

CHEHALEM PARK AND RECREATION DISTRICT
YAMHILL COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2006

AUDITS MUNICIPALITIES		
	Date	Initial
Rec'd	11-19-07	DC
DIS	11-19-07	OK
Muni	1-19-07	RM
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Comments		

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CHEHALEM PARK AND RECREATION DISTRICT
YAMHILL COUNTY, OREGON

2005-06 FINANCIAL REPORT

Don Loving, President	June 30, 2007
Mike McBride, Vice President	June 30, 2008
Larry Anderson, Secretary-Treasurer	June 30, 2007
Donna McCain	June 30, 2008
Keith Bearden	June 30, 2008

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

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CHEHALEM PARKS AND RECREATION DISTRICT
YAMHILL COUNTY, OREGON
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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

December 4, 2006

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Chehalem Parks and Recreation District, Newberg, Oregon as of the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the 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, 2006, 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, 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.

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**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, 2006. 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 \$13,993,524 at June 30, 2006.
- During the year, the District's net assets increased by \$5,683,285.
- The general fund reported a fund balance this year of \$495,450.

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>2005-06</u>	<u>2004-05</u>
ASSETS:		
Current Assets	\$ 1,559,590	\$ 1,101,915
Capital Assets	<u>16,851,448</u>	<u>12,125,541</u>
Total Assets	<u>18,411,038</u>	<u>13,227,456</u>
LIABILITIES:		
Current Liabilities	19,455	68,562
Noncurrent Liabilities	<u>4,398,058</u>	<u>4,848,655</u>
Total Liabilities	<u>4,417,513</u>	<u>4,917,217</u>
NET ASSETS:		
Invested in Capital Assets	12,453,390	7,247,886
Restricted	72,267	530,685
Unrestricted	<u>1,467,867</u>	<u>531,668</u>
Total Net Assets	<u>\$ 13,993,524</u>	<u>\$ 8,310,239</u>

CHANGES IN NET ASSETS

	<u>2005-06</u>	<u>2004-05</u>
REVENUES:		
General Revenues		
Charges for Services	\$ 2,175,117	\$ 1,231,098
Property Taxes	1,805,645	1,688,775
Interest and Investment Earnings	46,971	22,671
Contribution Revenue	0	101,000
Miscellaneous	1,078,716	310,832
Total Revenues	<u>5,106,449</u>	<u>3,354,376</u>
EXPENSES:		
Parks	3,222,782	2,589,325
Facilities Expense	0	180
Interest on Long-Term Debt	314,625	132,986
Total Expenses	<u>3,537,407</u>	<u>2,722,491</u>
Change in Net Assets	1,569,042	631,885
Beginning Net Assets	8,310,239	7,718,354
Prior Period Adjustment	4,114,243	(40,000)
Ending Net Assets	<u>\$ 13,993,524</u>	<u>\$ 8,310,239</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental fund balances totaled \$1,336,090 at June 30, 2006. A summary of changes in governmental fund balances follows:

CHANGES IN GOVERNMENTAL FUND BALANCES

	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>Change</u>
General Fund	\$ 495,450	\$ 342,514	\$ 152,936
System Development Fund	768,373	461,337	307,036
Reserve for Equipment	47,187	45,455	1,732
Debt Service	25,080	23,893	1,187
Total	<u>\$ 1,336,090</u>	<u>\$ 873,199</u>	<u>\$ 462,891</u>

CAPITAL ASSETS

At June 30, 2006, the District had \$16,851,448 invested in capital assets net of depreciation. The District constructed a golf course in the fiscal year 2004-2005, leading to a significant increase in capital assets. More detailed information about the District's capital assets is presented in the notes to the financial statements.

LONG-TERM DEBT

At June 30, 2006, the District had outstanding debt payable of \$4,398,058. Construction of the golf course in the fiscal year 2004-2005 was largely financed through the issuance of long-term debt. 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 black ink, appearing to read "W. D. Clements", is located in the lower-left portion of the page.

CHEHALEM PARKS AND RECREATION DISTRICT
YAMHILL COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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CHEHALEM PARK AND RECREATION DISTRICT
YAMHILL COUNTY, OREGON

STATEMENT OF NET ASSETS
At June 30, 2006

ASSETS

Cash and cash equivalents	\$ 1,341,524
Accounts Receivable	34
Taxes Receivable	113,087
Supply Inventory	64,571
Prepaid Expenditures	9,020
Prepaid Insurance	31,354
Capital assets, net of accumulated depreciation	<u>16,851,448</u>
 Total Assets	 <u>18,411,038</u>

LIABILITIES:

Payroll Liabilities	19,455
Compensated Absences	83,058
Noncurrent liabilities	
Due within one year	510,000
Due in more than one year	<u>3,805,000</u>
 Total Liabilities	 <u>4,417,513</u>

NET ASSETS:

Invested in capital assets, net of related debt	12,453,390
Reserved for:	
Debt Service	25,080
Equipment	47,187
Unrestricted	<u>1,467,867</u>
 Total Net Assets	 <u><u>\$ 13,993,524</u></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, 2006

FUNCTIONS	EXPENSES	PROGRAM REVENUES	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	
Parks	\$ 3,222,782	\$ 2,175,117	\$ (1,047,665)
Interest on Long-Term Debt	314,625	0	(314,625)
Total Governmental Activities	<u>\$ 3,537,407</u>	<u>\$ 2,175,117</u>	<u>(1,362,290)</u>
General Revenues			
Property Taxes			1,805,645
Interest and Investment Earnings			46,971
Miscellaneous			<u>1,078,716</u>
Total General Revenues			<u>2,931,332</u>
Changes in Net Assets			1,569,042
Net Assets - Beginning			8,310,239
Prior Period Adjustment			<u>4,114,243</u>
Net Assets - Ending			<u>\$ 13,993,524</u>

