 0
Care Technician	30,486	30,434	30,433	1
Specials Events Staff/Secretary	197,462	209,456	209,614	-158
Payroll Taxes, Benefits	56,140	48,572	48,570	2
Total Personnel Services	<u>291,753</u>	<u>295,761</u>	<u>295,916</u>	<u>-155</u>
Materials and Services				
Office Supplies	2,150	2,150	2,062	88
Postage Supplies	800	800	357	443
Program Supplies	27,250	31,500	31,945	-445
Gas and Oil Supplies	1,000	1,000	894	106
Classifieds	100	205	204	1
Brochures	900	1,025	1,010	15
Flyers	150	150	148	2
Professional Dues	260	260	242	18
Conferences/Workshops	600	600	358	242
Staff Mileage	50	100	81	19
Staff Expenses	175	300	249	51
Telephone	6,800	6,800	6,177	623
Fees	15,000	9,098	6,467	2,631
Equipment Maintenance	400	400	116	284
Program Contracts	2,500	3,350	3,673	-323
Insurance Services	1,700	1,887	1,887	0
Refunds	300	510	508	2
Contracts-Admissions	12,500	12,500	11,118	1,382
Equipment Rental	6,250	6,250	6,092	158
Total Materials and Services	<u>78,885</u>	<u>78,885</u>	<u>73,588</u>	<u>5,297</u>
TOTAL PLAYGROUNDS & CENTERS	<u>370,638</u>	<u>374,646</u>	<u>369,504</u>	<u>5,142</u>

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT  
For the Year Ended June 30, 2007**

	<u>GENERAL FUND</u>			<u>VARIANCE POSITIVE -NEGATIVE</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
COMMUNITY CENTER/SCOUT HOUSE				
Personnel Services:				
Senior Center Specialist	\$ 23,887	\$ 23,887	\$ 21,966	\$ 1,921
Building Leaders	23,879	23,879	11,591	12,288
Payroll Taxes, Benefits	22,666	22,666	3,279	19,387
Total Personnel Services	70,432	70,432	36,836	33,596
Materials and Services				
Office Supplies	1,200	1,200	912	288
Postage Supplies	1,000	1,050	1,058	-8
Program Supplies	2,500	3,250	3,317	-67
Gas and Oil	700	700	540	160
Classifieds	100	100	100	0
Brochures	3,500	3,500	3,148	352
Flyers	1,400	1,400	962	438
Professional Dues	600	600	12	588
Conferences/Workshops	550	550	30	520
Staff Mileage	100	150	290	-140
Electricity	11,500	12,425	12,422	3
Natural Gas	10,000	13,510	13,501	9
Water/Sewer	11,200	18,530	18,528	2
Telephone	2,600	2,600	1,954	646
Fees	1,000	1,000	272	728
Equipment Maintenance	400	400	267	133
Program Contracts	4,000	5,650	5,617	33
Insurance Services	22,000	22,000	21,953	47
Senior Trips	1,500	1,900	1,899	1
Refunds	100	100	28	72
Total Materials and Services	75,950	90,615	86,810	3,805
TOTAL COMMUNITY CENTER SCOUT HOUSE	146,382	161,047	123,646	37,401



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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT  
For the Year Ended June 30, 2007**

	<u>GENERAL FUND</u>			VARIANCE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>POSITIVE -NEGATIVE</u>
EXPENDITURES:				
COMMUNITY SCHOOLS				
Personnel Services:				
Part-time & Temp	\$ 27,160	\$ 34,828	\$ 34,828	\$ 0
Payroll Taxes, Benefits	3,634	3,182	3,179	3
Total Personnel Services	30,794	38,010	38,007	3
Materials and Services:				
Office Supplies	1,600	1,600	1,600	0
Postage Supplies	700	700	455	245
Program Supplies	6,500	5,750	5,318	432
Small Tools	0	55	53	2
Store Supplies	0	70	67	3
Gas and Oil	0	15	13	2
Snacks & Food	4,000	1,200	1,529	-329
Classifieds	200	200	0	200
Brochures	900	900	746	154
Flyers	500	500	459	41
Professional Dues	1,000	596	540	56
Conferences/Workshops	2,000	600	547	53
Staff Mileage	150	150	191	-41
Staff Expense	0	150	3	147
Telephone	1,600	900	753	147
Computer & Cable	0	1,500	1,278	222
Fees	4,000	600	514	86
Equipment Maintenance	400	14,024	14,024	0
Audit Services	0	140	140	0
Program Contracts	20,000	16,000	15,286	714
Insurance Services	1,300	250	250	0
Equipment Maintenance Contracts	1,000	0	0	0
Refunds	100	50	29	21
Total Materials and Services	45,950	45,950	43,795	2,155
TOTAL COMMUNITY SCHOOLS PROGRAM	76,744	83,960	81,802	2,158

