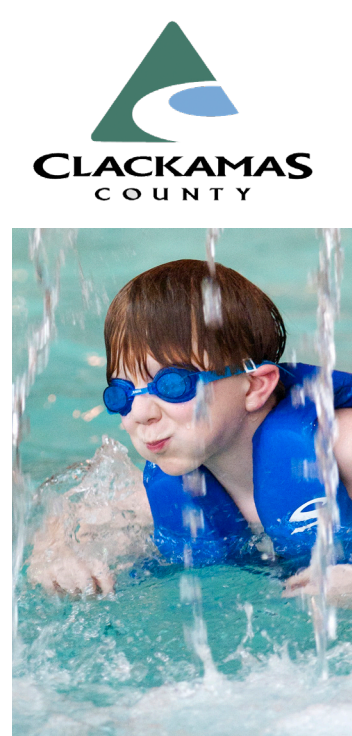




COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019



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

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

Prepared by:

Clackamas County Department of Business & Community Services and Department of Finance
Scott Archer, Director, North Clackamas Parks and Recreation District
Elizabeth Gomez, Financial Operations Manager, North Clackamas Parks and Recreation
District
Christa Bosserman Wolfe, Director of Finance
David Bodway, Finance Manager

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

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

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INTRODUCTORY SECTION

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NORTH CLACKAMAS PARKS & RECREATION DISTRICT

Administration

150 Beaver Creek Rd.
Oregon City, OR 97045
503.742.4348 phone 503.742.4349 fax
ncprd.com

December 12, 2019

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 ending June 30, 2019.

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, 2019. 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 21, 1990, is located in the urbanized northwest portion of Clackamas County (the County), one of Oregon's fastest growing regions. The District includes a large unincorporated area of urban Clackamas County and the Cities of Milwaukie and Happy Valley. It does not include the bordering cities of Gladstone or Johnson City. Of the District's approximately 122,000 residents, roughly 2/3 live in the unincorporated area and 1/3 live in the two incorporated cities. 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, including 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 legally authorized to levy a property tax on both real and personal property located within its boundaries.

The District was formed as a County Service District under Oregon Revised Statute Chapter 451, and is a component unit of Clackamas 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 plus five citizen members who reside within the District. The Budget Committee reviews and approves the budget annually. A nine-member citizen District Advisory Board exists to make recommendations to the Board of Directors and Budget Committee.

The District, a division within the County's Business and Community Services Department, provides a full range of park and recreation services to the community. These services include natural and developed parks; recreational and sports programming; community events; a full-service older adult community center providing social and recreational programs; a full-service indoor aquatic center with multiple pools, water recreation, and instruction programs; and a full-service outdoor sports complex with all-weather turf ball fields.

The Board is required to adopt a budget annually by June 30 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 Economic Condition and Outlook

According to the State of Oregon Office of Economic Analysis, the U.S. economy remains in expansion and the outlook calls for a continued, albeit slower, growth. Nevertheless, the risk of recession is rising. Ongoing and escalating trade tensions are weighing on the economy and business activity. The Federal Reserve has cut interest rates and expects to do so again to avoid a recession. Although labor market indicators continue to be strong, concerns for a reduction in consumer spending, delayed investments, and reduced employment may point to a recession in the future.¹

Similarly, the Oregon economic outlook reveals ongoing, but slower growth. For the past several years, Oregon has displayed healthy rates of growth for employment, income, and GDP. Personal income growth remains strong, and the Oregon income per capita, per worker, and per

¹ <https://www.oregon.gov/das/OEA/Documents/oregon.pdf>, p. 3-4

household is rising faster than the nation. This pattern of growth is expected to continue in the near term.

Businesses in Oregon face a number of issues. Sales will continue to grow, but at a slower pace. Migration and job growth continue, but are tapering off, which means that there will be more customers, but increases will be less than previous years. Firms need to weigh the advantages of investment and new hires with a general wariness of the economic outlook. Additionally, the job market will remain tight so companies may have difficulties in attracting and retaining workers.²

The Office of Economic Analysis uses four different sources to measure the labor market: the monthly payroll employment survey; the monthly household survey; monthly withholding tax receipts; and the quarterly census of employment and wages. Each of these measures indicate that the labor market is improving. Jobs are being added, albeit at a slower rate. Wages are rising, both in aggregate and for each worker, and unemployment remains relatively unchanged from the previous year.

In the second quarter of 2018, total nonfarm employment increased 1.8 percent over the past year, reflecting an increase in growth in the private sector of 1.9 percent and an increase in the public sector of 1.3 percent. These rates are slower than in years past, but remain strong enough to keep pace with population gains.

Jobs in large service sector industries such as professional and business services, health services, and leisure and hospitality have generally led job growth in terms of the number of jobs added and with above-average job growth. These industries gained 14,000 jobs in the past year and account for 40 percent of all job gains across Oregon.³

As of the drafting of this letter, thirteen of Oregon's major industries are experiencing all-time highs in job growth. These include jobs in retail services, transportation, construction, and other services. Private sector food manufacturing, education, and health professions continue to have strong employment. Professional and business services and leisure and hospitality have regained recessionary losses and are leading the growth today.

The industries related to housing, such as wood products, construction, mining and logging, and financial services (mostly in real estate) were hardest hit by the Great Recession. These industries are slowly recovering, but are still in need of significant growth to achieve pre-recession numbers. Metals and machinery and mining and logging have shown the largest improvements since the recession.