See accompanying notes to basic financial statements

CHEHALEM PARK AND RECREATION DISTRICT
YAMHILL COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS

At June 30, 2006

	SPECIAL REVENUE FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL	SYSTEM DEVELOPMENT FUND	RESERVE FOR EQUIPMENT	DEBT SERVICE	
ASSETS:					
Cash and Investments	\$ 500,884	\$ 768,373	\$ 47,187	\$ 25,080	\$ 1,341,524
Interest Receivable	34	0	0	0	34
Taxes Receivable	113,087	0	0	0	113,087
Prepaid Expenses	9,020	0	0	0	9,020
Total Assets	\$ 623,025	\$ 768,373	\$ 47,187	\$ 25,080	\$ 1,463,665
LIABILITIES AND FUND BALANCE:					
Liabilities:					
Payroll Liabilities	\$ 19,455	\$ 0	\$ 0	\$ 0	\$ 19,455
Deferred Revenues	108,120	0	0	0	108,120
Total Liabilities	127,575	0	0	0	127,575
Fund Balance:					
Reserved for:					
System Development	0	768,373	0	0	768,373
Equipment	0	0	47,187	0	47,187
Debt Service	0	0	0	25,080	25,080
Unreserved:	495,450	0	0	0	495,450
Total Fund Balance	495,450	768,373	47,187	25,080	1,336,090
Total Liabilities and Fund Balance	\$ 623,025	\$ 768,373	\$ 47,187	\$ 25,080	\$ 1,463,665

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, 2006

Total Fund Balances - Governmental Funds	\$	1,336,090
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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 Assets includes those capital assets among the assets as a whole.

Net Capital Assets		16,851,448
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Inventory not accounted for in the governmental funds		64,571
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Prepaid expenses not accounted for in the governmental funds		31,354
--	--	--------

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	\$ (3,500,000)	
Capital lease obligations payable	<u>(815,000)</u>	
		(4,315,000)

Compensated Absences Payable not accounted for in governmental funds		(83,058)
--	--	----------

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		<u>108,120</u>
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Net Assets	\$	<u><u>13,993,524</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, 2006**

REVENUES:	GENERAL	SYSTEM DEVELOPMENT FUND	RESERVE FOR EQUIPMENT	DEBT SERVICE	TOTALS 2,004
Taxes	\$ 1,771,415	\$ 0	\$ 0	\$ 0	\$ 1,771,415
Pool Receipts	351,391	0	0	0	351,391
Recreation Income	110,772	0	0	0	110,772
Earnings On Investments	24,140	19,912	1,732	1,187	46,971
Sports Receipts	223,084	0	0	0	223,084
Concession Income	14,895	0	0	0	14,895
Babe Ruth/Bambino	112	0	0	0	112
Preschool/Community School	148,801	0	0	0	148,801
Chehalem Tiger Volleyball Income	384	0	0	0	384
Parks	7,981	0	0	0	7,981
Quilt Club Income	2,332	0	0	0	2,332
Golf Club House	985,642	0	0	0	985,642
Playgrounds/Centers	329,723	666,160	0	0	995,883
Miscellaneous	412,556	0	0	0	412,556
Total Revenues	4,383,228	686,072	1,732	1,187	5,072,219
EXPENDITURES:					
Personnel Services	1,479,386	0	0	0	1,479,386
Materials and Services	1,457,203	0	0	0	1,457,203
Acquisition	-0	50,000	0	0	50,000
Capital Outlay	489,078	329,036	0	0	818,114
Debt Service:					
Principal	0	0	0	613,136	613,136
Interest	0	0	0	191,489	191,489
Total Expenditures:	3,425,667	379,036	0	804,625	4,609,329
Excess of Revenues Over, -Under Expenditures	957,561	307,036	1,732	-803,438	462,891
Other Financing Sources, -Uses:					
Transfers In	0	0	0	804,625	804,625
Transfers Out	-804,625	0	0	0	-804,625
Total Other Financing Sources, -Uses	-804,625	0	0	804,625	0
Net Change in Fund Balance	152,936	307,036	1,732	1,187	462,891
Beginning Fund Balance	342,514	461,337	45,455	23,893	873,199
Ending Fund Balance	\$ 495,450	\$ 768,373	\$ 47,187	\$ 25,080	\$ 1,336,090

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, 2006**

Total Net Changes in Fund Balances - Governmental Funds	\$ 462,891
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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.

Long-Term Debt Principal Reduction	\$ 490,000	
Compensated Absences	<u>(10,403)</u>	
		479,597

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	611,664
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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	(19,339)
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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 deferred revenue. They are, however recorded as revenue in the Statement of Activities.

<u>34,230</u>

Change in Net Assets of Governmental Activities	<u>\$ 1,569,042</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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District 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 Park and Recreation 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 District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. Chehalem Park and Recreation District has 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.

The District reports all direct expenses 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS

The accounts of the District 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, the District considers revenues 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 by the District.

The District reports the following major funds:

GENERAL FUND

This fund accounts for all financial resources and expenditures of the District, 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 of the District. 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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEBT SERVICE FUND

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

C. BUDGET

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 reflect the original budget amounts, one appropriation transfer, and a supplemental budget.

Expenditures of the various funds were within authorized appropriations except for: the General Fund; transfers out was overexpended by \$270,128; Debt Service Fund; total expenditures were overexpended by \$87,488.

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.

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. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of three years. Interest incurred during construction, 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.

CHEHALEM PARKS AND RECREATION DISTRICT
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. CAPITAL ASSETS (CONTINUED)

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

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. 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.

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.

CHEHALEM PARKS AND RECREATION DISTRICT
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 was \$960,526. Of these deposits, \$100,000 was covered by federal depository insurance, \$215,131 was covered by securities held by the pool manager and the remaining balance was uninsured and uncollateralized.

INVESTMENTS

The District's policy is to follow state statutes governing cash management. Statutes authorize the District to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

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, 2006.