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT  
For the Year Ended June 30, 2007**

	<u>GENERAL FUND</u>			VARIANCE POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
GOLF COURSE MAINTENANCE				
Personnel Services:				
Golf Course Supervisor	\$ 54,748	\$ 54,748	\$ 54,639	\$ 109
Golf Course Technician	21,666	25,036	25,035	1
Golf Mechanic	27,852	27,852	0	27,852
Part-time & Temp	84,302	80,932	54,536	26,396
Payroll Taxes, Benefits	71,794	71,794	38,938	32,856
Total Personnel Services	<u>260,362</u>	<u>260,362</u>	<u>173,148</u>	<u>87,214</u>
Materials and Services:				
Office Supplies	670	270	248	22
Postage Supplies	250	50	10	40
Program Supplies	11,600	11,600	11,344	256
Small Tools	4,000	1,000	818	182
Janitorial Supplies	1,000	1,000	65	935
Chemical & Agricultural Supplies	63,000	3,000	15,640	-12,640
Store Supplies	0	0	0	0
Gas & Oil Supplies	23,000	16,000	14,872	1,128
Snacks & Food	0	15	12	3
Uniforms	860	60	0	60
Classifieds	450	50	40	10
Brochures/Flyers	0	120	119	1
Professional Dues	750	750	916	-166
Conferences & Workshops	4,430	2,045	2,044	1
Staff Mileage	100	0	0	0
Staff Expense	50	150	123	27
Electric	2,100	3,710	3,702	8
Water & Sewer	104,110	187,100	187,098	2
Telephone	840	740	680	60
Fees	0	35	35	0
Buildings Maintenance	1,030	4,205	4,204	1
Garbage Expense	1,050	50	0	50
Equipment	5,000	4,500	3,469	1,031
Grounds	15,000	44,200	44,152	48
Vehicles	4,995	995	662	333
Program Contracts	780	100	76	24
Insurance Services	5,000	4,811	4,811	0
Equipment Rentals	500	0	0	0
Buildings & Structures	70	70	0	70
Total Materials and Services	<u>250,635</u>	<u>286,626</u>	<u>295,140</u>	<u>-8,514</u>
TOTAL GOLF COURSE MAINTENANCE	<u>510,997</u>	<u>546,988</u>	<u>468,288</u>	<u>78,700</u>

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT  
For the Year Ended June 30, 2007**

	<u>GENERAL FUND</u>			VARIANCE POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
GOLF CLUB HOUSE				
Personnel Services:				
Club House Supervisor	\$ 52,141	\$ 52,141	\$ 52,079	\$ 62
Club House Assistant	30,486	30,486	29,038	1,448
Part-time & Temp	82,568	82,568	73,384	9,184
Payroll Taxes, Benefits	42,020	42,020	37,778	4,242
Total Personnel Services	207,215	207,215	192,279	14,936
Materials and Services:				
Office Supplies	1,670	1,000	862	138
Postage Supplies	600	400	342	58
Program Supplies	44,100	28,000	28,850	-850
Small Tools	1,050	50	0	50
Janitorial Supplies	4,800	2,500	2,004	496
Store Supplies	117,811	117,811	119,313	-1,502
Gas & Oil Supplies	980	100	15	85
Snacks & Food	240	240	163	77
Uniforms	3,000	3,000	2,755	245
Classifieds	425	425	40	385
Brochures	2,000	2,025	2,024	1
Flyers	13,100	13,100	12,425	675
Professional Dues	3,300	3,380	3,697	-317
Conferences & Workshops	4,820	4,820	435	4,385
Staff Mileage	480	480	199	281
Staff Expense	1,200	1,200	709	491
Electric	6,000	9,300	9,266	34
Water & Sewer	600	600	192	408
Telephone	4,025	4,125	4,419	-294
Fees	0	15,300	17,208	-1,908
Computer & Cable	1,620	1,625	1,621	4
Garbage Expense	4,200	4,200	1,873	2,327
Buildings	2,400	4,500	4,415	85
Structures	0	600	0	600
Equipment	44,700	44,700	39,965	4,735
Vehicles	1,200	1,200	19	1,181
Legal Services	2,500	2,500	0	2,500
Program Contracts	26,942	40,000	41,237	-1,237
Insurance Services	13,000	4,207	4,207	0
Equipment Maintenance	0	500	410	90
Consultant Services	3,600	3,600	54	3,546
Buildings & Structures	6,000	875	0	875
Total Materials and Services	316,363	316,363	298,719	17,644
TOTAL GOLF COURSE MAINTENANCE	523,578	523,578	490,998	32,580

