

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017



NCPRD is a component unit of Clackamas County, Oregon

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)**

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Prepared by:

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)

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REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH OREGON MINIMUM AUDIT STANDARDS	63
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INTRODUCTORY SECTION

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NORTH CLACKAMAS PARKS & RECREATION DISTRICT

Administration

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ncprd.com

November 6, 2017

To the Honorable Chair Jim Bernard, Commissioner Paul Savas, Commissioner Martha Schrader, Commissioner Sonya Fischer, Commissioner Ken Humberston, and Citizens of the North Clackamas Parks and Recreation District (NCPRD):

State law requires that every local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2017.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Moss Adams, LLP Certified Public Accountants, have issued an unmodified opinion on NCPRD's financial statements for the year ended June 30, 2017. The Independent Auditor's Report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and these should be read in conjunction with each other.

Profile of the Government

NCPRD (the District), created November 6, 1990, is located in the urbanized northwest portion of Clackamas County (the County), one of Oregon's fastest growing regions. The District includes the Cities of Milwaukie and Happy Valley and a large area of urban unincorporated Clackamas County. It does not include the cities of Gladstone or Johnson City. The District is bounded on the east by SE 177th Avenue, on the west by the Willamette River, by the Multnomah/Clackamas County boundary to the north, and by the Clackamas River to the south. The District includes key areas of economic activity within the County: one of the State's largest commercial concentrations at Clackamas Town Center and the Clackamas Promenade shopping center, both thriving retail centers. Another strong area of economic activity is the industrial/commercial corridor along Highway 212/224.

The District is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by State statute to extend its boundaries by annexation.

The District was established as a County Service District (under ORS 451) and is a component unit of the County. The five-member Board of County Commissioners serves as the Board of Directors (Board) for the District and the Commissioners are elected on a non-partisan basis. Board members serve four-year terms and the Chair is specifically elected by voters. The Chair and other Board members are elected not by geographic region but at large.

The Budget Committee is composed of the Commissioners and five citizen members made up of District residents, who review and approve the budget for the fiscal year. A nine-member citizen District Advisory Board exists to make recommendations to the Board of Directors and Budget Committee. The District Advisory Board is currently not meeting pending resolution of the withdrawal of the City of Happy of Valley from the District. Additional information can be found under the Major Initiatives section of this document.

The District provides a full range of park and recreation services to the community. These services include natural and developed park areas; recreational programs and activities; a full-service older adult community center, which provides social and recreational programs; a full-service aquatic center with multiple pools, water recreation, and instruction programs; and a full-service sports complex with all-weather turf ball fields and a walking path.

Each year by June 30 the Board is required to adopt a budget for the upcoming fiscal year. Fiscal years run from July 1 through the following June 30. This annual budget serves as the foundation for the District's financial planning and control. The budget is prepared by fund in accordance with Oregon Budget Law.

Local Economy

The local economic climate has been relatively healthy for the District from its inception in 1990 until the significant economic downturn in 2008. The 2008 downturn resulted in annual property tax revenue increasing at a rate below the 3 percent allowed by law. In addition, System Development Charges revenue was impacted by the downturn. Fortunately, the revenue picture has been improving for the last few years with annual property tax revenue above the 3 percent allowed by Measures 47/50. In addition, strong construction activity continues throughout the eastern portion of the District resulting in increased revenues to respond to increased demand for services.

The U.S. economic expansion is currently entering its 8th year, which ranks it as the third longest expansion since World War II. The expectation is not for a significant pick-up in growth rates but for the expansion to endure, possibly resulting in the nations' longest expansion on record. In the past, economists could always identify a major risk to the economic outlook, but for the first time since the financial crisis, the economy lacks a major headwind. However, uncertainty surrounding

federal policy does cause concern. Fortunately, during the first few months of the Trump administration, economic predictions for jobs, personal income, and economic growth have held stable. Also on a positive note is the improvement of what had been a major strain on economic growth - the low oil prices that began in late 2014. Now that oil prices have steadied and even increased, mining activity and its related activities and metal manufacturing are growing again. Manufacturing is starting to add jobs reaching new highs in recent months since the Great Recession. One indicator of how the economy is doing is the Misery Index which measures the inflation rate and unemployment rate. The index currently stands at 6 percent which means most people who want to work are working and that prices are stable. The question we ask now is how long will the expansion last and when will the next recession begin? According to IHS Global Insight, the probability of recession over the next year is 20 percent. The Wall Street Journal consensus puts the risk of a recession in the next year at 15 percent. All of this points to a strong macroeconomic outlook that is, according to Moody Analytics' Chief Economist Mark Zandi, boring.¹

While job growth in Oregon has slowed since the significant growth seen in 2014 and 2015, Oregon is still outpacing the nation overall. This is reflective of our industrial structure and ability to draw and keep young working age households. The current labor market is relatively tight and the number of Oregonians available per job opening is almost back to the low levels seen in the 1990s. This is resulting in the hiring of job candidates that have gaps in their resume or incomplete skill sets which is in-turn encouraging Oregonians to re-join the workforce. This trend is also encouraging laborers currently in the workforce to seek better-paying opportunities. As the Oregon economy heads towards a more sustainable rate, slower growth will be observed. The upside risk to this outlook of the job market is that the labor force will need to continue to increase for job and income gains to continue to progress better than expected.

The Office of Economic Analysis uses several sources to measure the labor market. As of the drafting of this letter, all measures of the labor market are improving. Jobs are being added, however at a slower rate, and wages are increasing. Oregon is still under what can be considered full-employment. In addition, wage trends in Oregon have been stronger than the national wage trends over the past 12-18 months, and Oregon's average hourly earnings have accelerated this past year.

The second quarter of 2017 saw a total non-farm employment increase of 2.1 percent over the past year with an increase of growth in the private sector at 2.4 percent and the public sector at 0.9 percent. While these rates are positive enough to meet the needs of the population gain so far, they are slower than the full-pace growth rates seen in recent years.²

When analyzing job growth by major industry, jobs in professional and business services, health services, leisure and hospitality industries, and other service sector industries have led the market

¹ <http://www.oregon.gov/das/OEA/Documents/forecast0917.pdf>

² <http://www.oregon.gov/das/OEA/Documents/forecast0917.pdf>

in above-average growth rates and number of jobs added. These industries have gained 18,400 jobs in the past year and account for 48 percent of all job gains across the state.

The industries related to housing such as wood products, construction, mining and logging, and financial services (mostly real estate agents) were the hardest hit by the Great Recession. This is no surprise since the Great Recession was characterized by a housing bubble. While these housing related sectors are in recovery, they are still in need of significant growth to achieve pre-recession numbers. More good news is that much of the manufacturing sector has returned to growth in recent months followed by declines a quarter or two ago. Oregon manufacturers typically outperform those in other states due to the industry make-up comprised of newer technologies like aerospace and semiconductors. Finally, Oregon's food processing industry continues to boom. Overall, each of Oregon's major industries has experienced some growth in recovery, though uneven.

Oregon and Clackamas County's economic expansion is continuing albeit at a slowed rate. Oregon is expected to continue to see positive job gains of slightly more than 3,000 per month or about 2 percent over the course of the 2017-19 biennium, but the state is now past its peak growth rates for this period of expansion. However, these gains remain strong enough to hold unemployment down and account for ongoing population growth. Total personal income growth projections have been lowered by approximately one percent, primarily due to a slower wage outlook projections which have also been lowered. The robust gains seen in 2014 of 6.7 % and 6.6 % in 2015 are not expected to continue. Gains are expected moving forward, but at slower rates estimated to be 4.4 percent in 2017 and 5.7 percent in 2018. The newly passed minimum wage law will also have an impact on Oregon's and Clackamas County's economy over the forecast horizon. While the impact is small when compared to the size of the Oregon economy, it does result in approximately 40,000 fewer jobs in 2025 than would have been the case absent the legislation. The Office of Economic Analysis expects that future job growth will be slower as a result, but job losses due to higher minimum wage are not predicted. ³

Clackamas County is similar to the State when looking at its major industries and other economic indicators. The County has added back over 26,000 jobs or 141% of the 18,400 jobs lost since the start of the recession. Most of these jobs were added in the County's largest industries which are Health Care and Social Assistance, Professional and Business Services, Retail Trade, Manufacturing, Food Services, Wholesale Trade, and Construction. These seven industries in Clackamas County provided 70 percent of all jobs. Since 2009, the industries with the highest growth rate included Professional and Business Services, Health Care, and Construction. The unemployment rate in Clackamas County remains low but has inched up over the past several months from 3.0 in May 2017 to 4.2 in August 2017. The labor force in Clackamas County has grown in all cities during the last 12 months. During the last year, the County added 13,200 residents to its labor force with Lake Oswego and Happy Valley adding the most at 1,270 and 1,130 respectively. Finally, regarding the Housing Trends – since June 2010, the median sales price of all homes in Clackamas County has increased from \$256,810 to \$415,000 or by 62

³<http://www.oregon.gov/das/OEA/Documents/forecast0917.pdf>

percent. The average monthly number of housing sales in Clackamas County has been gradually increasing from 339 in 2011 to 572 in 2017.

NCPRD is directly impacted by the construction industry and housing market with regards to the collection of Parks System Development Charges. The data shows that while permit activity remains strong, it is not as robust as the past couple of years. During fiscal year 2016/2017, in all unincorporated areas of the District excluding the City of Happy Valley and the City of Milwaukie, Clackamas County issued 84 residential and commercial permits for new construction, a decrease from 159 permits issued in fiscal year 2015/2016. The City of Happy Valley building activity remains strong but has also decreased in comparison to the prior year. During fiscal year 2016/2017, the City of Happy Valley issued 197 commercial and residential permits for new construction, a decrease from 404 in fiscal year 2015/2016. During the fiscal year 2016/2017 the City of Milwaukie issued 21 commercial and residential permits for new construction, an increase from 11 in fiscal year 2015/2016. Oregon and Clackamas County are expected to see continued growth in the construction industry in 2017 and 2018, although is not expected to be as high as in past years.

As economic and revenue outlook are never certain, it is important to identify and monitor potential economic threats and risks. Oregon is currently facing several economic risks. Oregon's economy has never missed a recession or expansion that has occurred at the national level. That being stated, because there are a few worrisome trends in the national outlook and a slowing in Oregon's growth, if the US falls into a recession, Oregon will also. Housing affordability has become an issue because the new supply entering the market has not kept up with the demand in either new households or investors which has affected rental and ownership sides of the market. This has caused a rapid increase in prices and so is becoming a much larger risk to the outlook of the economy. Another large risk is federal fiscal policy. Oregon ranks 29th in terms of federal grants as a share of state revenue. Oregon also ranks 48th in terms of federal procurement share of the economy. However, Oregon ranks 19th highest among all states in terms of direct federal employment. Transportation funding is another large concern in terms of federal policy. Finally, it is important to mention Federal timber policy. Even with the temporary reinstatement of payments, it has been and is clear that federal policy makers will not reinstate the program to the same levels as before. We have to hope that the ongoing negotiations for more sustainable timber harvest will ultimately result in increased revenue to Oregon counties.

Despite these risks, IHS Economics projects Oregon's economy to fare well relative to the rest of the country in the coming years. The state's Real Gross State Product is projected to be the fifth fastest among all states across the country in terms of growth with gains averaging 2.9 percent through 2022. Total employment is expected to be the seventh strongest among all states at an annualized 1.6 percent, while manufacturing employment will be the second fastest in the country at 1.7 percent.⁴

⁴ <http://www.oregon.gov/das/OEA/Documents/oregon.pdf>

Long-term Financial Planning

In order to preserve a strong financial position, the District Board established a reserve/contingency policy for the District's General Fund. This policy is reviewed annually to ensure it is reflective of the current cash flow projections for the District. This policy has proven to be a prudent financial decision and has allowed the District to avoid borrowing in the early months of each fiscal year to fund operations while awaiting property tax proceeds, the bulk of which are received in November of each year.

The General Fund ending fund balance at June 30, 2016 was \$4.4 million and increased to \$4.7 million at the end of fiscal year 2016/2017. This increase can be largely attributed to an increase in property tax revenue during the fiscal year.

The Business Operations Director has enhanced the financial reporting of the District to include a five-year forecast as well as quarterly financial updates. This additional reporting has provided the management team, the District Board, and the District Budget Committee with insight and knowledge of the District's current and projected fiscal position. Also, this enhanced reporting has enabled District staff to continually assess operations, set priorities, evaluate services and programs, and pursue new ways to deliver services more effectively and efficiently to District residents.

District staff completed their annual analysis update of the capital assets inventory which is used to determine the dollars needed each year for the replacement and repair of the District's aging assets. This analysis and annual update help to ensure that funds are systematically set aside each year to make certain capital assets are replaced as needed and remain in good repair. The analysis and information have also been incorporated into the District's Five-Year Forecast.

Over the past several years, the District has had an ambitious long-term capital improvement projects plan. Although the District's capital improvement plan has been somewhat curtailed by limited capital funding, the District continued to move forward with the planning of several District parks as well as acquiring the Vogel Road property after the disincorporation of the City of Damascus, beginning planning on Milwaukie Bay Park and Wichita Park, and the acquisition of Hidden Falls.

Milwaukie Bay Park

NCPRD staff is working in partnership with the City of Milwaukie (City) to complete the last phase of Milwaukie Bay Park (previously known as Riverfront Park). The proposed elements in the final phase include a plaza, fountain, restroom, play area, amphitheater, and pathways. NCPRD will solicit bids for design and engineering services for the work in winter 2018. NCPRD has identified completion of the park in the adopted 2007 System Development Charges Capital Improvement Plan (SDC CIP) and allocated \$60,000 in the Adopted Budget for FY 2017/2018 to further the project.

Hidden Falls

The Hidden Falls project is a new 21.3-acre natural area that includes a portion of Rock Creek, a natural waterfall, and a new 0.84-mile segment of the Mt. Scott/Scouter Mt. Trail Loop near Hood

View Park. The project will be completed in partnership with ICON Construction through a Purchase and Sale and Development Agreement. The overall value of the project is estimated at \$2.8 million, with \$1.6 funded by NCPRD Park System Development Charges, and \$1.2 million in value donated by Icon Construction. It is scheduled to be complete in spring of 2018.

Wichita Park

In 2016, NCPRD, in partnership with the City of Milwaukie, received \$265,000 in grant funding from the Oregon Parks and Recreation Department for improvements to Wichita Park. These funds, along with \$255,000 from NCPRD and \$10,000 from the Linwood Neighborhood District, will provide for improvements to a one-acre undeveloped neighborhood park site located in the Linwood neighborhood in Milwaukie. Construction for the project will begin in spring 2018 and is projected to be complete by the fall 2018. The property currently sits vacant and includes an open lawn area and trees planted by volunteers.