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, 2006. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

CHEHALEM PARKS AND RECREATION DISTRICT
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Cash and Investments at June 30, 2006 (recorded at fair value) consisted of:

Deposits With Financial Institutions:	2006
Petty Cash	\$ 25
Demand Deposits	800,702
Cash with County	36,987
Investments	503,810
	<hr/>
Total	\$ 1,341,524
	<hr/>

The District had 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	\$ 503,810	\$ 503,810	\$ 0	\$ 0
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 503,810	\$ 503,810	\$ 0	\$ 0
	<hr/>	<hr/>	<hr/>	<hr/>

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

At June 30, 2006, the District had 100% of total investments 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, 2006, the District was in compliance 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 2005-06 fiscal year are as follows:

	BALANCE JULY 1, 2005	ADJUSTMENTS	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2006
Land & Improvements	\$ 3,346,044	\$ 5,870,192	\$ -	\$ -	\$ 9,216,236
Buildings & Improvements	5,092,989	964,111	341,580	-	6,398,680
Golf Course	3,299,880	(1,083,532)	-	-	2,216,348
Vehicles & Equipment	386,628	991,592	270,084	-	1,648,304
Subtotal	12,125,541	6,742,363	611,664	-	19,479,568
Accumulated Depreciation	-	2,628,120	-	-	2,628,120
Prior Period Adjustment		<u>\$ 4,114,243</u>			
Capital Assets, Net	<u>\$ 12,125,541</u>				<u>\$ 16,851,448</u>

The District completed an inventory of fixed assets and recorded depreciation on them during the 2005-06 fiscal year. Current year depreciation expense was combined with the accumulated depreciation adjustment.

4. PENSION PLAN

The District provides pension benefits for all of its 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 2.5 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 2005-06 were \$62,839 (\$31,308 by the District and \$31,531 by the employees). The plan was fully funded on June 30, 2006.

5. LEASES

Chehalem Park and Recreation District leases several parks 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 the District entered into an intergovernmental agreement 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. The District purchases commercial insurance 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, 2006:

	VESTED COMPENSATED ABSENCES	CAPITAL LEASES	REFUNDING COP	GENERAL OBLIGATION BONDS	TOTAL	INTEREST RATES (4.2-6.5%)
Balance 7/01/05	\$ 72,655	\$ 925,000	\$ 1,130,000	\$ 2,750,000	\$ 4,877,655	
Additions	83,058	0	0	0	83,058	
Reductions	(72,655)	(110,000)	(285,000)	(95,000)	(562,655)	
Balance 6/30/06	<u>83,058</u>	<u>815,000</u>	<u>845,000</u>	<u>2,655,000</u>	<u>4,398,058</u>	
Amounts Payable in Fiscal Year:						
2006-2007	83,058	115,000	295,000	100,000	593,058	390,138
2007-2008	0	120,000	105,000	100,000	325,000	377,195
2008-2009	0	75,000	105,000	105,000	285,000	371,858
2009-2010	0	75,000	110,000	110,000	295,000	365,840
2010-2011	0	80,000	110,000	110,000	300,000	358,796
2011-2016	0	350,000	120,000	625,000	1,095,000	1,636,732
2016-2021	0	0	0	760,000	760,000	1,219,541
2021-2025	0	0	0	745,000	745,000	418,470
	<u>\$ 83,058</u>	<u>\$ 815,000</u>	<u>\$ 845,000</u>	<u>\$ 2,655,000</u>	<u>\$ 4,398,058</u>	<u>\$ 5,138,570</u>

Refunding Certificates of Participation

In February of 2002 the District issued a refunding certificate of participations. 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 District's 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. The District issues general obligation bonds to provide funds for the acquisition and construction of a District golf course. The original amount of general obligation bonds issued in 2005 was \$2,750,000.

CHEHALEM PARKS AND RECREATION DISTRICT
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. LONG-TERM DEBT (CONTINUED)

Flex Lease

The District has the following Flex Lease issues at June 30, 2006:

ISSUE	ORIGINAL AMOUNT	INTEREST RATES	FINAL MATURITY	PRINCIPAL BALANCE
05/01/05	775,000	4.5-6.5%	01/01/15	\$ 715,000
05/01/01	322,000	3.4-4.5%	01/01/08	100,000
				<u>\$ 815,000</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 transfer occurred during fiscal year 2005-06 to fund capital purchases:

	Transfers In	Transfers Out
General Fund	\$ 0	\$ 804,625
Debt Service Fund	804,625	0
Total	<u>\$ 804,625</u>	<u>\$ 804,625</u>

11. RESTATEMENTS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

A prior period adjustment was made to the beginning net assets of the District for \$4,114,243 due to the completion of the capital assets inventory for the year ended June 30, 2006. The beginning fund balance in the Statement of Activities has been adjusted accordingly.

The following is a break out of the Capital Assets Adjustment:

	Amount
Total Capital Assets Adjustment	\$ 6,742,363
Total Accumulated Depreciation Adjustment	<u>2,628,120</u>
Net Fixed Assets Adjustment	<u>\$ 4,114,243</u>

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CHEHALEM PARKS AND RECREATION DISTRICT
YAMHILL COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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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, 2006

	<u>GENERAL FUND</u>			VARIANCE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>POSITIVE -NEGATIVE</u>
REVENUES:				
Property Tax:				
Current Year's	\$ 1,682,357	\$ 1,682,357	\$ 1,728,749	\$ 46,392
Prior Year's	33,000	33,000	42,666	9,666
Parks	0	0	7,981	7,981
Pool Receipts	345,150	345,150	351,391	6,241
Sports Receipts	0	0	223,084	223,084
Recreation Income	1,041,620	1,041,620	110,772	-930,848
Interest Earned	12,000	12,000	24,140	12,140
Concession Income	0	0	14,895	14,895
Preschool Income	0	0	28,068	28,068
Bambino League Income	0	0	112	112
Chehalem Tiger Volleyball Income	0	0	384	384
Quilt Club Income	0	0	2,332	2,332
Community School	0	0	120,733	120,733
Golf Club House	0	0	985,642	985,642
Playgrounds/Centers	0	0	329,723	329,723
Miscellaneous	1,562,552	1,562,552	412,556	-1,149,996
Total Revenues	4,676,679	4,676,679	4,383,228	-293,451