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT  
For the Year Ended June 30, 2007**

	<u>GENERAL FUND</u>			VARIANCE POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
JAQUITH CONCESSION				
Personnel Services:				
Concession Attendant	\$ 11,959	\$ 11,959	\$ 0	\$ 11,959
Payroll Taxes, Benefits	1,626	1,626	0	1,626
Total Personnel Services	13,585	13,585	0	13,585
Materials and Services:				
Office Supplies	50	50	0	50
Concession Supplies	11,500	11,500	127	11,373
Classifieds	75	75	0	75
Conferences & Workshops	80	80	0	80
Professional Dues	630	630	0	630
Conession Mileage	60	60	0	60
Concession Contracts	0	0	1	-1
Concession Telephone	900	900	0	900
Concession Insurance	1,300	1,300	802	498
Concession Electricity	600	600	150	450
Equipment Maintenance	250	250	0	250
Total Materials and Services	15,445	15,445	1,080	14,365
TOTAL JAQUITH CONCESSION	29,030	29,030	1,080	27,950

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT  
For the Year Ended June 30, 2007**

GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
EXPENDITURES:				
PRESCHOOL				
Personnel Services:				
Head Instructor	\$ 0	\$ 7,271	\$ 7,270	\$ 1
Instructors	18,103	10,712	9,335	1,377
Payroll Taxes, Benefits	2,054	2,174	1,698	476
Total Personnel Services	20,157	20,157	18,303	1,854
Materials and Services:				
Office Supplies	180	657	657	0
Postage	275	275	171	104
Program Supplies	1,600	1,752	1,751	1
Classifieds	50	66	66	0
Brochures	400	400	310	90
Conferences & Workshops	100	100	47	53
Staff Mileage	50	50	0	50
Electricity	450	450	254	196
Natural Gas	600	1,125	1,124	1
Water/Sewer	500	500	347	153
Telephone	1,200	1,200	638	562
Fees	2,100	930	296	634
Refunds	100	100	1	99
Insurance	1,100	1,100	854	246
Total Materials and Services	8,705	8,705	6,516	2,189
TOTAL PRESCHOOL	28,862	28,862	24,819	4,043
MISCELLANEOUS DEPARTMENTS				
Materials and Services:				
Community Progress Team	0	5,491	7,993	-2,502
Babe Ruth League	8,000	8,000	0	8,000
Little League	22,000	0	0	0
Chahalem Volleyball Club	20,000	8,979	384	8,595
Quilt Club	1,500	1,500	3,148	-1,648
Ewing Young	5,260	5,260	0	5,260
Newberg Historic Friends	0	0	28,495	-28,495
Newberg Theatre Group	10,000	10,000	0	10,000
TOTAL MISCELLANEOUS DEPARTMENTS	66,760	39,230	40,020	-790
NDOT				
Personell Services:				
Payroll	8,500	8,500	293	8,207
TOTAL NDOT	8,500	8,500	293	8,207

CHEHALEM PARK AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON

SCHEDULE OF EXPENDITURES BY DEPARTMENT  
For the Year Ended June 30, 2007

	<u>GENERAL FUND</u>			VARIANCE
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE</u>
	<u>BUDGET</u>	<u>BUDGET</u>		<u>-NEGATIVE</u>
EXPENDITURES:				
ACQUISITION AND IMPROVEMENT				
Capital Outlay, Development,				
Improvement, and Acquisition	\$ 410,659	\$ 410,659	\$ 229,347	\$ 181,312
TOTAL ACQUISITION	410,659	410,659	229,347	181,312
AND IMPROVEMENT				
TOTAL EXPENDITURES	\$ 3,980,868	\$ 4,022,300	\$ 3,464,802	\$ 557,498