Major Initiatives

Master Plan/Governance

In 2014, the District completed the final draft of an updated District-wide Master Plan to guide the District for the next 10 years. The new Master Plan provided the history, investments, and funding sources of the District. Most importantly, it provided input from our residents regarding their wants and needs for parks and recreation facilities and services in the future.

The **Primary Recommendations** of the 2014 Master Plan supported many of the same key recommendations from the 2004 Master Plan. Following are the primary recommendations of the 2014 Master Plan:

- Adopt an aspirational Capital Improvement Plan to meet the needs of residents and balance levels of service throughout the District.
- Identify funding sources for the aspirational Capital Improvement Plan: explore issuing a general obligation (voter approved) bond for capital.
- Review and update System Development Charge zones, rates and methodology.
- Identify funding sources for additional recreational programming and operations and maintenance; consider increasing the District's permanent tax rate.
- If re-forming the District to increase the permanent tax rate, consider re-forming as a Special Parks and Recreation District under ORS 266 in order to get the benefits of representative governance and the focus of a special purpose board.

Based on the Master Plan recommendations, a recommendation from the District Advisory Board and approval from the Board of County Commissioners, the District put a measure on the November 2014 ballot with the goal of establishing a sustainable, long-term funding strategy for the District moving forward. This measure would have reformed the District as a new, ORS 266 park and recreation district with its own, locally elected governing board and established a tax rate of .89 cents/\$1,000 in assessed home value (this was a 35 cents per \$1,000 increase from current rates or \$7 per month more for a \$250,000 home). Unfortunately Measure 3-451 did not pass - with 46 percent of District voters supporting the measure and 54 percent opposing the measure.

Based on the outcome of the November 2014 election, District staff was directed by the Board to update the Master Plan and SDC Ordinance to reflect the results of Measure 3-451. This update is well underway. With the help of consultants and District staff, this update will include revisions to the Capital Improvement Plan including a revision of capital projects as well as revisions to the SDC rates to reflect the funding that will be available. This update will also include a revised forecast of the assessed value growth projected throughout the District and the estimated SDC revenue to be collected in the future throughout the District.

The governance and reformation of the District under ORS 266 continues to be an important agenda item for the District Board to consider. However, discussions have been put on hold for the time being due to the pending withdrawal of the City of Happy Valley from the District.

Happy Valley Withdrawal

In June 2017, the City of Happy Valley passed an Ordinance to withdraw from NCPRD. As part of that process, a legal agreement must be reached for the division of assets. The District attempted to come to an agreement with the City of Happy Valley on the division of assets; however, the city and the District were unable to reach an agreement. The City of Happy Valley has filed a lawsuit seeking a share of NCPRD's assets that far exceeds what is outlined in state statute. NCPRD is committed to a fair and equitable distribution of assets and is following state statutes governing such a division.

North Clackamas School District Strategic Partnership

North Clackamas Parks and Recreation District (NCPRD) and North Clackamas School District (NCSD) are finalizing details on a strategic partnership to provide new amenities and community spaces to meet the needs of the residents across both districts. This partnership includes the exchange of NCPRD-owned Hood View Park in Happy Valley for NCSD's Concord Elementary School building in Oak Grove, an additional agreed-upon property, and proceeds from NCSD capital bond funds. NCPRD will work with NCSD on finalizing field access at Hood View Park to continue to program sports and recreation activities at that location. Under the proposed agreement, NCPRD would receive close to \$16 million in cash from NCSD capital bond funds, plus the 47,000 square foot Concord Elementary School building and its surrounding 6-acre site in Oak Grove, and additional agreed-upon property. The transaction would allow NCPRD to reinvest funds throughout the District, allowing for more parks and recreation opportunities in underserved areas.

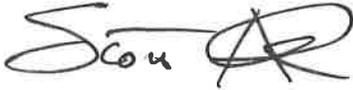
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the North Clackamas Parks and Recreation District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This was the twenty-first consecutive year the District has received the award. In order to be awarded such a Certificate, the District had to publish an easily-readable, efficiently-organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

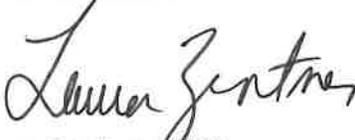
A Certificate of Achievement is valid for one year. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the Government Finance Officers Association to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the North Clackamas Parks & Recreation District and Finance Department. We express appreciation to all staff members who assisted and contributed to its preparation. Credit must also be given to the Board of County Commissioners for their support in maintaining the highest standards of public service in the management of NCPRD and to our citizen advisors who serve on the District Advisory Board.

Respectfully submitted,



Scott Archer
Director
North Clackamas Parks and Recreation District



Laura Zentner, CPA
BCS Interim Director
NCPRD Business Operations Director

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**North Clackamas Parks
and Recreation District
Oregon**

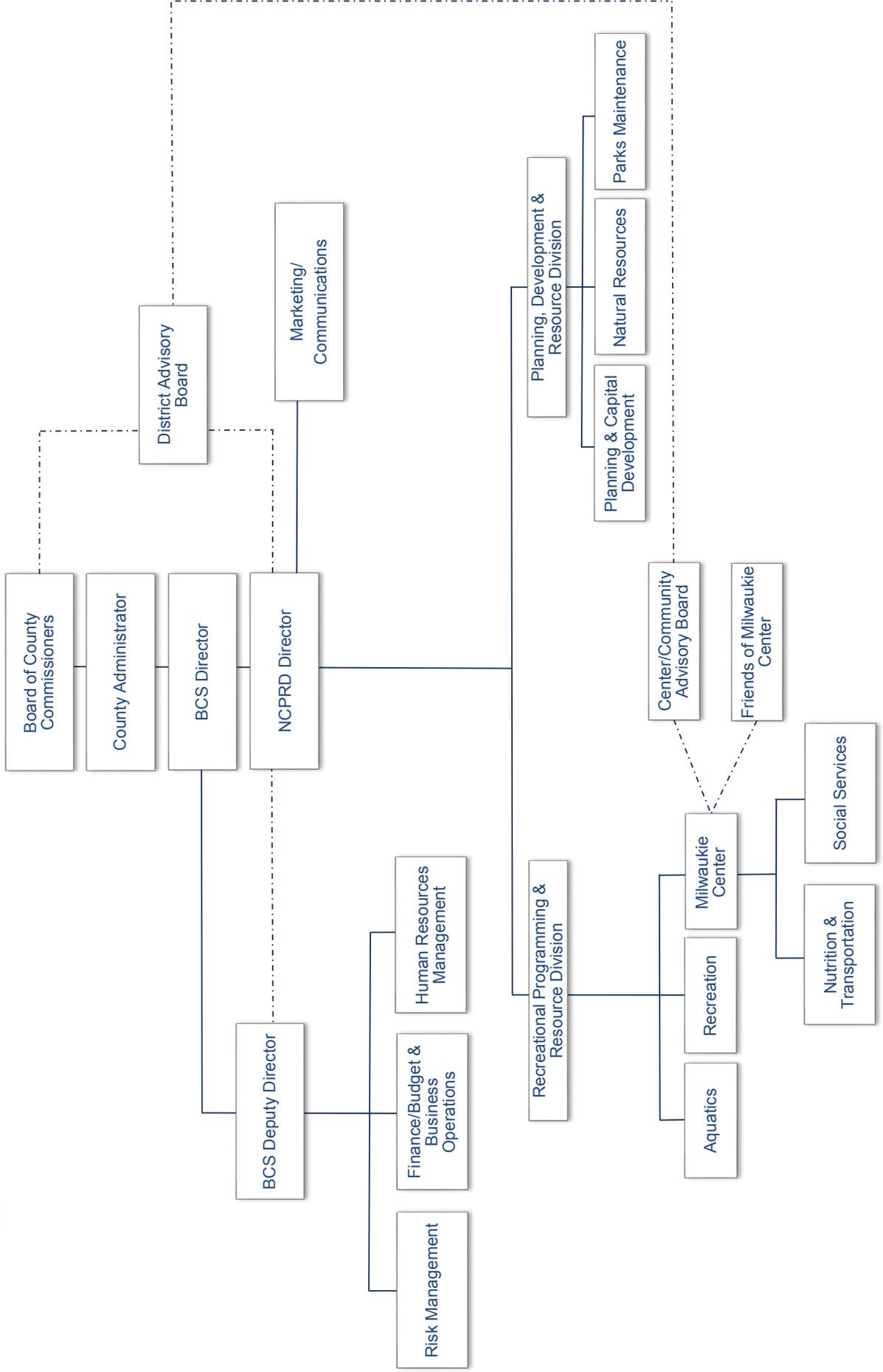
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



North Clackamas Parks and Recreation District Organization Chart Fiscal Year 2016-2017



**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)**

**GOVERNING BODY UNDER ORS 451.485
BOARD OF COUNTY COMMISSIONERS
CLACKAMAS COUNTY, OREGON**

Public Services Building
2051 Kaen Road
Oregon City, Oregon 97045

COMMISSIONERS AS OF JUNE 30, 2017

<u>Name</u>	<u>Term Expires</u>
Jim Bernard, Chair Public Services Building	December 31, 2021
Sonya Fischer, Commissioner Public Services Building	December 31, 2018
Ken Humberston, Commissioner Public Services Building	December 31, 2021
Paul Savas, Commissioner Public Services Building	December 31, 2019
Martha Schrader, Commissioner Public Services Building	December 31, 2021

DIRECTOR

Scott Archer

ADMINISTRATIVE OFFICES

Clackamas County, Oregon
2051 Kaen Road
Oregon City, Oregon 97045

LEGAL COUNSEL AND REGISTERED AGENT

Steven Madkour
2051 Kaen Road
Oregon City, Oregon 97045

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITORS

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Report of Independent Auditors

Board of County Commissioners of
Clackamas County, Oregon, as Governing Body of
North Clackamas Parks and Recreation District
Oregon City, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, Nutrition and Transportation Fund, and System Development Charges Zone 3 Fund of North Clackamas Parks and Recreation District (the District), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, Nutrition and Transportation Fund, and System Development Charges Zone 3 Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules on pages 33-40 and schedule of property tax transactions on page 41 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, and schedule of property tax transactions are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Reports of Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 6, 2017, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink, reading "James C. Lavarotto". The signature is written in a cursive style with a large initial "J" and "L".

For Moss Adams, LLP
Eugene, Oregon
November 6, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017

This discussion and analysis of the North Clackamas Parks and Recreation District's financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- Assets of the District exceeded liabilities at the close of the fiscal year by \$58,022,344. Of this amount, \$9,120,486 may be used to meet ongoing obligations.
- Net position increased by \$4,215,153. This increase is due to the excess of program and general revenues over program expenses as seen in the Statement of Activities.
- Governmental funds reported combined ending fund balances of \$26,017,887 an increase of \$4,189,558 from prior year. Please see the Reconciliation of Statement of Revenues, Expenditures, Other Financing Sources (Uses) and Changes in Fund Balances to Statement of Activities on page 16 which reconciles in detail the increase in fund balances to the increase in net position.
- The District's total debt decreased by \$720,000 due to payments on existing debt principal.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include activities of the North Clackamas Parks and Recreation District (District) using the integrated approach as prescribed by Governmental Accounting Standards Board Statement No. 34.

The government-wide financial statements, including the Statement of Net Position and the Statement of Activities, present the financial picture of the District as a whole from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term debt). Current year revenues and expenses are taken into account regardless of when cash is received or paid. Additionally, certain adjustments have occurred to eliminate interfund activity such as payables and receivables.

The Statement of Net Position and the Statement of Activities report District-wide net position and change from prior year. Net position is the difference between assets and liabilities and represents a measurement of financial health. Over time, increases or decreases in net position indicate whether financial health is improving or deteriorating.

The focus of the Statement of Activities is to match program costs to revenues. To the extent that program costs exceed program-specific revenue, those costs are paid from general District resources. This statement aids the user in determining the extent to which a program is self-supporting or subsidized by general revenues.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Following the government-wide financial statements are the governmental fund financial statements which are prepared using the current financial resources measurement focus and modified accrual basis of accounting. Major funds are reported individually and the remaining funds are combined. Reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences in the two methods of reporting.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the net position of the District increased over the prior year. The increase arises in the excess of revenue over expenses in the Statement of Activities and flows to the Statement of Net Position.

Statement of Net Position

A condensed version of the Statement of Net Position for fiscal years ended June 30, 2017 and June 30, 2016 follows:

	2017	2016
Assets:		
Current assets	\$ 27,434,703	\$ 23,561,596
Capital assets	40,199,117	40,895,206
Total assets	67,633,820	64,456,802
Deferred Outflows of Resources	86,740	115,653
Liabilities:		
Current liabilities	1,857,603	2,163,078
Liabilities due after one year	7,840,613	8,602,186
Total liabilities	9,698,216	10,765,264
Net position:		
Net investment in capital assets	31,608,504	31,573,020
Restricted for debt service	1,611,355	1,609,806
Restricted for acquisition and development	15,681,999	12,675,699
Unrestricted	9,120,486	7,948,666
Total net position	\$ 58,022,344	\$ 53,807,191

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Total net position from governmental activities increased by \$4,215,153 or 8%. Net investment in capital assets increased by \$35,484 or 0.1%. This increase can be attributed to payment of principal on the debt in the amount of \$720,000 and the net effect of capital asset additions, deletions and depreciation expense during the fiscal year. The most significant capital asset addition was the transfer of land to the District due to the disincorporation of the City of Damascus. Net position restricted for acquisition and development increased by \$3,006,300 or 23.7%. These restricted assets are primarily system development charge revenues which are generated by commercial and residential development activity. The Deferred Outflow of Resources in the amount of \$86,740 reflects the deferred charge on the District's debt refunding.