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2006

	<u>GENERAL FUND</u>			VARIANCE POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
Personnel Services	\$ 1,861,412	\$ 1,861,412 (1)	\$ 1,479,386	\$ 382,026
Materials & Services	1,694,495	1,694,495 (1)	1,457,203	237,292
Capital Outlay, Development, Improvement & Acquisition	<u>794,345</u>	<u>794,345 (1)</u>	<u>489,078</u>	<u>305,267</u>
Total Expenditures *	<u>4,350,252</u>	<u>4,350,252</u>	<u>3,425,667</u>	<u>924,585</u>
Excess of Revenues Over, -Under Expenditures	326,427	326,427	957,561	631,134
Other Financing Sources, -Uses:				
Transfers Out	534,497	534,497 (1)	-804,625	-270,128
Contingency	<u>88,994</u>	<u>88,994 (1)</u>	<u>0</u>	<u>88,994</u>
Change in Fund Balance	-297,064	-297,064	152,936	450,000
Beginning Fund Balance	<u>297,064</u>	<u>297,064</u>	<u>342,514</u>	<u>45,450</u>
Ending Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 495,450</u>	<u>\$ 495,450</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, 2006**

	<u>GENERAL FUND</u>			VARIANCE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>POSITIVE -NEGATIVE</u>
EXPENDITURES:				
ADMINISTRATION:				
Personnel Services:				
Superintendent	\$ 80,770	\$ 80,770	\$ 80,770	\$ 0
Administrative Secretary	23,886	23,886	22,756	1,130
Payroll Taxes, Benefits	48,462	48,462	43,074	5,388
Total Personnel Services	153,118	153,118	146,600	6,518
Materials and Services:				
Office Supplies	6,200	6,200	5,636	564
Postage Supplies	1,500	1,500	982	518
Program Supplies	1,000	1,000	752	248
Classified Ads	1,250	1,250	1,003	247
Brochure	750	750	695	55
Flyers and Schedules	250	250	95	155
Directors Fees	360	360	0	360
Professional Dues	11,600	11,600	10,599	1,001
Conferences/Workshops	5,000	5,000	3,006	1,994
Staff Mileage	300	300	135	165
Staff Expenses	7,500	7,500	5,901	1,599
Telephone	6,500	6,500	5,129	1,371
Miscellaneous	300	300	172	128
Maintenance	550	550	158	392
Legal Services	46,000	46,000	34,369	11,631
Audit Services	9,500	9,500	9,695	-195
Program Contracts	17,000	17,000	16,374	626
Insurance Services	8,000	8,000	7,201	799
Interest	2,000	2,000	0	2,000
Equipment Maintenance Contracts	1,000	1,000	341	659
Consultants	10,000	10,000	8,755	1,245
Property Taxes	5,900	5,900	5,844	56
Elections	5,000	5,000	308	4,692
Rental/Lease	2,000	2,000	1,954	46
Total Materials and Services	149,460	149,460	119,104	30,356
TOTAL ADMINISTRATION	302,578	302,578	265,704	36,874

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT
For the Year Ended June 30, 2006**

	<u>GENERAL FUND</u>			VARIANCE POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
PARKS DEPARTMENT				
Personnel Services:				
Parks Supervisor	\$ 52,274	\$ 52,274	\$ 52,274	\$ 0
Park Lead Man	32,014	32,014	32,013	1
Park Technicians	36,652	36,652	36,515	137
Park Laborer/Secretaries	58,768	58,768	42,719	16,049
Payroll Taxes, Benefits	90,935	90,935	65,534	25,401
Total Personnel Services	270,643	270,643	229,055	41,588
Materials and Services:				
Office Supplies	2,650	2,650	2,015	635
Postage Supplies	400	400	153	247
Program Supplies	2,000	2,000	1,583	417
Small Tools	2,000	2,000	1,770	230
Janitorial Supplies	14,852	14,852	12,893	1,959
Chemical/Agricultural Supplies	7,316	7,316	5,422	1,894
Gas/Oil Supplies	14,200	14,200	11,789	2,411
Classifieds	200	200	269	-69
Brochures	2,800	2,800	2,354	446
Flyers	200	200	30	170
Professional Dues	3,800	3,800	2,354	1,446
Conferences/Workshops	1,500	1,500	1,344	156
Staff Mileage	500	500	209	291
Staff Expense	700	700	403	297
Utilities	0	0	1,864	-1,864
Electricity	22,600	22,600	18,507	4,093
Natural Gas	10,100	10,100	7,136	2,964
Water/Sewer	49,000	49,000	43,992	5,008
Telephone	4,300	4,300	3,455	845
Miscellaneous	250	250	212	38
Garbage Expense	5,500	5,500	5,036	464
Building Maintenance	12,000	12,000	12,889	-889
Structure Maintenance	6,700	6,700	6,328	372
Equipment Maintenance	32,000	32,000	30,915	1,085
Grounds Maintenance	16,257	16,257	13,003	3,254
Program Contracts	80,456	80,456	73,545	6,911
Insurance Services	24,431	24,431	20,680	3,751
Equipment Maintenance Contracts	0	0	4,226	-4,226
Equipment Rental	2,200	2,200	483	1,717
Buildings and Structures	1,000	1,000	157	843
Total Materials and Services	319,912	319,912	285,016	34,896
TOTAL PARKS DEPARTMENT	590,555	590,555	514,071	76,484

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT
For the Year Ended June 30, 2006**

	<u>GENERAL FUND</u>			VARIANCE POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
AQUATICS:				
Personnel Services:				
Aquatic Supervisor	\$ 4,172	\$ 4,172	\$ 4,153	\$ 19
Aquatic Coordinator	33,611	33,611	32,013	1,598
Aquatics Technician	15,634	15,634	0	15,634
Secretary	20,634	20,634	14,130	6,504
Guards, Insructors, and Cashiers	113,830	113,830	95,905	17,925
Carelton Contracts	22,800	22,800	19,423	3,377
Coaches	3,800	3,800	3,004	796
Payroll Taxes, Benefits	87,118	87,118	49,060	38,058
Total Personnel Services	301,599	301,599	217,688	83,911
Materials and Services:				
Office Supplies	4,200	4,200	3,731	469
Postage Supplies	2,900	2,900	2,696	204
Program Supplies	5,800	5,800	5,531	269
Chemical and Agricultural Supplies	5,500	5,500	6,874	-1,374
Store Supplies	4,000	4,000	2,440	1,560
Classifieds	300	300	87	213
Brochure	3,000	3,000	3,184	-184
Flyers	2,000	2,000	1,303	697
Professional Dues	1,500	1,500	2,370	-870
Conferences/Workshops	800	800	499	301
Staff Mileage	300	300	109	191
Staff Expenses	250	250	181	69
Electricity	37,000	37,000	34,889	2,111
Natural Gas	45,850	45,850	47,683	-1,833
Water/Sewer	12,500	12,500	12,557	-57
Telephone	4,800	4,800	6,399	-1,599
Miscellaneous	0	0	5,694	-5,694
Program Contracts	8,200	8,200	13,193	-4,993
Insurance Services	18,500	18,500	20,558	-2,058
Equipment Rental	0	0	483	-483
Refunds	800	800	713	87
Buildings and Structures	3,000	3,000	2,482	518
Total Materials and Services	161,200	161,200	173,656	-12,456
TOTAL AQUATICS	462,799	462,799	391,344	71,455