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Year Ended June 30, 2007**

**SYSTEM DEVELOPMENT FUND**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
<b>REVENUES:</b>				
SDC Income	\$ 130,000	\$ 130,000	\$ 269,761	\$ 139,761
Interest Earned	1,000	1,000	33,666	32,666
Total Revenues	131,000	131,000	303,427	172,427
<b>EXPENDITURES:</b>				
Acquisition	581,000	581,000	80,000	501,000
Development	0	0	290,700	-290,700
Total Expenditures	581,000	581,000 (1)	370,700	210,300
Change in Fund Balance	-450,000	-450,000	-67,273	382,727
Beginning Fund Balance	450,000	450,000	768,373	318,373
Ending Fund Balance	\$ 0	\$ 0	\$ 701,100	\$ 701,100

(1) Appropriation level

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Year Ended June 30, 2007**

**RESERVE FOR EQUIPMENT AND  
MAJOR MAINTENANCE FUND**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
REVENUES:				
Interest Earned	\$ 800	\$ 800	\$ 2,353	\$ 1,553
Total Revenues	800	800	2,353	1,553
EXPENDITURES:				
Maintenance and Equipment	46,725	46,725	0	46,725
Total Expenditures	46,725	46,725 (1)	0	46,725
Change in Fund Balance	-45,925	-45,925	2,353	-43,572
Beginning Fund Balance	45,925	45,925	47,187	1,262
Ending Fund Balance	\$ 0	\$ 0	\$ 49,540	\$ 49,540

(1) Appropriation level



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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2007**

**DEBT SERVICE FUND**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
<b>REVENUES:</b>				
Interest	\$ 100	\$ 100	\$ 1,710	\$ 1,610
Total Revenues	100	100	1,710	1,610
<b>EXPENDITURES:</b>				
Debt Service				
Capital Outlay	2,750,100	2,750,100	2,620,516	129,584
Principal	720,010	768,832	772,558	-3,726
Interest	0	0	125,857	-125,857
Total Expenditures	3,470,110	3,518,932 (1)	3,518,931	1
Excess of Revenues Over, -Under Expenditures	-3,470,010	-3,518,832	-3,517,221	1,611
Other Financing Sources, -Uses:				
Transfers In	3,470,010	3,518,932	3,518,931	-1
Total Other Financing Sources, -Uses	3,470,010	3,518,932	3,518,931	-1
Change in Fund Balance	0	100	1,710	1,610
Beginning Fund Balance	0	0	25,080	25,080
Ending Fund Balance	\$ 0	\$ 100	\$ 26,790	\$ 26,690

(1) Appropriation level

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

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES  
OF TAXES UNCOLLECTED  
For the Year Ended June 30, 2007**

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 07/01/06</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 AT 6/30/07</u>
<u>GENERAL FUND:</u>						
CURRENT:						
2006-07	\$ 1,828,896	\$ 44,721	\$ -33,723	\$ 1,395	\$ 1,695,447	\$ 56,400
PRIOR YEARS:						
2005-06	\$ 64,559	\$ 0	\$ -37,671	\$ 2,822	\$ 7,556	\$ 22,154
2004-05	21,957	0	-1,972	1,791	10,117	11,659
2003-04	12,307	0	-1,998	1,813	6,567	5,555
2002-03	5,812	0	-1,472	1,273	3,666	1,947
2001-02 & prior	8,451	0	-1,387	567	935	6,696
Total Prior	113,086	0	-44,500	8,266	28,841	48,011
Total General Fund	<u>\$ 1,941,982</u>	<u>\$ 44,721</u>	<u>\$ -78,223</u>	<u>\$ 9,661</u>	<u>\$ 1,724,288</u>	<u>\$ 104,411</u>

RECONCILIATION OF REVENUE:

	<u>GENERAL FUND</u>
Cash Collections by County Treasurer Above	\$ 1,724,288
Accrual of Receivables:	
June 30, 2006	-4,968
June 30, 2007	8,984
Total Revenue	<u>\$ 1,728,304</u>

CHEHALEM PARKS AND RECREATION DISTRICT  
YAMHILL COUNTY, OREGON

2006-2007 AUDITORS' COMMENTS AND DISCLOSURES



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

CERTIFIED PUBLIC ACCOUNTANTS

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September 19, 2007

## 2006-2007 AUDITORS' COMMENTS AND DISCLOSURES

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

### REPORT ON INTERNAL ACCOUNTING CONTROL

We have audited the basic financial statements of Chehalem Parks and Recreation District, Yamhill County, Oregon, as of and for the year ended June 30, 2007, and have issued our report thereon dated September 19, 2007.