Statement of Activities: The Statement of Activities for fiscal years ended June 30, 2017 and 2016 follows:

	2017	2016
Revenues		
Program revenues:		
Charges for services	\$ 2,221,899	\$ 2,134,102
Operating grants and contributions	707,111	1,032,628
Capital grants and contributions	3,925,943	3,847,875
Total program revenues	6,854,953	7,014,605
General revenues:		
Property taxes	6,870,480	6,548,536
Earnings on investments	261,026	108,684
Intergovernmental	-	1,859,382
Miscellaneous	2,665	3,976
Total general revenues	7,134,171	8,520,578
Total revenues	13,989,124	15,535,183
Expenses		
Culture and recreation	6,913,776	6,546,071
Health and welfare	2,512,913	2,424,393
Interest on long-term debt	347,282	369,622
Total expenses	9,773,971	9,340,086
Changes in net position	4,215,153	6,195,097
Net position, beginning of year	53,807,191	47,612,094
Net position, end of year	\$ 58,022,344	\$ 53,807,191

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

District program categories include culture, education and recreation, and health and welfare. Culture, education and recreation include all activities in the aquatic, sports and leisure program areas, park planning, and maintenance. Health and welfare activities include nutrition, transportation, and recreation and education programs for older adults, with the majority of activities taking place at the Milwaukie Center.

District program revenues decreased by \$159,652 or 2.3%. The decrease can be attributed to a reduction in intergovernmental revenue in the Operating Grants and Contributions portion of program revenues. District general revenues decreased by \$1,386,407 or 16.3%, largely due to the receipt of \$1.5 million in urban renewal dollars in fiscal year 2015/2016 restricted for the payment of debt. Finally, earnings on investments increased by \$152,342 due to a higher cash balance throughout the fiscal year and slightly higher interest rates; unfortunately, the interest rates continue to remain low.

Program specific expenses increased by \$433,885 or 4.6%, due to an expansion of Culture and Recreation program offerings. In addition, increases in wages and benefits contributed to the overall escalation of program expenses. Program specific expenses exceeded program revenues in 2017 by \$2,919,018 as compared to \$2,325,481 in prior year. The change is largely reflective of the increase in wages and benefits mentioned above as well as an expansion of Culture and Recreation program offerings.

The District continues to work on a cost analysis methodology to determine the actual costs of running individual programs. With this detailed information, we can strategically decide which programs the District will subsidize and to what degree those programs will be subsidized with property tax dollars.

FUND ANALYSIS

The primary fund of the District, the General Fund, ended the year with a fund balance of \$4,683,854 - an increase of over \$300,000 from prior year. The key factor contributing to this increase is the increase in property tax revenues of over \$350,000 from prior year.

The Nutrition and Transportation Fund ended the year with a fund balance of \$300,098, down \$36,819 from 2016. The decrease is primarily due to ongoing expenditures that exceed ongoing revenues. To help offset a portion of the difference between revenues and expenditures, the General Fund transfers \$100,000 each year to subsidize program expenditures.

The System Development Charges Fund (Zone 3) ended the year with an ending fund balance of \$12,300,353, an increase of \$2,537,072 from prior year. This increase is primarily due to revenue collections in the amount of approximately \$2.9 million, of which \$480,026 was transferred to the Series 2008 Debt Service Fund for the payment of debt.

The Capital Projects Fund ended the year with an ending fund balance of \$520,747, an increase of \$19,295 from prior year. This increase can primarily be attributed to interest earnings on the fund balance.

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

FUND ANALYSIS (Continued)

The Capital Asset Replacement Fund ended the year with an ending fund balance of \$3,618,905, an increase of \$898,374 from prior year. This increase can be attributed the General Fund transfer to the Capital Asset Replacement Fund of approximately \$1,200,000 and expenditures of slightly over \$300,000 on capital asset repair and replacements. The remaining fund balance will carry forward for future repair and replacement needs.

General Fund Budgetary Highlights

When comparing final budget to actual revenues, total actual General Fund revenues are higher than budget by \$359,888. This variance is primarily due to the property taxes revenue category which came in higher than budget by \$179,923 and the fees and charges revenue category which was \$140,101 higher than budget. Total expenditures (excluding contingency) in the General Fund Programs are under budget by \$1,143,671. This is primarily due to an intentional staff effort to examine and reduce expenditures where possible and also reflects a vacant position during fiscal year 2016/2017. To ensure that we optimize the use of taxpayer dollars while continuing to provide a high level of service to the citizens of the District, NCPRD management continued a comprehensive review of District operations, capital assets and staffing levels.

The General Fund budget was amended during fiscal year 2016/2017 in various divisions to account for additional expenditures and to recognize additional beginning fund balance.

CAPITAL ASSETS

As of June 30, 2017 and 2016, the District had invested \$40,199,117 and \$40,895,206 in capital assets, respectively, net of depreciation as reflected in the following table:

	2017	2016
Land	\$ 19,022,933	\$ 18,522,933
Construction in progress	190,966	517,227
Buildings	1,443,784	1,388,089
Office equipment	352,418	356,907
Improvements	19,070,356	20,009,339
Vehicles	118,660	100,711
	\$ 40,199,117	\$ 40,895,206

Overall, investment in capital assets decreased \$669,089 during the year. This decrease is primarily due to depreciation expense during fiscal year 2016/2017 on capital assets.

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
 (A Component Unit of Clackamas County, Oregon)
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED JUNE 30, 2017**

DEBT ADMINISTRATION

Full Faith and Credit Refunding Bonds were issued in 2010 to refund the Limited Tax Revenue Refunding Bonds issued in 2000. The original debt was issued in 1993 to pay for the construction of the District's Aquatic Facility and construction of several neighborhood parks. The payment of principal and interest is payable from property taxes assessed by Clackamas County to residents of the District. The new Refunding Bonds have a term of fifteen years and interest rate between 2.5% and 4.0% over the life of the debt.

Oregon Full Faith and Credit bonds were issued in 2008 to acquire and develop approximately 35 acres of land in the City of Happy Valley for District facilities. In FY 2009-10, the District completed Phase I of this 35-acre sports complex which includes four full-size, all-weather turf softball/baseball fields with lights, one overlaid multipurpose field, a gravel walking trail, parking areas, utilities, landscaping and a concessions building. The Full Faith and Credit Obligations have a term of twenty years and a variable interest rate of 3.25 to 4.00% per annum.

The following condensed schedule compares year end balances for 2017 and 2016. Please refer to Notes to Basic Financial Statements - Note 9 for additional detail.

	2017	2016
Full Faith and Credit Obligations	\$ 8,500,000	\$ 9,220,000
	\$ 8,500,000	\$ 9,220,000

ECONOMIC FACTORS

Property taxes represent a significant revenue source for the District's governmental funds, 49.1% and 42.2% of total revenues in 2017 and 2016, respectively. This increase in the percentage of property taxes in relation to total revenues in fiscal year 2016/2017 is reflective of a decrease in intergovernmental revenue from prior year of over \$1.8 million largely due to the receipt of \$1.5 million in urban renewal dollars in fiscal year 2015/2016. Property tax revenue increased by over \$350,000 from prior year primarily due to the assessed value of properties in the District increasing by the 3 percent allowed under Measure 50. All program areas are dependent upon property taxes; therefore, it is appropriate in this section to discuss the continued effect Measure 50 is having on the District.

The property tax limitation measure approved by voters in May 1997 amended Oregon's constitution to cut local property taxes and limit their growth. Measure 50 rolled back assessed values to 90 percent of 1995-96 levels and established permanent tax rates and limited assessed value growth for individual properties to 3 percent per year with exceptions for new construction, subdivision and rezoning. Certain taxes, such as those to pay bonded debt, were exempted from Measure 50 reductions. The maximum permanent tax rate for the North Clackamas Parks and Recreation District as calculated by the Oregon Department of Revenue is \$.5382 per \$1,000 of assessed value.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017

ECONOMIC FACTORS (Continued)

The District is also dependent on System Development Charges revenue which is generated through new residential and commercial development throughout the District. These resources are used to fund "growth related" capital projects within the District. In fiscal year 2015/2016, System Development Charge revenue was \$4,043,707 and decreased to \$3,425,942 in fiscal year 2016/2017. This decrease is largely due to a large multi-family development that occurred on the west-side of the District in fiscal year 2015/2016. Since SDCs are one of the only revenue sources available to construct new capital assets throughout the District, staff must monitor and forecast this revenue on a consistent basis to ensure projections reflect the economic climate of the County and surrounding Portland Metro area.

FINANCIAL CONTACT

The District's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact the Chief Financial Officer at 150 Beaver Creek Road, Oregon City, Oregon 97045. The District's telephone number is (503)742-4351. You can also reach us through our web page at <http://ncprd.com>.

BASIC FINANCIAL STATEMENTS

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Activities</u>
ASSETS:	
Cash and investments	\$ 26,846,719
Property taxes receivable	402,517
Accounts receivable	159,323
Grants receivable	11,427
Prepaid expense	14,717
Capital assets	
Capital assets not being depreciated	19,213,899
Capital assets being depreciated, net	<u>20,985,218</u>
TOTAL ASSETS	<u>67,633,820</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charge on debt refunding	<u>86,740</u>
LIABILITIES:	
Accounts payable	281,199
Accrued interest payable	58,056
Due to Clackamas County	768,348
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	750,000
Portion due or payable after one year:	
Bonds payable	<u>7,840,613</u>
TOTAL LIABILITIES	<u>9,698,216</u>
NET POSITION:	
Net investment in capital assets	31,608,504
Restricted for debt service	1,611,355
Restricted for acquisition and development	15,681,999
Unrestricted	<u>9,120,486</u>
TOTAL NET POSITION	<u><u>\$ 58,022,344</u></u>

The notes to basic financial statements are an integral part of this statement.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Culture, education and recreation	\$ 6,913,776	\$ 1,705,683	\$ 197,348	\$ 3,925,943	\$ (1,084,802)
Health and welfare	2,512,913	516,216	509,763	-	(1,486,934)
Interest on long-term debt	347,282	-	-	-	(347,282)
Total	9,773,971	2,221,899	707,111	3,925,943	(2,919,018)
GENERAL REVENUES					
					6,870,480
Property taxes levied for general purposes					261,026
Earnings on investments					2,665
Miscellaneous					
					7,134,171
TOTAL GENERAL REVENUES					
CHANGE IN NET POSITION					4,215,153
NET POSITION, July 1, 2016					53,807,191
NET POSITION, June 30, 2017					\$ 58,022,344

The notes to basic financial statements are an integral part of this statement.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds			Capital Projects Funds			Total
	General Fund	Nutrition and Transportation Fund	System Development Charges Zone 3 Fund	Capital Projects Fund	Capital Asset Replacement Fund	Other Governmental Funds	
ASSETS							
Cash and investments	\$ 5,506,672	\$ 365,820	\$ 12,210,179	\$ 520,420	\$ 3,660,325	\$ 4,583,303	\$ 26,846,719
Taxes receivable	402,517	-	-	-	-	-	402,517
Accounts receivable	68,491	162	90,670	-	-	-	159,323
Grants receivable	-	-	-	11,427	-	-	11,427
Due from other funds	1,441	-	-	-	-	-	1,441
Due from Clackamas County	29,933	29,063	-	-	-	13,520	72,516
Prepaid items	14,375	342	-	-	-	-	14,717
TOTAL ASSETS	\$ 6,023,429	\$ 395,387	\$ 12,300,849	\$ 531,847	\$ 3,660,325	\$ 4,596,823	\$ 27,508,660
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 220,780	\$ 13,011	\$ -	\$ 9,659	\$ 37,749	\$ -	\$ 281,199
Due to other funds	-	-	-	1,441	-	-	1,441
Due to Clackamas County	751,526	82,278	496	-	3,671	2,893	840,864
TOTAL LIABILITIES	972,306	95,289	496	11,100	41,420	2,893	1,123,504
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	367,269	-	-	-	-	-	367,269
FUND BALANCES							
Nonspendable	14,375	342	-	-	-	-	14,717
Restricted	-	-	12,300,353	520,747	-	4,472,254	17,293,354
Assigned	-	299,756	-	-	3,618,905	121,676	4,040,337
Unassigned	4,669,479	-	-	-	-	-	4,669,479
TOTAL FUND BALANCES	4,683,854	300,098	12,300,353	520,747	3,618,905	4,593,930	26,017,887
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 6,023,429	\$ 395,387	\$ 12,300,849	\$ 531,847	\$ 3,660,325	\$ 4,596,823	\$ 27,508,660

The notes to basic financial statements are an integral part of this statement.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

TOTAL FUND BALANCE		\$ 26,017,887
Total net position shown in the Statement of Net Position and the Statement of Activities are different because:		
Capital assets are not financial resources for fund reporting purposes and therefore are not reported in the governmental funds.		
	40,199,117	
A portion of the District's receivables are collected after year-end; but they are not collected soon enough to be available as financial resources for the current year. The revenues related to these receivables are deferred and not reported in the governmental funds.		
	367,269	
Long-term assets, such as bond discounts, are not reported as governmental fund assets and liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when it is due. These long-term assets and liabilities consist of:		
Deferred charge on debt refunding	86,740	
Accrued interest payable	(58,056)	
Bonds payable, net of bond premium	(8,590,613)	
Total effect of long-term assets and liabilities	(8,561,929)	
TOTAL NET POSITION		\$ 58,022,344

The notes to basic financial statements are an integral part of this statement.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds			Capital Projects Funds			Total
	General Fund	System Nutrition and Transportation Fund	Development Charges Zone 3 Fund	Capital Projects Fund	Capital Asset Replacement Fund	Other Governmental Funds	
REVENUES:							
Property taxes	\$ 6,855,995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,855,995
Licenses and permits	-	-	2,899,732	-	-	526,210	3,425,942
Interest	62,966	3,846	117,366	3,983	31,208	41,657	261,026
Intergovernmental	117,951	334,156	1,477	21,583	-	55,112	530,279
Charges for services	2,166,289	26,043	-	-	-	-	2,192,332
Reimbursements	39,385	-	-	-	-	-	39,385
Donations	30,792	175,607	-	-	-	-	206,399
Miscellaneous	2,665	-	-	-	-	-	2,665
TOTAL REVENUES	9,276,043	539,652	3,018,575	25,566	31,208	622,979	13,514,023
EXPENDITURES:							
Current:							
Culture, education and recreation	5,687,167	-	1,477	-	96	14,677	5,703,417
Health and welfare	1,480,360	676,471	-	-	-	-	2,156,831
Capital outlay	-	-	23,251	188,047	197,738	-	409,036
Debt service:							
Principal	-	-	-	-	-	720,000	720,000
Interest and fiscal charges	-	-	-	-	-	335,181	335,181
TOTAL EXPENDITURES	7,167,527	676,471	24,728	188,047	197,834	1,069,858	9,324,465
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,108,516	(136,819)	2,993,847	(162,481)	(166,626)	(446,879)	4,189,558
OTHER FINANCING SOURCES (USES):							
Transfers in	-	100,000	-	181,776	1,200,000	1,055,532	2,537,308
Transfers out	(1,803,329)	-	(456,775)	-	(135,000)	(142,204)	(2,537,308)
TOTAL OTHER FINANCING SOURCES (USES)	(1,803,329)	100,000	(456,775)	181,776	1,065,000	913,328	-
NET CHANGE IN FUND BALANCE	305,187	(36,819)	2,537,072	19,295	898,374	466,449	4,189,558
FUND BALANCE, JUNE 30, 2016	4,378,667	336,917	9,763,281	501,452	2,720,531	4,127,481	21,828,329
FUND BALANCE, JUNE 30, 2017	\$ 4,683,854	\$ 300,098	\$ 12,300,353	\$ 520,747	\$ 3,618,905	\$ 4,593,930	\$ 26,017,887