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT
For the Year Ended June 30, 2006**

	<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 Coordinator	\$ 6,825	\$ 6,825	\$ 7,017	\$ -192
Sports Supervisor	11,105	11,105	11,059	46
Sports Assistant/Secretaries	5,834	5,834	5,732	102
Payroll Taxes, Benefits	12,558	12,558	11,450	1,108
	<u>36,322</u>	<u>36,322</u>	<u>35,258</u>	<u>1,064</u>
Total Personnel Services				
Materials and Services				
Office Supplies	500	500	1,109	-609
Postage Supplies	240	240	64	176
Program Supplies	2,770	2,770	1,607	1,163
Classified Ads	100	100	90	10
Brochure	725	725	583	142
Flyers and Schedules	175	175	113	62
Professional Dues	425	425	575	-150
Conferences/Workshops	390	390	460	-70
Staff Mileage	250	250	2	248
Staff Expenses	95	95	12	83
Electricity	6,000	6,000	4,755	1,245
Telephone	1,600	1,600	993	607
Miscellaneous	0	0	879	-879
Equipment Maintenance	225	225	45	180
Program Contracts	19,970	19,970	12,737	7,233
Insurance	2,900	2,900	3,884	-984
Refunds	700	700	64	636
Equipment Rental	2,200	2,200	823	1,377
Buildings and Structures	600	600	150	450
	<u>39,865</u>	<u>39,865</u>	<u>28,945</u>	<u>10,920</u>
Total Materials and Services				
TOTAL ADULT SPORTS	<u>76,187</u>	<u>76,187</u>	<u>64,203</u>	<u>11,984</u>

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT
For the Year Ended June 30, 2006**

	<u>GENERAL FUND</u>			VARIANCE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>POSITIVE -NEGATIVE</u>
EXPENDITURES:				
RECREATION - YOUTH SPORTS:				
Personnel Services:				
Sports Supervisor	\$ 25,920	\$ 25,920	\$ 25,901	\$ 19
Sports Technician	15,924	15,924	15,981	-57
Sports Leaders/Secretaries	30,715	30,715	17,615	13,100
Payroll Taxes, Benefits	29,655	29,655	25,399	4,256
Total Personnel Services	102,214	102,214	84,896	17,318
Materials and Services				
Office Supplies	900	900	2,483	-1,583
Postage Supplies	500	500	179	321
Program Supplies	24,626	24,626	25,229	-603
Gas and Oil Supplies	30	30	0	30
Classifieds	100	100	196	-96
Brochures	1,500	1,500	1,861	-361
Flyers	500	500	836	-336
Professional Dues	500	500	416	84
Conferences/Workshops	530	530	751	-221
Staff Mileage	275	275	23	252
Staff Expenses	175	175	155	20
Electricity	5,500	5,500	3,491	2,009
Telephone	1,998	1,998	2,347	-349
Miscellaneous	0	0	4,010	-4,010
Equipment Maintenance	400	400	108	292
Professional and Contract Services	0	0	1,177	-1,177
Program Contracts	27,575	27,575	32,393	-4,818
Insurance Services	5,100	5,100	6,379	-1,279
Refunds	2,200	2,200	1,370	830
Equipment Rental	5,200	5,200	3,534	1,666
Rental/Lease	0	0	141	-141
Buildings & Structures	0	0	90	-90
Total Materials and Services	77,609	77,609	87,169	-9,560
TOTAL YOUTH SPORTS	179,823	179,823	172,065	7,758

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT
For the Year Ended June 30, 2006**

	<u>GENERAL FUND</u>			VARIANCE POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
RECREATION - CLASSES & ACTIVITIES				
Personnel Services:				
Recreation Supervisor	\$ 6,257	\$ 6,257	\$ 6,320	\$ -63
Recreation Coordinator	30,486	30,486	30,312	174
Special Events Staff/Secretaries	14,820	14,820	8,824	5,996
Payroll Taxes, Benefits	32,480	32,480	27,806	4,674
Total Personnel Services	84,043	84,043	73,262	10,781
Materials and Services				
Office Supplies	2,000	2,000	1,743	257
Postage Supplies	400	400	85	315
Program Supplies	3,800	3,800	6,757	-2,957
Gas and Oil Supplies	75	75	0	75
Classifieds	100	100	181	-81
Brochures	8,300	8,300	5,810	2,490
Flyers	250	250	400	-150
Professional Dues	300	300	1,536	-1,236
Conferences/Workshops	400	400	87	313
Staff Mileage	400	400	325	75
Staff Expenses	150	150	181	-31
Utilities	0	0	78	-78
Telephone	2,500	2,500	1,987	513
Miscellaneous	0	0	3,049	-3,049
Equipment Maintenance	1,800	1,800	1,055	745
Program Contracts	60,000	60,000	71,241	-11,241
Insurance Services	2,500	2,500	3,345	-845
Refunds	2,000	2,000	1,904	96
Equipment Rental	0	0	683	-683
Total Materials and Services	84,975	84,975	100,447	-15,472
TOTAL CLASSES & ACTIVITIES	169,018	169,018	173,709	-4,691

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT
For the Year Ended June 30, 2006**