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

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

In planning and performing our audit of the basic financial statements of Chehalem Parks and Recreation District, Yamhill County, Oregon, for the year ended June 30, 2007, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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

INTERNAL CONTROL (CONTINUED)

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance to be significant deficiencies.

We noted three matters involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants. Significant deficiencies involve matters coming to our attention relating to the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in basic financial statements.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be a significant deficiency and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses as defined above.

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

This report is intended solely for the information and use of management and the State of Oregon, Secretary of State, Division of Audits and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

ACCOUNTING RECORDS

The accounting records are adequate for audit.

BUDGET TRANSACTIONS

Expenditures of the various funds were within authorized appropriations.

2006-2007 and 2007-2008 BUDGETS

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

COLLATERAL SECURING BANK DEPOSITS

The deposits appeared to be adequately covered by federal depository insurance or certificates of participation at all times during 2006-2007, based upon our testing. Deposits in the State Local Government Investment Pool are not required to be collateralized.

INVESTMENTS

The investments for the year ending June 30, 2007, were reviewed and based upon our testing appeared to comply with the legal requirements pertaining to the investment of public funds contained in ORS 294.035.

PUBLIC CONTRACTS AND PURCHASING

The procedures for awarding public contracts were reviewed and based upon our testing we found no instances of non-compliance with ORS Chapter 279 during 2006-2007.

INSURANCE AND FIDELITY BONDS

Details concerning insurance and fidelity bond coverage were reviewed during the audit. Fidelity bond coverage provided appears to meet legal requirements set forth in ORS 221.903. We do not have the professional expertise to state whether the insurance coverage is adequate.

DEBT LIMITATION

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

OUTSTANDING WARRANTS

There were no outstanding endorsed warrants at June 30, 2007.

DISTRICT HIGHWAY FUNDS

No state highway funds were received during fiscal year 2006-2007.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

We reviewed and tested, to the extent we considered necessary in the circumstances, transactions and reports relative to federal and state programs. Since less than \$500,000 in federal financial assistance was expended for the year ended June 30, 2007, it was not necessary to perform, nor did we perform, tests in accordance with the Federal Single Audit Act, as amended (U.S. Office of Management and Budget Circular A-133)

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



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September 19, 2007

To the Board of Directors  
Chehalem Park and Recreation District

In planning and performing our audit of the financial statements of Chehalem Park and Recreation District as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Chehalem Park and Recreation District's internal control over financial reporting (internal controls) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls. Accordingly, we do not express an opinion on the effectiveness of the District's internal controls.

Our consideration of internal controls was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal controls that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal controls, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal controls that we consider to be significant deficiencies.

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

The Auditing Standards Board issued SAS No. 112, *Communicating Internal Control Related Matters Identified in an Audit*, effective for audits of financial statements for periods ending on or after December 15, 2006. This statement requires auditors to evaluate identified control deficiencies and determine whether those deficiencies, individually or in combination, are significant deficiencies or material weaknesses, and if so communicate them in writing to those charged with governance.

SAS No. 112 specifically identifies a few common control deficiencies which must be addressed in each audit to determine if a significant deficiency exists, and based on our evaluation we have identified significant deficiencies in the design or implementation of internal controls, which are noted below.