The notes to basic financial statements are an integral part of this statement.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

NET CHANGE IN FUND BALANCES		\$ 4,189,558
The change in net position reported in the Statement of Activities is different because:		
Government funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is capitalized. Their value is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	348,251	
Contributed capital asset	500,000	
Depreciation	<u>(1,544,340)</u>	(696,089)
Long-term debt principal payments are recorded as expenditures in the governmental funds and issuance of long-term debt is recorded as an other financing source. In the Statement of Activities issuance of long-term debt reduces net position and the payment of long-term debt principal increases net position.		
Amortization of bond premium		11,574
Amortization of deferred refunding		(28,913)
Payment of long-term debt principal		720,000
In the Statement of Activities interest is accrued on long-term debt and the expense reduces net position. In the governmental funds interest expense is only recognized when it is due.		
		4,539
Receivables that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities they are recognized as revenue when levied or earned.		
		<u>14,484</u>
CHANGE IN NET POSITION		<u>\$ 4,215,153</u>

The notes to basic financial statements are an integral part of this statement.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 6,675,665	\$ 6,675,665	\$ 6,855,588	\$ 179,923
Fees and charges	2,026,188	2,026,188	2,166,289	140,101
Intergovernmental	131,750	131,750	117,951	(13,799)
Donations	25,000	25,000	30,792	5,792
Interest	14,200	14,200	62,966	48,766
Miscellaneous	3,560	3,560	2,665	(895)
TOTAL REVENUES	8,876,363	8,876,363	9,236,251	359,888
EXPENDITURES:				
Current:				
Administration	711,783	771,783	709,349	62,434
Park services	1,505,995	1,505,995	1,300,631	205,364
Program services	437,944	437,944	376,358	61,586
Sports	1,281,363	1,281,363	1,165,400	115,963
Milwaukie Center	743,218	743,218	678,919	64,299
Aquatic Park	1,949,737	1,949,737	1,708,619	241,118
Marketing and communications	468,251	493,251	381,241	112,010
Planning and development	389,248	414,248	258,948	155,300
Natural Resources	441,458	441,458	324,299	117,159
Special Payments	272,202	272,202	263,764	8,438
Contingency	2,107,550	2,656,650	-	2,656,650
TOTAL EXPENDITURES	10,308,749	10,967,849	7,167,528	3,800,321
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,432,386)	(2,091,486)	2,068,723	4,160,209
OTHER FINANCING SOURCES (USES):				
Transfers in	218,033	218,033	39,385	(178,648)
Transfers out	(1,983,247)	(2,144,247)	(1,803,329)	340,918
TOTAL OTHER FINANCING SOURCES (USES)	(1,765,214)	(1,926,214)	(1,763,944)	162,270
NET CHANGE IN FUND BALANCE	(3,197,600)	(4,017,700)	304,779	4,322,479
FUND BALANCE, JUNE 30, 2016	3,197,600	4,017,700	4,343,827	326,127
FUND BALANCE, JUNE 30, 2017	\$ -	\$ -	\$ 4,648,606	\$ 4,648,606
ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (U.S. GAAP BASIS):				
Property taxes susceptible to accrual recognized as revenue on the U.S. GAAP basis			35,248	
FUND BALANCE (U.S. GAAP BASIS) - June 30, 2017			\$ 4,683,854	

The notes to basic financial statements are an integral part of this statement.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NUTRITION AND TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 27,750	\$ 27,750	\$ 26,043	\$ (1,707)
Intergovernmental	319,395	319,395	334,156	14,761
Interest	800	800	3,846	3,046
Donations	145,000	145,000	175,607	30,607
TOTAL REVENUES	492,945	492,945	539,652	46,707
EXPENDITURES:				
Current:				
Health and welfare				
Nutrition Division	526,737	526,737	511,079	15,658
Transportation Division	172,164	172,164	155,574	16,590
Special payments	5,000	5,000	-	5,000
Contingency	136,373	206,673	-	206,673
TOTAL EXPENDITURES	840,274	910,574	666,653	243,921
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(347,329)	(417,629)	(127,001)	290,628
OTHER FINANCING SOURCES (USES):				
Transfers in	100,000	100,000	100,000	-
Transfers out	(9,818)	(9,818)	(9,818)	-
TOTAL OTHER FINANCING SOURCES (USES)	90,182	90,182	90,182	-
NET CHANGE IN FUND BALANCE	(257,147)	(327,447)	(36,819)	290,628
FUND BALANCE, JUNE 30, 2016	257,147	327,447	336,917	9,470
FUND BALANCE, JUNE 30, 2017	\$ -	\$ -	\$ 300,098	\$ 300,098
Expenditures/Other Financing Uses reconciliation:				
Expenditures, budgetary basis			\$ 666,653	
Reimbursements (U.S. GAAP Basis)			9,818	
Expenditures (U.S. GAAP Basis)			<u>\$ 676,471</u>	
Other financing uses, budgetary basis			\$ (9,818)	
Reimbursements to other funds			9,818	
Other financing uses (U.S. GAAP Basis)			<u>\$ -</u>	

The notes to basic financial statements are an integral part of this statement.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SYSTEM DEVELOPMENT CHARGES ZONE 3 FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 1,914,129	\$ 1,914,129	\$ 2,899,732	\$ 985,603
Intergovernmental	2,187	2,187	1,477	(710)
Interest	16,100	16,100	117,366	101,266
TOTAL REVENUES	1,932,416	1,932,416	3,018,575	1,086,159
EXPENDITURES:				
Current:				
Materials and services	7,900	7,900	1,477	6,423
Capital outlay	4,557,225	4,557,225	-	4,557,225
TOTAL EXPENDITURES	4,565,125	4,565,125	1,477	4,563,648
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,632,709)	(2,632,709)	3,017,098	5,649,807
OTHER FINANCING SOURCES (USES):				
Transfers out	(5,813,348)	(5,813,348)	(480,026)	5,333,322
TOTAL OTHER FINANCING SOURCES (USES)	(5,813,348)	(5,813,348)	(480,026)	5,333,322
NET CHANGE IN FUND BALANCE	(8,446,057)	(8,446,057)	2,537,072	10,983,129
FUND BALANCE, JUNE 30, 2016	8,446,057	8,446,057	9,763,281	1,317,224
FUND BALANCE, JUNE 30, 2017	\$ -	\$ -	\$ 12,300,353	\$ 12,300,353
Expenditures/Other Financing Uses reconciliation:				
Expenditures, budgetary basis			\$ 1,477	
Reimbursements (U.S. GAAP Basis)			23,251	
Expenditures (U.S. GAAP Basis)			<u>\$ 24,728</u>	
Other financing uses, budgetary basis			\$ (480,026)	
Reimbursements to other funds			23,251	
Other financing uses (U.S. GAAP Basis)			<u>\$ (456,775)</u>	

The notes to basic financial statements are an integral part of this statement.

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NOTES TO BASIC FINANCIAL STATEMENTS

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District

The North Clackamas Parks and Recreation District (the District), a blended component unit of Clackamas County, Oregon, (the County), was formed under the provisions of Oregon Revised Statutes Chapter 451, "County Service Facilities". The District has evaluated potential component units and determined there are no component units. As provided by ORS 451.485, the Clackamas County Board of Commissioners (the Board) is the governing body of the District. The District provides a full range of park and recreation services to the community. These services include natural and developed park areas; recreational programs and activities; a full-service senior center providing social and recreational programs; a full-service aquatic center with multiple pools, water recreation, instruction programs, and a full-service sports complex with world-class ball fields with all-weather turf and a walking path. Personnel of the Clackamas County Finance Department provide partial assistance to Business and Community Services staff, which is responsible for District fiscal and accounting functions. Since the County is financially accountable for and significantly influences the operations of the District, the District is included in the financial statements of the County.

Basis of Presentation, Measurement Focus, and Basis of Accounting

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District, including all of its financial activities. The effect of interfund activities has been removed from these statements. Governmental activities are financed primarily through property taxes and charges for services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of the District's programs. Direct expenses are those that are specifically associated with a program and, therefore, are clearly identifiable to that program. The District partially allocates indirect expenses. Program revenues include (a) fees and charges paid for services and (b) operating grants and contributions. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

Net position is reported as restricted when constraints placed on them are either externally restricted, imposed by creditors (such as through debt covenants, grantors, contributors, or laws), or are imposed through constitutional provisions or enabling legislation.

Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as other governmental funds.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation, Measurement Focus, and Basis of Accounting (Continued)

Fund Financial Statements (Continued)

The District reports the following major funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources, except those accounted for in another fund.

The Nutrition and Transportation Fund, a special revenue fund, accounts for the District's operations to coordinate and manage nutrition and transportation services for older adults and people with disabilities and assist them in remaining healthy and independent. Major revenues are receipts from intergovernmental agreements and contributions. The District deems the Fund is important enough to be reported as major for qualitative reasons.

The System Development Charges Zone 3 Fund is a special revenue fund accounting for the system development fees on new residential and commercial development in the City of Happy Valley, the City's urban growth management area, the unincorporated County area east of I-205. The fund's resources are transferred to the Capital Projects Fund on a reimbursement basis for construction of specific capital projects in Zone 3's boundaries.

The Capital Projects Fund accounts for expenditures funded primarily by the issuance of long-term debt, system development charges, and grant revenue designated for the construction of specific capital projects. The District deems the Fund is important enough to be reported as major for qualitative reasons.

The Capital Asset Replacement Fund accounts for expenditures primarily funded by transfers from other funds for the repair and replacement of capital assets.

The District reports the following fund types:

General Fund: Main operating fund used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds: Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Funds: Used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds: Used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation, Measurement Focus, and Basis of Accounting (Continued)

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Under terms of grant agreements, the District funds certain programs by a combination of restricted resources (i.e. specific cost-reimbursement grants) and unrestricted resources (i.e. general revenues). Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply restricted resources to such programs and then unrestricted resources.

Governmental fund financial statements are reported using the current financial resources measurement focus and 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 in the current period or soon enough to pay the liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual. Capital asset acquisitions are reported as expenditures. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are only recorded when payment is due.

Fund Balances

In the financial statements, assets and deferred outflows of resources in excess of liabilities and deferred inflows of resources are presented as either fund balances or net position, depending on the measurement focus used for financial reporting in the fund.

Governmental funds report assets in excess of liabilities as fund balances and will be reported in the classifications that comprise a hierarchy based on the extent that the District is bound to honor those constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as *Non-spendable* when the resources cannot ever be spent, whether due to legal restrictions (such as a permanent fund) or items not spendable in form such as inventory balances or interfund loans/receivables.

Fund balance is reported as *Restricted* when the resources have externally enforceable legal restrictions, representing a spending constraint such as grants or contracts, fines and forfeitures, lender requirements, or laws and regulations of other governments.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Continued)

Fund balance is reported as *Committed* when the Board of County Commissioners passes a resolution, the formal action of the District's highest decision-making level of authority, to establish a specific spending constraint on how the resources may be used. The Board can also modify or rescind the resolution through the passage of another formal resolution.

It is the policy of the Board of County Commissioners to report as *Assigned* fund balance any unrestricted or uncommitted resources that are constrained by the government's intent to use them for a specific purpose. Intent may be expressed by the Board of County Commissioners, or officials the Board has delegated authority to, such as the County Administrator and Finance Director.

Fund balance is reported as *Unassigned* for the General Fund when resources are not otherwise reported as non-spendable, restricted, committed, or assigned. This classification is also used to report any negative fund balance amounts in other governmental funds.

The Board of County Commissioners has adopted Resolution No. 2011-55 approving the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted resources are available for the specific purpose for which it is restricted. When unrestricted fund balance is spent, the District will consider that committed amounts will be reduced first, followed by assigned amounts, and lastly, unassigned fund balance.

Fund balances by classification for the year ended June 30, 2017 were as follows:

	General Fund	Nutrition and Transportation Fund	System Development Charges Zone 3 Fund	Capital Projects Fund	Capital Asset Replacement Fund	Other Governmental Fund	Total
Nonspendable:							
Prepays	\$ 14,375	\$ 342	\$ -	\$ -	\$ -	\$ -	\$ 14,717
Restricted for:							
Debt service reserve	-	-	-	-	-	1,611,355	1,611,355
Acquisition and development	-	-	12,300,353	520,747	-	2,860,899	15,681,999
Assigned to:							
Health and welfare	-	299,756	-	-	-	-	299,756
Debt service reserve	-	-	-	-	-	121,676	121,676
Acquisition and development	-	-	-	-	3,618,905	-	3,618,905
Unassigned:	4,669,479	-	-	-	-	-	4,669,479
Total fund balances	<u>\$ 4,683,854</u>	<u>\$ 300,098</u>	<u>\$ 12,300,353</u>	<u>\$ 520,747</u>	<u>\$ 3,618,905</u>	<u>\$ 4,593,930</u>	<u>\$ 26,017,887</u>

Use of Estimates

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

ORS 294.035 authorizes the District to invest in general obligations of the United States and its agencies, debt obligations of the state of Oregon, California, Idaho, and Washington and their political subdivisions, banker's acceptances, corporate indebtedness, commercial paper, repurchase agreements, time certificates of deposit, fixed or variable life insurance contracts, and the State Treasurer's Local Government Investment Pool (LGIP). Cash and investments comprise funds held and invested by the County Treasurer and the LGIP. Authority to manage the investment program is granted to the publicly elected County Treasurer, and the District may not engage in an investment transaction without approval of the Treasurer. All bank deposits shall be held in qualified Oregon depositories in accordance with ORS Chapter 295. Financial information required by Governmental Accounting Standards Board Statements (GASB) No. 3, No. 31, No. 40, and No. 72 regarding the accounting and financial reporting for the District's pooled cash and investments, held by the County Treasurer, has been disclosed in the County's Comprehensive Annual Financial Report for the year ended June 30, 2017.