	<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	\$ 4,703	\$ 4,703	\$ 4,699	\$ 4
Adult Youth Coordinator	29,034	29,034	28,864	170
Specials Events Staff/Secretary	195,885	195,885	192,207	3,678
Payroll Taxes, Benefits	57,794	57,794	44,218	13,576
Total Personnel Services	287,416	287,416	269,988	17,428
Materials and Services				
Office Supplies	2,000	2,000	2,847	-847
Postage Supplies	1,000	1,000	676	324
Program Supplies	27,000	27,000	27,733	-733
Store Supplies	0	0	427	-427
Janitorial	200	200	0	200
Gas and Oil Supplies	700	700	1,514	-814
Classifieds	100	100	71	29
Brochures	900	900	659	241
Flyers	200	200	301	-101
Professional Dues	250	250	1,342	-1,092
Conferences/Workshops	600	600	358	242
Staff Mileage	100	100	202	-102
Staff Expenses	175	175	263	-88
Telephone	7,000	7,000	5,697	1,303
Miscellaneous	0	0	6,000	-6,000
Equipment Maintenance	400	400	640	-240
Program Contracts	1,000	1,000	2,546	-1,546
Insurance Services	1,700	1,700	2,020	-320
Refunds	400	400	834	-434
Contracts-Admissions	13,000	13,000	7,165	5,835
Equipment Rental	6,000	6,000	6,446	-446
Total Materials and Services	62,725	62,725	67,741	-5,016
TOTAL PLAYGROUNDS & CENTERS	350,141	350,141	337,729	12,412

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT
For the Year Ended June 30, 2006**

	<u>GENERAL FUND</u>			VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE -NEGATIVE
EXPENDITURES:				
COMMUNITY CENTER/SCOUT HOUSE				
Personnel Services:				
Recreation Coordinator	\$ 13,450	\$ 13,450	\$ 13,326	\$ 124
Building Leaders	43,619	43,619	17,026	26,593
Secretaries	1,000	1,000	915	85
Payroll Taxes, Benefits	8,446	8,446	3,689	4,757
Total Personnel Services	66,515	66,515	34,956	31,559
Materials and Services				
Office Supplies	1,200	1,200	934	266
Postage Supplies	1,000	1,000	1,816	-816
Program Supplies	3,300	3,300	2,112	1,188
Gas and Oil	100	100	231	-131
Classifieds	400	400	35	365
Brochures/Flyers	5,700	5,700	1,225	4,475
Professional Dues	300	300	899	-599
Conferences/Workshops	650	650	133	517
Staff Mileage	150	150	184	-34
Staff Expenses	50	50	0	50
Electricity	10,500	10,500	11,429	-929
Natural Gas	10,000	10,000	14,427	-4,427
Water/Sewer	10,600	10,600	17,443	-6,843
Telephone	2,600	2,600	1,732	868
Miscellaneous	0	0	413	-413
Equipment Maintenance	400	400	145	255
Program Contracts	4,000	4,000	2,473	1,527
Insurance Services	17,000	17,000	22,511	-5,511
Senior Trips	3,000	3,000	1,283	1,717
Refunds	100	100	0	100
Total Materials and Services	71,050	71,050	79,425	-8,375
TOTAL COMMUNITY CENTER SCOUT HOUSE	137,565	137,565	114,381	23,184

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT
For the Year Ended June 30, 2006**

	<u>GENERAL FUND</u>			VARIANCE POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
COMMUNITY SCHOOLS				
Personnel Services:				
Payroll Taxes, Benefits	\$ 4,067	\$ 4,067	\$ 2,783	\$ 1,284
Part-time & Temp	27,958	27,958	26,397	1,561
Total Personnel Services	32,025	32,025	29,180	2,845
Materials and Services:				
Office Supplies	1,600	1,600	1,551	49
Postage Supplies	500	500	404	96
Program Supplies	4,390	4,390	4,004	386
Gas and Oil	50	50	21	29
Snacks & Food	4,000	4,000	1,452	2,548
Brochures/Flyers	1,200	1,200	1,049	151
Professional Dues	1,000	1,000	412	588
Conferences/Workshops	1,900	1,900	1,014	886
Staff Mileage	100	100	141	-41
Water/Sewer	10	10	5	5
Telephone	1,500	1,500	568	932
Miscellaneous	800	800	764	36
Equipment Maintenance	400	400	0	400
Audit Services	250	250	218	32
Program Contracts	20,000	20,000	13,318	6,682
Insurance Services	1,200	1,200	178	1,022
Equipment Maintenance	1,000	1,000	66	934
Refunds	400	400	300	100
Total Materials and Services	40,300	40,300	25,465	14,835
TOTAL COMMUNITY SCHOOLS PROGRAM	72,325	72,325	54,645	17,680

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT
For the Year Ended June 30, 2006**

	<u>GENERAL FUND</u>			VARIANCE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>POSITIVE -NEGATIVE</u>
EXPENDITURES:				
GOLF COURSE MAINTENANCE				
Personnel Services:				
Golf Course Supervisor	\$ 52,150	\$ 52,150	\$ 52,148	\$ 2
Golf Course Technician	21,666	21,666	18,055	3,611
Full-time	0	0	3,155	-3,155
Part-time & Temp	51,667	51,667	44,093	7,574
Payroll Taxes, Benefits	58,036	58,036	39,449	18,587
Total Personnel Services	183,519	183,519	156,900	26,619
Materials and Services:				
Office Supplies	1,473	1,473	113	1,360
Postage Supplies	74	74	159	-85
Program Supplies	0	0	1,394	-1,394
Small Tools	5,355	5,355	5,848	-493
Janitorial Supplies	1,000	1,000	309	691
Chemical & Agricultural Supplies	25,154	25,154	24,673	481
Store Supplies	0	0	1,176	-1,176
Gas & Oil Supplies	15,915	15,915	12,045	3,870
Snacks & Food	300	300	0	300
Uniforms	780	780	0	780
Classifieds	100	100	19	81
Brochures/Flyers	0	0	20	-20
Professional Dues	700	700	534	166
Conferences & Workshops	2,300	2,300	750	1,550
Staff Mileage	100	100	0	100
Staff Expense	50	50	91	-41
Electric	1,310	1,310	2,242	-932
Water & Sewer	90,000	90,000	88,022	1,978
Telephone	840	840	1,233	-393
Computer & Cable	600	600	0	600
Garbage Expense	2,400	2,400	509	1,891
Equipment	1,600	1,600	16,117	-14,517
Grounds	23,100	23,100	20,999	2,101
Vehicles	120	120	107	13
Program Contracts	5,000	5,000	-63,673	68,673
Insurance Services	10,000	10,000	1,835	8,165
Consultant Services	0	0	3274	-3,274
Buildings & Structures	3,000	3,000	4,833	-1,833
Total Materials and Services	191,271	191,271	122,629	68,642
TOTAL GOLF COURSE MAINTENANCE	374,790	374,790	279,529	95,261