We consider the following deficiencies to be significant deficiencies in internal control:

We noted the following significant deficiencies in the 2006-2007 audit:

1. We noted that the District does not have a complete internal control policies and procedures document. In applying SAS 112 we believe that the District should adopt formal policies/procedures for all accounting areas, especially as it pertains to internal controls and the identification of key controls. Our audit did not

uncover significant deficiencies pertaining to these areas other than the items noted below, however the policies/procedures in place are not in writing. We recommend at a minimum that the following areas be addressed (this constitutes a partial list, other areas of internal control should be addressed):

- Computer security and who should have access to passwords and how often passwords are changed.
  - Controls over expenditures to ensure that there are no fraudulent checks or checks written in error - Who tracks the check sequence, who reviews the canceled checks back from the bank, who has custody of checks, and who is authorized to approve disbursements?
  - Detailed explanation of the controls over cash accounts, including how many people it takes to open/close an account, controls over wire transfers, and review of bank reconciliations.
  - Controls over cash receipting – How do you ensure that receipts are always given, and that all receipts are recorded in the general ledger.
  - What internal controls and monitoring is used for reviewing and ensuring that the financial statements are accurate and are in conformance with GAAP (the control procedure here would be sending staff to training on new pronouncements, etc.)
  - Any internal audit functions, antifraud programs, etc.
  - Monitoring of internal controls by management and the governing body to ensure that controls are functioning properly and are evaluated when systems, the environment, and employees change.
  - Other areas that could be discussed - capital asset accounting, employee dishonesty insurance, physical security of documents, payroll processing/timesheets, and any other applicable financial areas.
  - Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. We recommend that the District address their segregation of duties issue in their internal control policies and procedures.
2. During our audit testing we found that accounts receivable and inventory were not correctly reconciled to the general ledger at June 30, 2007. We recommend that all accounts be reconciled to the general ledger at year end and any necessary adjustments be made prior to the audit.
  3. During our audit, we noted that the segregation of duties relating to the banking and accounts payable functions contained risk exposure, in that a staff position had critical involvement in both functions. This involvement could allow this position to issue an unauthorized check which would not be detected in a reasonable time period. We recommend that these functions be segregated.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We did not identify any significant deficiencies that are considered to be material weaknesses:

#### New Issues – Not Control Deficiencies

In order to keep our clients aware of new accounting and auditing requirements we have detailed upcoming new issues:

#### **SAS No. 114 – *The Auditor's Communication with Those Charged with Governance***

Statement on Auditing Standards (SAS) No. 114 supersedes SAS No. 61, *Communication with Audit Committees*, as amended. This SAS establishes standards and provides guidance to an auditor on matters to be communicated with those charged with governance.

In the wake of well-publicized audit failures and emerging best practices in corporate governance, expectations have increased for auditors to communicate openly and candidly with those charged with governance regarding significant findings and issues related to the audit.

The SAS uses the term *those charged with governance* to refer to those with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity, including



overseeing the entity's financial reporting process. It uses the term management to refer to those who are responsible for achieving the objectives of the enterprise and who have the authority to establish policies and make decisions by which those objectives are to be pursued. Management is responsible for the entity's financial statements.

The SAS identifies specific matters to be communicated, many of which are generally consistent with the requirements in SAS No. 61. However, the SAS includes certain additional matters to be communicated and provides additional guidance on the communication process. In particular, the SAS:

- Describes the principal purposes of communication with those charged with governance and stresses the importance of effective two-way communication.
- Requires the auditor to determine the appropriate person(s) in the entity's governance structure with whom to communicate particular matters. That person may vary depending on the nature of the matter to be communicated.
- Recognizes the diversity in governance structures among entities (including the existence of audit committees or other subgroups charged with governance) and encourages the use of professional judgment in deciding with whom to communicate particular matters.
- Recognizes the unique considerations for communicating with those charged with governance when all of those charged with governance are involved in managing the entity, which may be the case with some small entities.
- Adds requirements to communicate:
  - An overview of the planned scope and timing of the audit.
  - Representations the auditor is requesting from management.
- Provides additional guidance on the communication process, including the forms and timing of communication. Significant findings from the audit should be in writing when, in the auditor's professional judgment; oral communication would not be adequate. Other communications may be oral or in writing.
- Requires the auditor to evaluate the adequacy of the two-way communication between the auditor and those charged with governance.
- Establishes a requirement to document required communications with those charged with governance.

#### **SAS No. 104-111 – The Risk Assessment Suite**

The Auditing Standards Board has issued eight additional new statements related to risk assessment, effective for audits of financial statements for periods beginning on or after December 15, 2006. This "SAS Suite's" primary objective is to enhance auditors' application of the risk assessment model in practice, and will require additional audit time in future years.

This communication is intended solely for the information and use of management, the Council, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

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