Property Taxes Receivable

Real and personal property taxes are assessed and become a lien against the property as of July 1 each year, and are payable in three installments 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 15 are considered delinquent. All property taxes receivable are due from property owners within the District.

Accounts Receivable

Accounts receivable consists of charges for services and outstanding system development charges generated from new residential and commercial development throughout the District. All accounts receivable are shown net of an allowance for uncollectible accounts. As of June 30, 2017, the District believes all accounts receivable are fully collectible and an allowance for uncollectible accounts is not warranted.

Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheet reports a separate section for *deferred outflows of resources*, which represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the balance sheet reports a separate section for *deferred inflows of resources*, which represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The recorded balance is a portion of the District's revenue that is collected after year-end and meets the recognition in future periods requirement of deferred inflows of resources.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The District defines capital assets as assets with an initial cost of \$5,000 and an estimated life in excess of one year. Interest incurred during construction is not capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives: buildings - 10 to 20 years, office equipment - 5 to 6 years, park equipment - 10 years, vehicles - 5 to 10 years, improvements - 10 to 50 years.

Pension Plan

The District's personnel are employees of the County. A substantial amount of County employees are participants in the Oregon Public Employees Retirement Fund (OPERF), a state-wide agent multiple-employer defined benefit pension plan administered by the Oregon Public Employees Retirement System. Contributions to OPERF are made on a current basis as required by the plan and are charged to expenditures. The District is paying for contracted services from the County that includes the amount to cover employee benefits. Since District personnel are employees of the County, the District has no obligation for related personnel expense accruals not currently reimbursed through the contracted rate.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY [BUDGET]

A budget is prepared and legally adopted for all funds on the modified accrual basis of accounting, except for property taxes in the General Fund which are budgeted on the cash basis. The budget is adopted by the Board, appropriations made and the tax levy is declared no later than June 30. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The General Fund has appropriations made at the program level – Administration, Parks Maintenance, Recreation, Sports, Milwaukie Center, Aquatic Park, Marketing & Communication, Planning, Natural Resources, special payments, transfers to other funds, and contingency. The Nutrition and Transportation Fund has appropriations made at the program level – Nutrition, Transportation, special payments, transfers to other funds, and contingency. The other funds have appropriations made at the principal object level - materials and services (including contractual payments), special payments, capital outlay, debt service, operating contingency and operating transfers - are the levels of control established by the resolution. The detail budget document, however, is required to contain more specific, detailed information for the above mentioned expenditure categories. The budget is adopted on a modified accrual basis with the exception of the following:

- Property taxes susceptible to accrual are recognized on a cash basis.

Management may make transfers of appropriations within object levels. However, transfers of appropriations between object levels require the approval of the Board. Unexpected additional resources may be added to the budget through the use of a supplemental budget. The Board at a regular Board meeting may adopt supplemental budgets less than 10% of the fund's original budget. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between object levels and require approval by the Board. The Board adopted two supplemental budgets during the year for less than 10% of the fund's original budget. Appropriations lapse as of fiscal year-end.

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

3. CASH AND INVESTMENTS

Cash and investments are comprised of the following:

Petty cash/change fund	\$ 3,570
Cash and cash equivalents with the County Treasurer	2,720,415
State of Oregon Treasurer's Local Government Investment Pool	<u>24,122,734</u>
	<u>\$ 26,846,719</u>

Investments with the County Treasurer represent the District's equity in pooled accounts maintained by the County Treasurer. Investments with a remaining maturity of more than one year, at the time of purchase, are stated at fair value, which approximates cost.

Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

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

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

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

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

The categorization of a value determined for investments is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities.

State statutes authorize the District to invest in general obligations of the U.S. Government and in its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements and bankers' acceptances, among others. Reference should be made to the June 30, 2017 Comprehensive Annual Financial Report of Clackamas County for compliance with these statutes.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

3. CASH AND INVESTMENTS (CONTINUED)

Investments in the LGIP are stated at fair value, which approximates cost. The Oregon State Treasury administers the LGIP. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local government in Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board, which is not registered with the U.S. Securities and Exchange Commission as an investment company. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. The Oregon Short-Term Fund financial statements and its portfolio rules can be obtained at www.ost.state.or.us. The LGIP is not rated by any national rating service. The LGIP is stated at fair value, which approximates cost. Fair value is the same as the District's value in the pool shares.

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017, are as follows:

Accounts receivable	General Fund	Nutrition and Transportation Fund	System Development Charges Zone 3 Fund	Total
System development charges	\$ -	\$ -	\$ 90,670	\$ 90,670
Charges for services	68,491	162	-	68,653
Gross receivables	68,491	162	90,670	159,323
Less: allowance for uncollectibles	-	-	-	-
Net total accounts receivable	\$ 68,491	\$ 162	\$ 90,670	\$ 159,323

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Increases	Transfers	Deletions	Balance June 30, 2017
Capital assets not being depreciated:					
Land	\$ 18,522,933	\$ 500,000	\$ -	\$ -	\$ 19,022,933
Construction in progress	517,227	23,009	(349,270)	-	190,966
Total capital assets not being depreciated	19,040,160	523,009	(349,270)	-	19,213,899
Capital assets being depreciated:					
Buildings	12,355,056	147,930	31,267	-	12,534,253
Office equipment	979,381	42,979	-	-	1,022,360
Improvements	26,566,851	81,288	318,003	-	26,966,142
Vehicles	555,973	53,045	-	(16,700)	592,318
Total capital assets being depreciated	40,457,261	325,242	349,270	(16,700)	41,115,073
Less accumulated depreciation for:					
Buildings	(10,966,967)	(123,502)	-	-	(11,090,469)
Office equipment	(622,474)	(47,468)	-	-	(669,942)
Improvements	(6,557,512)	(1,338,274)	-	-	(7,895,786)
Vehicles	(455,262)	(35,096)	-	16,700	(473,658)
Total accumulated depreciation	(18,602,215)	(1,544,340)	-	16,700	(20,129,855)
Total capital assets being depreciated, net	21,855,046	(1,219,098)	349,270	-	20,985,218
Total capital assets, net	\$ 40,895,206	\$ (696,089)	\$ -	\$ -	\$ 40,199,117

Depreciation expense was charged as follows:

Depreciation by Function:

Culture and recreation	\$ 1,220,029
Health and welfare	324,311
	<u>\$ 1,544,340</u>

6. DUE TO/FROM CLACKAMAS COUNTY

\$768,348 is due to Clackamas County as of June 30, 2017 related to services received.

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

7. TRANSFERS TO/FROM OTHER FUNDS

Transfers to/from other funds for the year ended June 30, 2017, consisted of the following:

Amount	Description
\$ 491,675	From the General Fund to Other Governmental Funds for bond payments.
1,200,000	From the General Fund to the Capital Asset Replacement Fund for capital asset repair, replacement and acquisition.
100,000	From the General Fund to the Nutrition and Transportation Fund to support the Nutrition and Transportation programs.
11,654	From the General Fund to the Capital Projects Fund for capital construction and acquisition.
92,969	From the System Development Charges Zone 1 Fund to other governmental funds for bond payments.
9,680	From the System Development Charges Zone 1 Fund to the Capital Projects Fund for capital asset construction and acquisition.
37,593	From the System Development Charges Zone 2 Fund to other governmental funds for bond payments.
1,962	From the System Development Charges Zone 2 Fund to the Capital Projects Fund for capital asset construction and acquisition.
433,295	From the System Development Charges Zone 3 Fund to other governmental funds for bond payments.
23,480	From the System Development Charges Zone 3 Fund to the Capital Projects Fund for capital asset construction and acquisition.
135,000	From the Capital Assets Replacement Fund to the Capital Projects Fund for capital acquisition.
<u>\$ 2,537,308</u>	

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to errors and omissions; automobile; damage to and destruction of assets; and bodily injury for which the District carries commercial insurance. The District participates in the County's self-insurance program where not commercially insured. The District makes payments to the County's self-insurance internal service funds based on historical cost information estimates of the amounts needed to pay prior year and current year claims, claim reserves, premiums, and administrative costs of the program.

All personnel of the District are employees of the County, and the County bears all risk of loss. The County is fully self-insured for unemployment benefits and short-term disability benefits. The County is also partially self-insured for dental benefits, workers' compensation, and general liability claims. General liability claims are limited by state statute to \$500,000 per occurrence. The County carries coverage in excess of \$1,000,000 with an outside insurer for workers' compensation claims. There have been no significant reductions in insurance coverage from the prior year for any category of risk and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

9. LONG-TERM DEBT

In 2008 the District issued Full Faith and Credit Obligations in the amount of \$8,000,000 to fund the creation of a new District park. The remaining annual principal and semi-annual interest payments are approximately \$574,000 per year with the final payment scheduled on December 1, 2027.

The Aquatic Park debt issued in 1993 was refunded in May 2000 by the issuance of \$8,560,000 in Limited Tax Revenue Refunding Bonds. To take advantage of low interest rates, the debt was again refunded in January 2010 by the issuance of Full Faith and Credit Refunding Bonds in the amount of \$5,660,000; life of debt was extended by 5 years. The remaining annual principal and semi-annual interest payments are approximately \$495,000 per year with the final payment scheduled on March 1, 2025.

Changes in long-term debt for the year ended June 30, 2017, are as follows:

	Interest Rates	Original Amount	Outstanding June 30, 2016	Increases	Decreases	Outstanding June 30, 2017
Full Faith and Credit Obligations						
Series 2008	3.00% - 4.00%	\$ 8,000,000	\$ 5,525,000	\$ -	\$ (365,000)	\$ 5,160,000
Full Faith and Credit Refunding Bonds						
Series 2010	2.00% - 4.00%	5,660,000	3,695,000	-	(355,000)	3,340,000
			9,220,000	-	(720,000)	8,500,000
Premiums			102,186	-	(11,573)	90,613
			9,322,186	\$ -	\$ (731,573)	8,590,613
Current Portion						(750,000)
						<u>\$ 7,840,613</u>

Future maturities are as follows:

Fiscal Year	Full Faith & Credit Obligations Series 2008		Full Faith and Credit Refunding Bonds Series 2010		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	380,000	186,305	370,000	126,025	750,000	312,330
2019	395,000	173,320	380,000	114,925	775,000	288,245
2020	410,000	159,430	395,000	101,625	805,000	261,055
2021	430,000	144,515	405,000	87,800	835,000	232,315
2022	445,000	128,543	420,000	71,600	865,000	200,143
2023-2027	2,530,000	368,395	1,370,000	111,000	3,900,000	479,395
2028	570,000	11,400	-	-	570,000	11,400
	<u>\$ 5,160,000</u>	<u>\$ 1,171,908</u>	<u>\$ 3,340,000</u>	<u>\$ 612,975</u>	<u>\$ 8,500,000</u>	<u>\$ 1,784,883</u>

9. TAX ABATEMENTS

The District has entered into no tax abatement programs. There is one tax abatement program entered into by another government reducing the District's property tax revenues for the year ended June 30, 2017.

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

9. TAX ABATEMENTS (CONTINUED)

Enterprise Zone:

The Oregon Enterprise-Zone program is a State of Oregon economic development program established under ORS section 285C.175, that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor. The County is the local sponsor for the E-Zone program.

The E-Zone allows industrial firms that will be making a substantial new capital investment a waiver of 100% of the amount of real property taxes attributable to the new investment for a 5-year period after completion. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated during the Fiscal Year 2017</u>
E-Zone	\$ 26,816

10. GROUND LEASE

The District entered into a ground lease agreement as the lessor, with a lessee in July 2003. As part of the agreement, the lessee dedicated thirty-one acres (31) of land adjacent to Eagle Landing to NCPRD. NCPRD leased back fifteen (15) acres for the development and operation of a par three golf course, club house and park. The lessee is responsible for all costs and expenses associated with the operation and maintenance of the Premises and the Improvements. The term of the leased land is twenty-five years (25) years with options to extend the lease for three (3) periods of five (5) years each. Annual rent is one dollar (\$1.00) for the initial term of the lease. The title to all improvements will remain with the lessee until the expiration of the Term, unless the lease is terminated sooner. Upon expiration, title to the improvements automatically pass and belong to the District.

11. RELATED-PARTY TRANSACTIONS

Labor and fringe benefit costs, administrative expenses for accounting, risk management, human resource management, technology services, public and government affairs, records management and other professional services totaling \$5,736,553 were paid to various County departments. At June 30, 2017, the District owed the County \$768,348 for such services. Internal County departments allocate their expenses to all county departments including the District. Labor and fringe benefit costs for the District are based on actual costs and all other administrative costs are based on historical actual costs and allocated based on an activity based costing methodology.

12. COMMITMENTS

The District has commitments under various contracts for approximately \$167,687 at June 30, 2017.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

13. SUBSEQUENT EVENT

On October 9, 2017, the City of Happy Valley filed in the Circuit Court of the State of Oregon a lawsuit against Clackamas County on behalf of North Clackamas Park & Recreation District. The Claim for relief is \$13,385,848 plus interest and other assets to be determined. By way of background, in May 2017, the City of Happy Valley City Council passed an Ordinance to withdraw the territory within the City's boundaries from the North Clackamas Parks and Recreation District with an implementation target date of 12/31/17. Oregon Revised Statute 222.530 provides that Happy Valley receive "...an equitable division...of the assets of the district....after giving consideration to the assessed valuation of the whole district and the part of it withdrawn, the types of assets and their location and intended use." The District attempted to work with the City of Happy Valley to come to an agreement on the division of assets but were unable to reach agreement. The litigation's purpose is both to arrive at the statutorily-required equitable division and resolve certain contractual claims between the parties. At this time an estimate of loss cannot be made.