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT
For the Year Ended June 30, 2006**

	<u>GENERAL FUND</u>			VARIANCE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>POSITIVE -NEGATIVE</u>
EXPENDITURES:				
GOLF CLUB HOUSE				
Personnel Services:				
Club House Coordinator	\$ 52,144	\$ 52,144	\$ 51,086	\$ 1,058
Club House Assistant	22,634	22,634	21,778	856
Full-time	0	0	3,630	-3,630
Part-time & Temp	0	0	12,506	-12,506
Clerks, Typists, & Cashiers	154,260	154,260	63,222	91,038
Payroll Taxes, Benefits	72,855	72,855	34,523	38,332
Total Personnel Services	301,893	301,893	186,745	115,148
Materials and Services:				
Office Supplies	3,000	3,000	2,133	867
Postage Supplies	1,000	1,000	678	322
Program Supplies	48,000	48,000	52,544	-4,544
Small Tools	750	750	369	381
Janitorial Supplies	4,500	4,500	3,965	535
Chemical & Agricultural Supplies	0	0	-14	14
Store Supplies	210,682	210,682	170,316	40,366
Gas & Oil Supplies	100	100	14	86
Snacks & Food	0	0	72	-72
Uniforms	2,600	2,600	927	1,673
Classifieds	625	625	111	514
Brochures/Flyers	4,800	4,800	3,636	1,164
Professional Dues	6,236	6,236	8,920	-2,684
Conferences & Workshops	6,100	6,100	5,605	495
Staff Mileage	600	600	0	600
Staff Expense	400	400	50	350
Electric	9,000	9,000	7,731	1,269
Water & Sewer	1,000	1,000	457	543
Telephone	6,400	6,400	5,622	778
Miscellaneous	12,000	12,000	13,582	-1,582
Computer & Cable	1,800	1,800	1,336	464
Garbage Expense	1,400	1,400	1,362	38
Equipment	50,160	50,160	48,345	1,815
Vehicles	200	200	0	200
Elections	0	0	282	-282
Program Contracts	22,000	22,000	8,568	13,432
Insurance Services	5,000	5,000	4,249	751
Consultant Services	820	820	808	12
Rentals/Leases	0	0	68	-68
Buildings & Structures	10,900	10,900	8,587	2,313
Total Materials and Services	410,073	410,073	350,323	59,750
TOTAL GOLF COURSE MAINTENANCE	711,966	711,966	537,068	174,898

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT
For the Year Ended June 30, 2006**

	<u>GENERAL FUND</u>			<u>VARIANCE POSITIVE -NEGATIVE</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
JAQUITH CONCESSION				
Personnel Services:				
Concession Attendant	\$ 11,572	\$ 11,572	\$ 0	\$ 11,572
Payroll Taxes, Benefits	1,709	1,709	0	1,709
Total Personnel Services	13,281	13,281	0	13,281
Materials and Services:				
Office Supplies	20	20	0	20
Concession Supplies	9,800	9,800	0	9,800
Classifieds	50	50	0	50
Professional Dues	630	630	0	630
Concession Mileage	30	30	0	30
Concession Telephone	350	350	0	350
Concession Electricity	440	440	0	440
Equipment Maintenance	100	100	0	100
Insurance Services	1,050	1,050	1,600	-550
Total Materials and Services	12,470	12,470	1,600	10,870
TOTAL JAQUITH CONCESSION	25,751	25,751	1,600	24,151

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT
For the Year Ended June 30, 2006**

	<u>GENERAL FUND</u>			VARIANCE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>POSITIVE -NEGATIVE</u>
EXPENDITURES:				
PRESCHOOL				
Personnel Services:				
Head Instructor	\$ 10,240	\$ 10,240	\$ 6,797	\$ 3,443
Instructors	7,488	7,488	6,239	1,249
Payroll Taxes, Benefits	2,596	2,596	1,444	1,152
Total Personnel Services	20,324	20,324	14,480	1,152
Materials and Services:				
Office Supplies	150	150	252	-102
Postage	250	250	212	38
Program Supplies	1,600	1,600	1,338	262
Classifieds	50	50	61	-11
Brochures	400	400	236	164
Preschool Dues	50	50	38	12
Conferences	75	75	0	75
Staff Mileage	50	50	0	50
Electricity	450	450	243	207
Natural Gas	550	550	1,057	-507
Water/Sewer	700	700	419	281
Telephone	1,500	1,500	624	876
Miscellaneous	0	0	642	-642
Refunds	100	100	36	64
Insurance	900	900	863	37
Total Materials and Services	6,825	6,825	6,021	804
TOTAL PRESCHOOL	27,149	27,149	20,501	1,956
MISCELLANEOUS DEPARTMENTS				
Materials and Services:				
Community Progress Team	0	0	6,834	-6,834
Babe Ruth League	8,000	8,000	0	8,000
Little League	22,000	22,000	112	21,888
Chahalem Volleyball Club	20,000	20,000	384	19,616
Quilt Club	1,500	1,500	2,332	-832
Ewing Young	5,260	5,260	0	5,260
Newberg Theatre Group	10,000	10,000	0	10,000
TOTAL MISCELLANEOUS DEPARTMENTS	66,760	66,760	9,662	57,098
NDOT				
Personell Services:				
Payroll	8,500	8,500	378	8,122
TOTAL NDOT	8,500	8,500	378	8,122

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

**SCHEDULE OF EXPENDITURES BY DEPARTMENT
For the Year Ended June 30, 2006**

	<u>GENERAL FUND</u>			VARIANCE POSITIVE -NEGATIVE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
EXPENDITURES:				
JACQUISITION AND IMPROVEMENT				
Capital Outlay, Development, Improvement, and Acquisition	<u>\$ 794,345</u>	<u>\$ 794,345</u>	<u>\$ 489,078</u>	<u>\$ 305,267</u>
TOTAL ACQUISITION AND IMPROVEMENT	<u>794,345</u>	<u>794,345</u>	<u>489,078</u>	<u>305,267</u>
TOTAL EXPENDITURES	<u><u>\$ 4,350,252</u></u>	<u><u>\$ 4,350,252</u></u>	<u><u>\$ 3,425,667</u></u>	<u><u>\$ 924,585</u></u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2006**

SYSTEM DEVELOPMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
REVENUES:				
SDC Income	\$ 237,500	\$ 237,500	\$ 666,160	\$ 428,660
Interest Earned	0	0	19,912	19,912
Total Revenues	237,500	237,500	686,072	448,572
EXPENDITURES:				
Acquisition	166,790	166,790	50,000	116,790
Development	269,023	269,023	329,036	-60,013
Total Expenditures	435,813	435,813 (1)	379,036	56,777
Change in Fund Balance	-198,313	-198,313	307,036	505,349
Beginning Fund Balance	198,313	198,313	461,337	263,024
Ending Fund Balance	\$ 0	\$ 0	\$ 768,373	\$ 768,373

(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, 2006**

**RESERVE FOR EQUIPMENT AND
MAJOR MAINTENANCE FUND**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
REVENUES:				
Interest Earned	\$ 900	\$ 900	\$ 1,732	\$ 832
Total Revenues	900	900	1,732	832
EXPENDITURES:				
Maintenance and Equipment	45,925	45,925	0	45,925
Total Expenditures	45,925	45,925 (1)	0	45,925
Change in Fund Balance	-45,025	-45,025	1,732	-43,293
Beginning Fund Balance	45,025	45,025	45,455	430
Ending Fund Balance	\$ 0	\$ 0	\$ 47,187	\$ 47,187

(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, 2006**

DEBT SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE -NEGATIVE
REVENUES:				
Interest	\$ 0	\$ 0	\$ 1,187	\$ 1,187
Total Revenues	0	0	1,187	1,187
EXPENDITURES:				
Debt Service				
Capital Outlay	15,850	15,850	0	15,850
Principal	500,000	500,000	613,136	-113,136
Interest	201,287	201,287	191,489	9,798
Total Expenditures	717,137	717,137 (1)	804,625	-87,488
Excess of Revenues Over, -Under Expenditures	-717,137	-717,137	-803,438	-86,301
Other Financing Sources, -Uses:				
Transfers In	701,287	701,287	804,625	103,338
Total Other Financing Sources, -Uses	701,287	701,287	804,625	103,338
Change in Fund Balance	-15,850	-15,850	1,187	17,037
Beginning Fund Balance	15,850	15,850	23,893	8,043
Ending Fund Balance	\$ 0	\$ 0	\$ 25,080	\$ 25,080

(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, 2006**

<u>TAX YEAR</u>	<u>ORIGINAL LEVY OR BALANCE UNCOLLECTED 07/01/05</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 6/30/06</u>
GENERAL FUND:						
CURRENT:						
2005-06	\$ 1,870,246	\$ 46,397	\$ -3,163	\$ 839	\$ 1,756,966	\$ 64,559
PRIOR YEARS:						
2004-05	66,981	0	-4,024	1,753	42,753	21,957
2003-04	24,369	0	-2,574	1,259	10,747	12,307
2002-03	13,524	0	-1,738	1,261	7,234	5,812
2001-02	6,128	0	-2,624	840	2,408	1,936
2000-01 & prior	7,771	0	-11,061	368	-9,438	6,515
Total Prior	118,772	0	-22,020	5,480	53,705	48,527
Total General Fund	<u>\$ 1,989,018</u>	<u>\$ 46,397</u>	<u>\$ -25,183</u>	<u>\$ 6,319</u>	<u>\$ 1,810,671</u>	<u>\$ 113,087</u>

RECONCILIATION OF REVENUE:

	<u>GENERAL FUND</u>
Cash Collections by County Treasurer Above	\$ 1,810,671
Accrual of Receivables:	
June 30, 2005	-44,224
June 30, 2006	4,968
Total Revenue	<u>\$ 1,771,415</u>

CHEHALEM PARKS AND RECREATION DISTRICT
YAMHILL COUNTY, OREGON

2005-2006 AUDITORS' COMMENTS AND DISCLOSURES

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December 4, 2006

2005-2006 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, 2006, and have issued our report thereon dated December 4, 2006.

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, 2006, 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.

INTERNAL CONTROL (CONTINUED)

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We have issued a report on reportable conditions dated December 4, 2006.

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

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

ACCOUNTING RECORDS

The District's accounting records are adequate for audit.

BUDGET TRANSACTIONS

Expenditures of the various funds were within authorized appropriations except as noted on page 14 of the financial statements.

2005-2006 and 2006-2007 BUDGETS

The budgets adopted by the District 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 by the District were in compliance with the Oregon Local Budget Law.

COLLATERAL SECURING BANK DEPOSITS

The District's deposits appeared to be adequately covered by federal depository insurance or certificates of participation at all times during 2005-2006, based upon our testing. Deposits in the State Local Government Investment Pool are not required to be collateralized.

INVESTMENTS

The District's investments for the year ending June 30, 2006, 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 District's procedures for awarding public contracts were reviewed and based upon our testing we found no instances of non-compliance with ORS Chapter 279 during 2005-2006.

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

OUTSTANDING WARRANTS

The District did not have any outstanding endorsed warrants at June 30, 2006.

DISTRICT HIGHWAY FUNDS

The District did not receive state highway funds during fiscal year 2005-2006.

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 the District did not expend greater than \$500,000 in federal financial assistance for the year ended June 30, 2006, 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)

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