SUPPLEMENTARY INFORMATION

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds		Debt Service Funds		Total
	System Development Charges Zone 1 Fund	System Development Charges Zone 2 Fund	Series 2010 Debt Service Fund	Series 2008 Debt Service Fund	
ASSETS:					
Cash and investments	\$ 1,296,501	\$ 1,553,771	\$ 1,621,676	\$ 111,355	\$ 4,583,303
Due from Clackamas County	13,520	-	-	-	13,520
TOTAL ASSETS	\$ 1,310,021	\$ 1,553,771	\$ 1,621,676	\$ 111,355	\$ 4,596,823
LIABILITIES:					
Due to Clackamas County	\$ 473	\$ 2,420	\$ -	\$ -	\$ 2,893
FUND BALANCES:					
Restricted	1,309,548	1,551,351	1,500,000	111,355	4,472,254
Assigned	-	-	121,676	-	121,676
TOTAL FUND BALANCES	1,309,548	1,551,351	1,621,676	111,355	4,593,930
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,310,021	\$ 1,553,771	\$ 1,621,676	\$ 111,355	\$ 4,596,823

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds		Debt Service Funds		Total
	System Development Charges Zone 1 Fund	System Development Charges Zone 2 Fund	Series 2010 Debt Service Fund	Series 2008 Debt Service Fund	
REVENUES:					
Licenses and permits	\$ 141,295	\$ 384,915	\$ -	\$ -	\$ 526,210
Intergovernmental	1,625	53,487	-	-	55,112
Interest	12,197	12,595	15,317	1,548	41,657
TOTAL REVENUES	<u>155,117</u>	<u>450,997</u>	<u>15,317</u>	<u>1,548</u>	<u>622,979</u>
EXPENDITURES:					
Current:					
Culture and recreation	6,479	7,498	350	350	14,677
Debt service:					
Principal	-	-	355,000	365,000	720,000
Interest and fiscal charges	-	-	136,675	198,506	335,181
TOTAL EXPENDITURES	<u>6,479</u>	<u>7,498</u>	<u>492,025</u>	<u>563,856</u>	<u>1,069,858</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>148,638</u>	<u>443,499</u>	<u>(476,708)</u>	<u>(562,308)</u>	<u>(446,879)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	491,675	563,857	1,055,532
Transfers out	(102,649)	(39,555)	-	-	(142,204)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(102,649)</u>	<u>(39,555)</u>	<u>491,675</u>	<u>563,857</u>	<u>913,328</u>
NET CHANGE IN FUND BALANCE	45,989	403,944	14,967	1,549	466,449
FUND BALANCE, JUNE 30, 2016	<u>1,263,559</u>	<u>1,147,407</u>	<u>1,606,709</u>	<u>109,806</u>	<u>4,127,481</u>
FUND BALANCE, JUNE 30, 2017	<u>\$ 1,309,548</u>	<u>\$ 1,551,351</u>	<u>\$ 1,621,676</u>	<u>\$ 111,355</u>	<u>\$ 4,593,930</u>

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SYSTEM DEVELOPMENT CHARGES ZONE 1 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 505,000	\$ 505,000	\$ 141,295	\$ (363,705)
Intergovernmental	10,000	10,000	1,625	(8,375)
Interest	1,500	1,500	12,197	10,697
TOTAL REVENUES	516,500	516,500	155,117	(361,383)
EXPENDITURES:				
Current:				
Materials and services	20,000	20,000	1,625	18,375
Capital outlay	1,388,682	1,388,682	-	1,388,682
TOTAL EXPENDITURES	1,408,682	1,408,682	1,625	1,407,057
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(892,182)	(892,182)	153,492	1,045,674
OTHER FINANCING SOURCES (USES):				
Transfers out	(213,965)	(213,965)	(107,503)	106,462
NET CHANGE IN FUND BALANCE	(1,106,147)	(1,106,147)	45,989	1,152,136
FUND BALANCE, JUNE 30, 2016	1,106,147	1,106,147	1,263,559	157,412
FUND BALANCE, JUNE 30, 2017	\$ -	\$ -	\$ 1,309,548	\$ 1,309,548

Expenditures/Other Financing Uses reconciliation:

Expenditures, budgetary basis	\$ 1,625
Reimbursements (U.S. GAAP Basis)	4,854
Expenditures (U.S. GAAP Basis)	<u>\$ 6,479</u>
Other financing uses, budgetary basis	\$ (107,503)
Reimbursements to other funds	4,854
Other financing uses (U.S. GAAP Basis)	<u>\$ (102,649)</u>

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SYSTEM DEVELOPMENT CHARGES ZONE 2 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 100,000	\$ 100,000	\$ 384,915	\$ 284,915
Intergovernmental	2,000	2,000	53,487	51,487
Interest	2,000	2,000	12,595	10,595
TOTAL REVENUES	104,000	104,000	450,997	346,997
EXPENDITURES:				
Current:				
Materials and services	4,000	12,000	6,036	5,964
Capital outlay	94,383	86,383	-	86,383
TOTAL EXPENDITURES	98,383	98,383	6,036	92,347
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,617	5,617	444,961	439,344
OTHER FINANCING SOURCES (USES):				
Transfers out	(869,429)	(869,429)	(41,017)	828,412
NET CHANGE IN FUND BALANCE	(863,812)	(863,812)	403,944	1,267,756
FUND BALANCE, JUNE 30, 2016	863,812	863,812	1,147,407	283,595
FUND BALANCE, JUNE 30, 2017	\$ -	\$ -	\$ 1,551,351	\$ 1,551,351

Expenditures/Other Financing Uses reconciliation:

Expenditures, budgetary basis	\$ 6,036
Reimbursements (U.S. GAAP Basis)	1,462
Expenditures (U.S. GAAP Basis)	<u>\$ 7,498</u>
Other financing uses, budgetary basis	\$ (41,017)
Reimbursements to other funds	1,462
Other financing uses (U.S. GAAP Basis)	<u>\$ (39,555)</u>

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SERIES 2010 DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,500,000	\$ 1,500,000	\$ -	\$ (1,500,000)
Interest	309	309	15,317	15,008
TOTAL REVENUES	<u>1,500,309</u>	<u>1,500,309</u>	<u>15,317</u>	<u>(1,484,992)</u>
EXPENDITURES:				
Current:				
Materials and services	15,500	15,500	350	15,150
Debt Service:				
Bond defeasance	3,962,338	3,962,338	-	3,962,338
Principal	355,000	355,000	355,000	-
Interest and fiscal charges	136,700	136,700	136,675	25
TOTAL EXPENDITURES	<u>4,469,538</u>	<u>4,469,538</u>	<u>492,025</u>	<u>3,977,513</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,969,229)</u>	<u>(2,969,229)</u>	<u>(476,708)</u>	<u>2,492,521</u>
OTHER FINANCING SOURCE:				
Transfers in	2,861,042	2,861,042	491,675	(2,369,367)
NET CHANGE IN FUND BALANCE	(108,187)	(108,187)	14,967	123,154
FUND BALANCE, JUNE 30, 2016	<u>108,187</u>	<u>108,187</u>	<u>1,606,709</u>	<u>1,498,522</u>
FUND BALANCE, JUNE 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,621,676</u>	<u>\$ 1,621,676</u>

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SERIES 2008 DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest	\$ 300	\$ 300	\$ 1,548	\$ 1,248
EXPENDITURES:				
Current:				
Materials and services	500	500	350	150
Debt Service:				
Principal	365,000	365,000	365,000	-
Interest and fiscal charges	210,000	210,000	198,506	11,494
TOTAL EXPENDITURES	575,500	575,500	563,856	11,644
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(575,200)	(575,200)	(562,308)	12,892
OTHER FINANCING SOURCE:				
Transfers in	630,000	630,000	563,857	(66,143)
NET CHANGE IN FUND BALANCE	54,800	54,800	1,549	(53,251)
FUND BALANCE, JUNE 30, 2016	104,643	104,643	109,806	5,163
FUND BALANCE, JUNE 30, 2017	\$ 159,443	\$ 159,443	\$ 111,355	\$ (48,088)

MAJOR FUND BUDGETARY SCHEDULES

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,924,106	\$ 1,924,106	\$ 21,583	\$ (1,902,523)
Interest	-	-	3,983	3,983
Miscellaneous revenue	1,895,560	1,895,560	-	(1,895,560)
TOTAL REVENUES	<u>3,819,666</u>	<u>3,819,666</u>	<u>25,566</u>	<u>(3,794,100)</u>
EXPENDITURES:				
Capital outlay	10,711,000	10,872,000	188,047	10,683,953
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,891,334)	(7,052,334)	(162,481)	6,889,853
OTHER FINANCING SOURCES (USES):				
Transfers in	6,376,774	6,537,774	181,776	(6,355,998)
NET CHANGE IN FUND BALANCE	(514,560)	(514,560)	19,295	533,855
FUND BALANCE, JUNE 30, 2016	<u>514,560</u>	<u>514,560</u>	<u>501,452</u>	<u>(13,108)</u>
FUND BALANCE, JUNE 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 520,747</u>	<u>\$ 520,747</u>

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
CAPITAL ASSET REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
Interest	7,000	7,000	31,208	24,208
TOTAL REVENUES	32,000	32,000	31,208	(792)
EXPENDITURES:				
Current:				
Materials and services	45,000	45,000	96	44,904
Special payments	5,000	5,000	-	5,000
Capital outlay	1,322,494	1,322,494	197,738	1,124,756
Contingency	95,000	95,000	-	95,000
TOTAL EXPENDITURES	1,467,494	1,467,494	197,834	1,269,660
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,435,494)	(1,435,494)	(166,626)	1,268,868
OTHER FINANCING SOURCE:				
Transfers in	1,200,000	1,200,000	1,200,000	-
Transfers out	(2,496,042)	(2,496,042)	(135,000)	2,361,042
TOTAL OTHER FINANCING SOURCES (USES)	(1,296,042)	(1,296,042)	1,065,000	2,361,042
NET CHANGE IN FUND BALANCE	(2,731,536)	(2,731,536)	898,374	3,629,910
FUND BALANCE, JUNE 30, 2016	2,731,536	2,731,536	2,720,531	(11,005)
FUND BALANCE, JUNE 30, 2017	\$ -	\$ -	\$ 3,618,905	\$ 3,618,905

OTHER FINANCIAL SCHEDULE

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SCHEDULE OF PROPERTY TAX TRANSACTIONS
FOR THE YEAR ENDED JUNE 30, 2017

Tax Year	Taxes Receivable June 30, 2016	Levy as Extended by Assessor	Discounts Allowed	Interest	Adjustments	Collections	Taxes Receivable June 30, 2017
2016-17	\$ -	\$ 7,048,958	\$ (182,683)	\$ 3,020	\$ (13,441)	\$ (6,721,214)	\$ 134,640
2015-16	146,836	-	41	5,797	(1,770)	(72,816)	78,088
2014-15	79,164	-	18	5,043	(716)	(28,302)	55,207
2013-14	52,764	-	14	5,487	(937)	(21,222)	36,106
2012-13	34,559	-	-	2,744	(101)	(9,456)	27,746
2011-12 and prior	74,301	-	39	686	(1,718)	(2,578)	70,730
	<u>\$ 387,624</u>	<u>\$ 7,048,958</u>	<u>\$ (182,571)</u>	<u>\$ 22,777</u>	<u>\$ (18,683)</u>	<u>\$ (6,855,588)</u>	<u>\$ 402,517</u>

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STATISTICAL INFORMATION

Statistical Section

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

<u>Contents</u>	<u>Page</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	43-46
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	47-50
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	51-54
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	55-56
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	57-59

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

Fiscal Year Ended June 30,	Net Investment in Capital Assets	Restricted for Debt Service	Restricted for Acquisition and Development	Unrestricted	Total Net Position
2008	\$ 11,866,883	\$ 70,624	\$ 3,576,174	\$ 4,188,699	\$ 19,702,380
2009	17,554,633	188,378	410,134	4,503,977	22,657,122
2010	19,206,774	83,072	811,687	4,855,999	24,957,532
2011 (Restated)	21,055,761	83,344	1,882,388	5,188,746	28,210,239
2012	21,277,204	196,938	3,554,234	5,412,404	30,440,780
2013	28,149,582	108,550	5,190,846	5,185,931	38,634,909
2014	28,695,599	108,503	5,888,077	7,111,677	41,803,856
2015	31,487,485	108,956	9,180,650	6,835,003	47,612,094
2016	31,573,020	1,609,806	12,675,699	7,948,666	53,807,191
2017	31,608,504	1,611,355	15,681,999	9,120,486	58,022,344

Source: Clackamas County Finance Department

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year			
	2008	2009	2010	2011 (Restated)
Expenses:				
Culture, education and recreation	\$ 4,433,921	\$ 5,517,296	\$ 5,151,374	\$ 6,003,725
Health and welfare	1,895,318	2,162,530	2,185,918	2,429,902
Interest on long-term debt	485,395	638,719	603,945	475,573
Total expenses	<u>6,814,634</u>	<u>8,318,545</u>	<u>7,941,237</u>	<u>8,909,200</u>
Program Revenues:				
Charges for services:				
Culture, education and recreation	2,435,062	1,814,058	2,490,750	2,409,847
Health and welfare	1,094,013	815,012	1,119,032	1,082,685
Operating grants and contributions:				
Culture, education and recreation	3,284,676	919,061	811,586	780,870
Health and welfare	1,475,724	412,911	364,626	350,825
Capital grants and contributions:				
Culture, education and recreation	-	-	-	-
Total program revenues	<u>8,289,475</u>	<u>3,961,042</u>	<u>4,785,994</u>	<u>4,624,227</u>
Net Expense	<u>1,474,841</u>	<u>(4,357,503)</u>	<u>(3,155,243)</u>	<u>(4,284,973)</u>
General Revenues:				
Property taxes levied for general purposes	4,644,258	4,912,438	5,089,720	5,168,112
Earnings on investments	433,408	196,715	32,243	22,844
Interagency transfer in	-	2,000,000	-	-
Loss on disposal of capital assets	-	-	-	-
Miscellaneous	247,246	203,092	333,690	110,349
Total general revenues	<u>5,324,912</u>	<u>7,312,245</u>	<u>5,455,653</u>	<u>5,301,305</u>
Change In Net Position	<u>6,799,753</u>	<u>2,954,742</u>	<u>2,300,410</u>	<u>1,016,332</u>
Cumulative effect of correction of error	-	-	-	2,236,375
Total Change In Net Position	<u>\$ 6,799,753</u>	<u>\$ 2,954,742</u>	<u>\$ 2,300,410</u>	<u>\$ 3,252,707</u>

Notes:

(1) All detail reported for changes in net position represents governmental activity, as the District engages in no business-type activities.

Source: Clackamas County Finance Department

Fiscal Year						
	2012	2013	2014	2015	2016	2017
\$	5,686,708	\$ 6,594,107	\$ 6,400,741	\$ 6,941,053	\$ 6,546,071	\$ 6,913,776
	2,282,523	2,653,230	2,557,450	3,151,514	2,424,393	2,512,913
	430,037	409,488	462,994	390,654	369,622	347,282
	<u>8,399,268</u>	<u>9,656,825</u>	<u>9,421,185</u>	<u>10,483,221</u>	<u>9,340,086</u>	<u>9,773,971</u>
	3,102,933	3,220,860	3,501,228	3,469,954	1,643,259	1,705,683
	1,206,696	1,315,563	1,390,998	1,625,996	490,843	516,216
	383,558	328,305	650,916	760,915	528,012	197,348
	493,329	484,537	448,983	522,277	504,616	509,763
	-	6,892,951	508,379	3,590,561	3,847,875	3,925,943
	<u>5,186,516</u>	<u>12,242,216</u>	<u>6,500,504</u>	<u>9,969,703</u>	<u>7,014,605</u>	<u>6,854,953</u>
	<u>(3,212,752)</u>	<u>2,585,391</u>	<u>(2,920,681)</u>	<u>(513,518)</u>	<u>(2,325,481)</u>	<u>(2,919,018)</u>
	5,347,036	5,414,332	5,989,488	6,240,654	6,548,536	6,870,480
	36,493	50,801	52,818	61,274	108,684	261,026
	-	-	-	-	1,859,382	-
	-	(10,782)	-	-	-	-
	59,764	154,387	47,322	19,828	3,976	2,665
	<u>5,443,293</u>	<u>5,608,738</u>	<u>6,089,628</u>	<u>6,321,756</u>	<u>8,520,578</u>	<u>7,134,171</u>
	<u>2,230,541</u>	<u>8,194,129</u>	<u>3,168,947</u>	<u>5,808,238</u>	<u>6,195,097</u>	<u>4,215,153</u>
	-	-	-	-	-	-
\$	<u><u>2,230,541</u></u>	<u><u>8,194,129</u></u>	<u><u>3,168,947</u></u>	<u><u>5,808,238</u></u>	<u><u>6,195,097</u></u>	<u><u>4,215,153</u></u>

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year		
	2008	2009	2010
General Fund:			
Reserved for prepaid items	\$ 52,650	\$ 53,375	\$ -
Unreserved	2,731,915	1,547,530	-
Nonspendable	-	-	7,167
Unassigned	-	-	2,857,900
Total General Fund	<u>\$ 2,784,565</u>	<u>\$ 1,600,905</u>	<u>\$ 2,865,067</u>
All Other Governmental Funds:			
Special revenue funds:			
Unreserved	\$ 3,964,821	\$ 954,203	\$ -
Nonspendable	-	-	-
Restricted	-	-	811,687
Assigned	-	-	673,843
Capital project funds:			
Unreserved	5,293,877	2,137,160	-
Nonspendable	-	-	-
Restricted	-	-	595,725
Assigned	-	-	321,766
Debt service funds:			
Unreserved	70,624	188,378	-
Restricted	-	-	249
Assigned	-	-	82,823
Total All Other Governmental Funds	<u>\$ 9,329,322</u>	<u>\$ 3,279,741</u>	<u>\$ 2,486,093</u>

Notes:

(1) Implementation of GASB 54 in the fiscal year ended June 30, 2010 required additional fund balance classifications.

Source: Clackamas County Finance Department

Fiscal Year

2011	2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
840	1,640	12,530	1,582	18,362	9,636	14,375
3,369,492	2,719,137	2,993,589	3,397,971	3,541,816	4,369,031	4,669,479
<u>\$ 3,370,332</u>	<u>\$ 2,720,777</u>	<u>\$ 3,006,119</u>	<u>\$ 3,399,553</u>	<u>\$ 3,560,178</u>	<u>\$ 4,378,667</u>	<u>\$ 4,683,854</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	99	-	120	-	-	342
1,590,255	2,596,596	2,324,381	3,221,523	7,427,707	12,174,247	15,161,252
763,252	763,156	632,599	609,599	352,593	336,917	299,756
-	-	-	-	-	-	-
-	-	-	-	32,400	-	-
393,982	1,036,967	2,866,465	2,666,554	1,752,943	501,452	520,747
572,292	1,424,499	1,041,265	1,507,304	2,187,916	2,720,531	3,618,905
-	-	-	-	-	-	-
251	196,938	108,550	108,503	108,956	1,609,806	1,611,355
83,092	-	95,741	99,285	104,528	106,709	121,676
<u>\$ 3,403,124</u>	<u>\$ 6,018,255</u>	<u>\$ 7,069,001</u>	<u>\$ 8,212,888</u>	<u>\$ 11,967,043</u>	<u>\$ 17,449,662</u>	<u>\$ 21,334,033</u>

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A component unit of Clackamas County, Oregon)
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2008	2009	2010	2011
Revenues:				
Property taxes	\$ 4,588,601	\$ 4,850,010	\$ 5,076,968	\$ 5,190,484
Charges for services	1,962,160	1,752,008	2,628,682	1,403,186
Intergovernmental	4,509,277	570,109	759,979	22,844
Licenses and permits	1,566,915	877,062	981,100	891,019
Interest	433,408	196,715	32,243	2,089,346
Contributions	182,750	188,442	176,137	182,152
Grants	68,373	573,421	-	-
Miscellaneous	247,246	203,092	333,691	110,349
Total revenues	13,558,730	9,210,859	9,988,800	9,889,380
Expenditures:				
Culture and recreation	4,048,501	4,965,560	4,523,581	4,728,427
Health and welfare	1,722,159	1,916,666	1,947,534	1,945,635
Capital outlay	9,420,705	10,248,820	1,723,430	735,632
Debt service:				
Interest	365,000	713,054	564,755	457,391
Principal	388,558	600,000	700,000	600,000
Bond miscellaneous charges	-	-	167,987	-
Total expenditures	15,944,923	18,444,100	9,627,287	8,467,085
Excess (deficiency) of revenues over (under) expenditures	(2,386,193)	(9,233,241)	361,513	1,422,295
Other Financing Sources:				
Bond sale proceeds	8,000,000	-	5,820,100	-
Bond premium	17,998	-	-	-
Interagency transfer in	-	2,000,000	-	-
Payment to the escrow account for refunding debt	-	-	(5,711,099)	-
Total other financing sources	8,017,998	2,000,000	109,001	-
Net Change in Fund Balances	\$ 5,631,805	\$ (7,233,241)	\$ 470,514	\$ 1,422,295
Debt service as a percentage of noncapital expenditures	11.6%	16.0%	18.1%	13.7%

Source: Clackamas County Finance Department

Fiscal Year

	2012	2013	2014	2015	2016	2017
\$	5,292,033	\$ 5,414,738	\$ 5,978,500	\$ 6,230,823	\$ 6,519,506	\$ 6,855,995
	1,733,102	1,982,668	2,307,795	2,125,883	2,134,102	2,192,332
	749,943	883,538	741,117	1,085,715	2,326,650	530,279
	2,576,527	2,483,299	1,720,686	3,858,387	4,043,707	3,425,942
	36,493	50,801	52,817	61,274	108,685	261,026
	126,944	158,187	162,202	192,270	205,978	-
	-	-	-	-	-	206,399
	59,764	154,387	28,702	19,828	3,976	42,050
	<u>10,574,806</u>	<u>11,127,618</u>	<u>10,991,819</u>	<u>13,574,180</u>	<u>15,342,604</u>	<u>13,514,023</u>
	4,984,606	5,367,104	5,297,436	5,875,053	5,393,315	5,703,417
	2,008,466	2,158,197	2,104,611	2,251,684	2,080,064	2,156,831
	559,030	1,210,641	993,113	471,282	506,611	409,036
	427,128	410,588	394,338	376,381	705,000	335,181
	630,000	645,000	665,000	685,000	356,506	720,000
	-	-	-	-	-	-
	<u>8,609,230</u>	<u>9,791,530</u>	<u>9,454,498</u>	<u>9,659,400</u>	<u>9,041,496</u>	<u>9,324,465</u>
	<u>1,965,576</u>	<u>1,336,088</u>	<u>1,336,088</u>	<u>3,914,780</u>	<u>6,301,108</u>	<u>4,189,558</u>
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<u>1,965,576</u>	<u>1,336,088</u>	<u>1,537,321</u>	<u>3,914,780</u>	<u>6,301,108</u>	<u>4,189,558</u>
	13.1%	12.3%	12.5%	11.6%	12.4%	11.8%

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Real Property	Personal Property	Manufactured Structures	Utilities	Less: Tax-Exempt Property
2008	\$ 9,536,743,361	\$ 321,849,290	\$ 46,697,288	\$ 164,021,680	\$ 814,691,217
2009	10,213,372,174	348,185,015	46,657,462	170,819,050	894,355,117
2010	10,663,564,256	438,992,435	44,405,581	246,059,663	1,073,825,814
2011	11,003,575,011	436,101,204	33,947,637	253,070,684	1,160,989,821
2012	11,354,569,712	386,090,839	32,711,207	247,419,694	1,241,400,122
2013	11,632,776,998	410,864,016	32,752,744	243,708,401	1,330,931,617
2014	12,148,737,452	412,784,559	31,933,209	253,752,914	1,400,266,009
2015	12,707,922,936	418,777,464	33,753,256	273,526,828	1,441,606,174
2016	13,370,875,216	416,757,236	36,633,306	296,184,300	1,495,786,659
2017	13,994,666,666	436,869,762	40,259,567	310,713,100	1,529,955,330

(1) A property tax limitation measure became effective in fiscal 1998. The measure limited taxes on each property by reducing the 1997-98 assessed value of each property to 90% of its 1995-96 value. The measure also limits growth of taxable value to 3% per year with certain exceptions, as well as establishing permanent tax rates for Oregon's local taxing districts, which replaced the former tax base amounts of the District. Because of the tax limitation, taxable assessed value is significantly below true cash value, which is the comparative measure tracked by the County and reported in this schedule.

(2) For all property within the North Clackamas Parks and Recreation District.

Source: Clackamas County Department of Assessment and Taxation

<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>True Cash Value</u>	<u>Assessed Value as a Percentage of True Cash Value</u>
\$ 9,254,620,402	\$ 0.51	\$ 15,555,384,495	59.49 %
9,884,678,584	0.51	16,512,824,110	59.86
10,319,196,121	0.50	14,799,900,037	69.72
10,565,704,715	0.50	13,285,445,756	79.53
10,779,391,330	0.51	12,527,289,343	86.05
10,989,170,542	0.51	13,497,590,811	81.42
11,446,942,125	0.53	12,850,318,591	89.08
11,992,374,310	0.50	14,260,099,520	84.10
12,624,663,399	0.54	15,927,771,309	79.26
13,252,553,765	0.53	18,260,306,778	72.58

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
DIRECT AND OVERLAPPING PROPERTY TAX RATES (1)
LAST TEN FISCAL YEARS
(Rate per \$1,000 of Assessed Valuation)

Year	North Clackamas Parks & Recreation District		Overlapping Rates ⁽³⁾							Total Direct & Overlapping	Total Direct & Overlapping Range
	General Operations	Total Direct Rate ⁽²⁾	Clackamas County	County Component Units	Cities	Schools	College/ESD	Fire	Other Special		
2008	\$ 0.51	\$ 0.51	\$ 2.93	\$ 0.93	\$ 1.05	\$ 6.57	\$ 1.06	\$ 2.38	\$ 0.67	\$ 16.10	\$ 10.09-19.03
2009	0.51	0.51	2.90	0.94	1.18	6.64	1.09	2.37	0.63	16.26	14.91-20.14
2010	0.50	0.50	2.91	1.44	1.11	6.65	1.07	2.37	0.67	16.72	15.46-19.49
2011	0.50	0.50	2.91	1.43	1.12	6.74	1.05	2.36	0.64	16.75	15.47-19.12
2012	0.51	0.51	2.91	1.42	1.20	7.29	1.04	2.36	0.51	17.24	15.60-19.58
2013	0.51	0.51	2.92	1.44	1.15	6.88	1.06	2.36	0.54	16.86	15.54-19.04
2014	0.53	0.53	2.92	0.82	1.38	7.10	1.05	2.44	0.62	16.87	15.45-18.95
2015	0.50	0.50	2.77	0.84	1.34	6.59	1.01	2.27	0.58	15.91	15.17-20.43
2016	0.54	0.54	2.94	0.78	1.30	7.23	1.10	2.49	0.54	16.92	15.46-20.84
2017	0.53	0.53	2.97	0.84	1.13	7.16	1.09	2.47	0.55	16.74	15.42-20.83

Notes:

- (1) Rates are summary for all Tax Code Areas where North Clackamas Parks and Recreation District taxes are assessed. From 2015 Tax District Summary for FY ending 06/30/2016 found on the Clackamas County website under the Department of Assessment and Taxation.
- (2) Direct Rate is actual rate charged each property that falls within the boundaries of the North Clackamas Parks and Recreation District for district support after application of property tax limitation.
- (3) Overlapping rates are those of local governments that apply to property owners within District geographical boundaries. Not all overlapping rates apply to all District property owners; for example, although County property taxes apply to all District property owners, only those in the cities of Damascus, Happy Valley and Milwaukie pay the city rate for Clackamas County. Other property owners pay County taxes at the rural rate. Only a small portion of the taxpayers within the cities of Happy Valley and Milwaukie are within the District boundaries. The average rate has been used for each category for comparison purposes, but a range of total rates has also been provided.
- (4) Property tax levies may only be approved by a majority vote in elections in which a majority of voters cast a ballot. In November elections of even numbered years a majority vote in favor of a tax levy is sufficient to enact a levy, regardless of voter turnout.

Source: Clackamas County Department of Assessment and Taxation

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
PRINCIPAL PROPERTY TAX PAYERS
JUNE 30, 2017 AND NINE YEARS AGO

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
General Growth Properties Inc.	\$ 249,221,847	1	1.88 %	\$ 135,592,867	1	1.47 %
Clackamas Baking Plant/Fred Meyer	129,845,446	2	0.98	127,867,323	2	1.38
PCC Structurals Inc.	127,383,162	3	0.96	71,860,332	3	0.78
Portland General Electric Company	103,552,000	4	0.78	54,168,000	4	0.59
Comcast Corporation	82,860,100	5	0.63			
Marvin F Poer & Company	73,854,510	6	0.56	53,539,413	5	0.58
Kaiser Foundation Hospital	60,736,094	7	0.46	43,643,091	7	0.47
Blount Inc.	59,366,621	8	0.45	39,259,188	10	0.42
Northwest Natural Gas Company	56,452,000	9	0.43	43,028,500	8	0.46
ROIC Oregon LLC	56,373,662	10	0.43			
Warn Belleview Inc.				46,387,977	7	0.50
Lincoln Advisory Group Ltd				40,023,436	9	0.43
Total	<u>\$ 999,645,442</u>		<u>7.56 %</u>	<u>\$ 655,370,127</u>		<u>7.08 %</u>

Source: Clackamas County Department of Assessment and Taxation

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 4,754,017	\$ 4,471,437	94.1 %	\$ 172,429	\$ 4,643,866	97.7 %
2009	5,031,319	4,687,127	93.2	237,079	4,924,206	97.9
2010	5,211,357	4,883,899	93.7	197,876	5,081,775	97.5
2011	5,330,887	4,991,388	93.6	192,139	5,183,527	97.2
2012	5,460,383	5,132,683	94.0	181,048	5,313,731	97.3
2013	5,552,565	5,236,985	94.3	168,186	5,405,172	97.3
2014	6,097,777	5,782,712	94.8	130,283	5,912,995	97.0
2015	6,387,502	6,068,477	95.0	101,483	6,169,960	96.6
2016	6,707,093	6,381,404	95.1	72,816	6,454,220	96.2
2017	7,048,958	6,721,214	95.4	-	6,721,214	95.4

Source: Clackamas County Department of Assessment and Taxation

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	Assessment Debt	Limited Tax Revenue Series 2000 Refunding Bonds	Full Faith & Credit Obligations Series 2008 Bonds	Full Faith & Credit Obligations Series 2010 Bonds			
2008	\$ -	\$ 6,360,000	\$ 8,017,712	\$ -	\$ 14,377,712	0.29 %	\$ 127.91
2009	-	5,975,000	7,801,812	-	13,776,812	0.29	121.12
2010	-	-	7,505,912	5,705,248	13,211,160	0.27	116.02
2011	-	-	7,200,012	5,411,095	12,611,107	0.25	110.75
2012	-	-	6,889,112	5,091,942	11,981,054	0.22	104.80
2013	-	-	6,568,212	4,767,842	11,336,054	0.21	99.22
2014	-	-	6,237,312	4,498,074	10,735,386	0.19	92.15
2015	-	-	5,891,413	4,147,400	10,038,813	0.17	85.75
2016	-	-	5,535,513	3,786,673	9,322,186	N/A	76.01
2017	-	-	5,169,613	3,421,000	8,590,613	N/A	70.05

Source: Clackamas County Finance Department

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	Linited Tax Revenue Refunding Bonds	Full Faith & Credit Obligation Bonds	Total General Bonded Debt	Less Amounts Restricted to Repaying Principal	Net General Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
2008	\$ 6,360,000	\$ 8,000,000	\$ 14,360,000	\$ (70,624)	\$ 14,289,376	0.15 %	\$ 127.13
2009	5,975,000	7,785,000	13,760,000	(188,378)	13,571,622	0.14	119.32
2010	-	13,150,000	13,150,000	(83,072)	13,066,928	0.13	114.75
2011	-	12,550,000	12,550,000	(83,344)	12,466,656	0.12	109.48
2012	-	11,920,000	11,920,000	(196,938)	11,723,062	0.11	102.55
2013	-	11,275,000	11,275,000	(108,550)	11,166,450	0.10	97.74
2014	-	10,735,386	10,735,386	(108,503)	10,626,883	0.09	91.21
2015	-	10,038,813	10,038,813	(108,956)	9,929,857	0.08	84.82
2016	-	9,322,186	9,322,186	(109,806)	9,212,380	0.07	75.11
2017	-	8,590,613	8,590,613	(111,355)	8,479,258	0.06	69.14

Source: Clackamas County Finance Department

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2017

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Clackamas County	\$ 155,330,136	29.3403 %	\$ 45,574,328
Clackamas County Rural Fire Protection District #1	26,870,000	70.6423	18,981,586
Clackamas County School District #12 (North Clackamas)	609,115,622	96.8408	589,872,441
Clackamas County School District #62 (Oregon City)	72,889,276	8.1325	5,927,720
Clackamas County School District #115 (Gladstone)	45,922,441	5.0795	2,332,630
Clackamas Community College	102,608,913	39.9175	40,958,913
City of Happy Valley	3,300,000	100.0000	3,300,000
City of Milwaukie	13,943,244	99.2948	13,844,916
Metro	183,510,000	7.0837	12,999,298
Multnomah Cty SD 28J(Centennial)	22,251,858	1.7452	388,339
Mt Hood Community College	23,235,000	0.1678	38,988
Clackamas County Education Service District	22,820,637	30.7169	7,009,792
City of Gladstone	1,473,000	0.0000	22
Other debt:			
Clackamas County	1,400,000	29.3403	410,764
Oak Lodge Sanitary District #2	17,545,000	97.9009	17,176,713
Clackamas County Rural Fire Protection District #1	16,890,000	70.6423	11,931,484
Clackamas County School District #12 (North Clackamas)	922,460	96.8408	893,318
Clackamas County School District #62 (Oregon City)	399,146	8.1325	32,461
Clackamas Community College	25,665,000	39.9175	10,244,826
City of Milwaukie	3,555,000	99.2948	3,529,930
Port of Portland	62,108,214	6.5328	4,057,405
Metro	19,225,000	7.0837	1,361,841
Multnomah Education Service District	28,200,000	0.0452	12,746
Mt Hood Community College	34,521,704	0.1678	57,928
Subtotal overlapping debt			790,938,389
District direct debt			<u>8,590,613</u>
Total direct and overlapping debt			<u>\$ 799,529,002</u>

Note:

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. The State of Oregon provides overlapping debt data based on real market value of properties for each jurisdiction.

Source: Municipal Debt Advisory Commission, State of Oregon, Office of the Treasurer

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

Year	True Cash Value	Debt Percentage	Debt Limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
2008	\$ 15,555,384,495	13 %	\$ 2,022,199,984	\$ 14,360,000	\$ 2,007,839,984	0.71 %
2009	16,512,824,110	13	2,146,667,134	13,760,000	2,132,907,134	0.64
2010	14,799,900,037	13	1,923,987,005	13,150,000	1,910,837,005	0.68
2011	13,285,445,756	13	1,727,107,948	12,550,000	1,714,557,948	0.73
2012	12,527,289,343	13	1,628,547,615	11,920,000	1,616,627,615	0.73
2013	13,497,590,811	13	1,754,686,805	11,336,054	1,743,350,751	0.65
2014	12,850,318,591	13	1,670,541,417	10,735,386	1,659,806,031	0.64
2015	14,260,099,520	13	1,853,812,938	10,038,813	1,843,774,125	0.54
2016	15,927,771,309	13	2,070,610,270	9,322,186	2,061,288,084	0.45
2017	18,260,306,778	13	2,373,839,881	8,590,613	2,365,249,268	0.36

Note:

ORS 451.545 (3) provides "The district's total outstanding bonds of all kinds shall at no time exceed in the aggregate 13 percent of the real market value of all property by law assessable for state and county purposes within the district..."

Source: Clackamas County Finance Department

ORS 451.545(3) The district's total outstanding general obligation bonds, including improvement bonds of the kind authorized by ORS 223.205 and 223.210 to 223.295, may not exceed in the aggregate 13 percent of the real market value of all property by law assessable for state and county purposes within the district as reflected in the last roll certified under ORS 311.105. [1961 c.576 §19; 1963 c.515 §19; 1969 c.646 §12; 1973 c.785 §20; 1981 c.804 §104; 1991 c.459 §406; 1995 c.79 §227; 2007 c.783 §192; 2009 c.538 §10]

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income ⁽¹⁾	Clackamas County Unemployment Rate ⁽⁵⁾
2008 ⁽²⁾	112,404	\$ 4,959,714	\$ 44,124	4.7 %
2009 ⁽³⁾	113,742	4,777,846	42,006	8.4
2010 ⁽⁴⁾	113,869	4,833,967	42,452	10.4
2011 ⁽⁴⁾	113,869	5,064,893	44,480	9.5
2012	114,321	5,385,662	47,110	8.4
2013	114,251	5,375,852	47,053	7.5
2014	116,505	5,675,308	48,713	6.4
2015	117,064	5,802,277	49,565	5.6
2016	122,652	N/A	N/A	4.7
2017	122,642	N/A	N/A	3.9

Notes:

(1) Figures are for calendar year.

(2) Addition of City of Happy Valley to District in 2007. Population estimate from Metro.

(3) Metro provided us with an estimated annual population increase of 1.19% over the next five years for the general area.

(4) From Claritas Software from Nielsen Corp.

(5) This column has been updated to reflect rates specific to Clackamas County per the State of Oregon Employment Department.

N/A Not available

Sources: Center for Population Research and Census, School of Urban and Public Affairs, Portland State University
Department of Human Resources, State of Oregon, Employment Department
Portland Metropolitan Service District, The Nielsen Company, LLC.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
PRINCIPAL EMPLOYERS ⁽¹⁾
JUNE 30, 2017 AND NINE YEARS AGO

Employer	2017			2008		
	Employees	Rank	Percentage of Total ⁽²⁾	Employees	Rank	Percentage of Total ⁽²⁾
Intel Corp.	19,500	1	.02 %	16,000	1	.01 %
Providence Health & Services	17,378	2	.01	12,000	4	.01
Oregon Health & Sciences University	15,424	3	.01	12,100	3	.01
Fred Meyer	11,200	4	.01	13,000	2	.01
Kaiser Permanente Northwest	10,269	5	.01	8,789	5	.01
Legacy Health System	9,300	6	.01	8,196	7	.01
Nike Inc.	8,500	7	.01	5,000	10	.00
Portland Public Schools	7,678	8	.01			
Multnomah County	6,189	9	.01			
City of Portland	5,667	10	.00	8,613	6	.01
Beaverton School District				5,000	9	.00
Wells Fargo Bank				5,306	8	.00
Total	111,105		0.10 %	94,004		0.07 %

Sources:

(1) Statistics are the latest available data published in the Portland Business Journal *Book of Lists 2017* and *Book of Lists 2008*. The Business Journal Book of Lists ranks Portland Metropolitan Area employers.

(2) Total Portland Metropolitan Area employment used to calculate percentages is from the United States Department of Labor Bureau of Labor Statistics.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Year Ended June 30,</u>	<u>Health and Welfare</u>	<u>Culture and Recreation</u>	<u>Total</u>
2008	9.48	22.54	32.02
2009	9.00	24.54	33.54
2010	9.00	26.35	35.35
2011	9.00	25.67	34.67
2012	10.31	25.94	36.25
2013	10.44	26.84	37.28
2014	10.65	26.85	37.50
2015	8.72	25.90	34.62
2016	8.41	24.02	32.43
2017	8.36	25.46	33.82

Note:

(1) Reported full-time equivalent employees are budgeted employees per final budgets at each year-end.
 Budgeted employees approximate actual.

Source: Clackamas County Finance Department.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
OPERATING INDICATORS
LAST TEN FISCAL YEARS

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Health and welfare:										
Social service units provided	13,783	16,657	15,675	6,006	6,186	6,718	6,647	5,264	8,216	7,967
Meals on Wheels and on-site meals served	75,821	72,850	66,903	66,903	65,752	66,299	70,966	69,756	70,341	67,256
One way rides, older adults and disabled	11,210	14,652	14,662	12,967	12,541	11,935	10,360	10,240	9,678	8,357
Culture and recreation:										
Recreation programs	67	66	69	66	80	95	97	60	58	65
Recreation class participants	3,083	3,486	3,419	3,355	4,281	4,443	4,483	3,381	2,580	3,500
Recreation classes	268	292	281	264	380	293	298	231	234	238
Swim lesson participants	4,347	4,306	4,481	4,593	5,303	4,247	4,253	4,488	4,739	4,991
Aquatic park total customers served ⁽¹⁾	251,056	246,857	245,905	312,909	271,638	250,863	262,812	253,086	243,907	233,955

(1) The Aquatics Park provides open swim, swim lessons, lap swim, big surf, aquatic exercise, swim team and rental opportunities. This number more accurately reflects operational outcomes.

Source: North Clackamas Parks and Recreation District budget documents and Clackamas County Finance Department

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
OPERATING INDICATORS - CAPITAL ASSETS STATISTICS
LAST TEN FISCAL YEARS

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Health and welfare:										
Milwaukie Center (serving senior and disabled citizens)										
Activity Rooms	9	9	9	9	9	9	9	9	9	9
Congregate dining room & café	1	1	1	2	2	2	2	2	2	2
Transportation vehicles (14, 16 & 20 passenger)	3	3	3	3	3	4	3	4	4	4
Culture and recreation:										
Acreage-maintained	498	520	523	505	517	592	596	501	501	520
Parks maintained	54	60	60	51	52	53	55	63	63	64
Play structures	26	29	30	30	30	30	32	33	33	33
Maintenance vehicles/equipment	20	21	22	25	30	30	31	32	33	35
Passenger van (Recmobile)	1	1	1	1	2	1	1	1	1	1
Aquatic Park (five pools, game room, activity rooms)	1	1	1	1	1	1	1	1	1	1
Sports fields:										
Baseball	5	9	11	11	11	11	11	11	11	13
Soccer	3	4	6	6	6	6	6	6	6	6
Tennis courts	3	3	3	3	3	3	3	3	3	3
Basketball	15	15	16	16	16	16	18	17	17	17
Volleyball courts	2	2	2	2	2	2	2	2	2	2
Sports programs	-	-	-	-	-	-	-	127	75	70
Sports program participants	-	-	-	-	-	-	-	7040	6769	6890
Sports courses offered during the year	-	-	-	-	-	-	-	248	118	87

Source: North Clackamas Parks and Recreation District budget documents and Clackamas County Finance Department

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**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

Board of County Commissioners of
Clackamas County, Oregon, as Governing Body of
North Clackamas Parks and Recreation District
Oregon City, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, Nutrition and Transportation Fund, and System Development Charges Zone 3 Fund of North Clackamas Parks and Recreation District (the District), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon November 6, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

Moss Adams, LLP

Eugene, Oregon
November 6, 2017

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *OREGON MINIMUM AUDIT STANDARDS***

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Report of Independent Auditors on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Oregon Minimum Auditing Standards*

Board of County Commissioners of
Clackamas County, Oregon, as Governing Body of
North Clackamas Parks and Recreation District
Oregon City, Oregon

We have audited, the basic financial statements of North Clackamas Parks and Recreation District, Oregon (the District) as of and for the year ended June 30, 2017, and have issued our report thereon dated November 6, 2017. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Oregon Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules (OAR) 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2017 and 2018.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Oregon Secretary of State.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and internal control over financial reporting and the results of that testing, and not to provide an opinion on the effectiveness of the entity's compliance or on internal control. This report is an integral part of an audit performed in accordance with the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's compliance and internal control. Accordingly, this communication is not suitable for any other purpose.



for Moss Adams LLP
Eugene, Oregon
November 6, 2017