Clackamas County is similar to the State when looking at its major industries and other economic indicators. The number of residents working in Clackamas County increased by 2,711 from the previous year, and each city within the county increased the number of employed residents by 1.3 percent. Clackamas County had the third highest average annual wage of Oregon's 36 counties in 2018⁴ and has experienced a steady population growth of 2.7 percent annually since 1940.⁵ Compared to Washington and Multnomah Counties, Clackamas County has the highest

² <https://www.oregon.gov/das/OEA/Documents/oregon.pdf>, p. 4-5

³ <https://www.oregon.gov/das/OEA/Documents/oregon.pdf>, p. 8

⁴ <https://www.qualityinfo.org/documents/10182/96541/Clackamas+Economic+Indicators?version=1.66>

⁵ <https://www.qualityinfo.org/-/population-changes-in-clackamas-county>

relative concentration in agriculture, construction, wholesale trade, other services, manufacturing, and retail trade.⁶

NCPRD is directly impacted by the construction industry and housing market with regards to the collection of Parks System Development Charges (PSDCs). While permit activity remains strong, it is not as robust as the past several years. During fiscal year 2018-2019, Clackamas County issued 88 residential and commercial permits for new construction in the unincorporated portion of the District. This is a decrease from 132 permits issued in fiscal year 2017-2018. During the fiscal year 2018-2019 the City of Milwaukie issued 30 commercial and residential permits for new construction, more than doubling the 13 collected in fiscal year 2017-2018. Oregon and Clackamas County are expected to see continued growth in the construction industry in the coming year, although at a slower pace. NCPRD discontinued collection of its PSDCs within Happy Valley effective January 1, 2018 due to the City's ongoing attempts to withdraw from the District.

As economic and revenue outlooks are never certain, it is important to identify and monitor potential economic threats and risks. Oregon is currently facing several economic risks. The state is expected to continue to see healthy job growth, but at a slower pace than previously experienced. A tighter labor market, infrastructure and energy costs are all constraints that will continue to weigh on the growth of the economy. Housing affordability is becoming a larger risk as home prices and rent continue to rise significantly faster than income of the typical household. This may affect future growth as fewer people can afford to move to Oregon.

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 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 reference the federal timber policy. Even with the temporary reinstatement of the U.S. Forest Services Secure Rural Schools (SRS) payments, it is clear that federal policy makers will not reinstate the program to the same levels as before. The District is hopeful that the ongoing negotiations for more sustainable timber harvest will ultimately result in increased revenue to Oregon counties.⁷

Despite these risks, economists project Oregon's economy to fare well relative to the rest of the country in the coming years. Oregon's gross product output is projected to be the 19th fastest among all states across the country in terms of growth with gains averaging 1.9 percent through 2024. Total employment is expected to be the 10th strongest among all states at an annualized .09 percent, while manufacturing employment continues to be the second fastest in the country at .04 percent. Total personal income growth is expected to be 4.7 percent per year, the 18th fastest among all states.⁸

⁶ <https://www.qualityinfo.org/documents/10182/96541/Clackamas+Economic+Indicators?version=1.66>

⁷ <https://www.oregon.gov/das/OEA/Documents/forecast0919.pdf>, p. 14.

⁸ <https://www.oregon.gov/das/OEA/Documents/forecast0919.pdf>, p.16

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 each November.

The General Fund ending fund balance at June 30, 2018 was \$5.3 million and decreased to \$5.2 million at the end of fiscal year 2018-2019. This decrease can be largely attributed to a reduction in tax revenue as a result of not receiving tax dollars from the City of Happy Valley.

The District finance team continues to enhance 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, the District Budget Committee, and District residents 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 and 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 ensure 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.

Capital Improvement Plan

Over the past several years, the District has had an ambitious long-term capital improvement plan. Although the District's capital improvement plan has been somewhat curtailed by limited capital funding, the District completed Hidden Falls Nature Park and Wichita Park, and continues to move forward with the planning of several future District projects including Robert Kronberg Park, Milwaukie Bay Park, Boardman Wetland Natural Area, and a master plan for the recently acquired Concord Property.

Milwaukie Bay Park

NCPRD staff is working in partnership with the City of Milwaukie to complete the final and most ambitious phase of Milwaukie Bay Park (previously known as Riverfront Park), contingent on funding. The proposed elements in the final phase include a children's play area, event space, interactive fountain, pathways for pedestrians, and alignment of the Trolley Trail connection through the park.

Hidden Falls Nature Park

Hidden Falls Nature Park is a new 21.3-acre park and natural area that includes a portion of Rock Creek, a natural waterfall, and a new 0.84-mile segment of the Mt. Scott/Scouter Mountain Trail Loop near Hood View Park. The project was completed in 2019 in partnership with ICON Construction through a Purchase and Sale and Development Agreement. The overall value of the project is \$2.8 million, with \$1.6 funded by District Park System Development Charges, and \$1.2 million in value donated by Icon Construction.

Wichita Park

The District, 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 funds from the District and \$10,000 from the Linwood Neighborhood District Association, provided improvements to a one-acre neighborhood park site located in the Linwood neighborhood in Milwaukie. Construction was completed in Spring 2019.

Concord Master Plan

The District acquired three former elementary school facilities and grounds in fiscal year 2017-2018 in a strategic partnership with North Clackamas School District, including Concord Elementary School, located on SE Concord near McLoughlin Blvd. The acquisition of the Concord School was a high priority because of its potential uses as a park, community center, and library, as well as the high level of community interest in preservation of the school building itself. The District, in partnership with the Oak Lodge Library (another BCS division), is currently engaging with the community to complete a master plan for the land and the building to determine a roadmap of how best to redevelop the property.

Boardman Wetland Natural Area

The Boardman Wetland Natural Area was acquired by the Oak Lodge Water Services District (OLWSD) to complete an underground sewer project. The District joined as a partner on the project, which includes wetlands, boardwalks, nature play area, educational area, and a new parking area. Once the OLWSD sewer project is completed, the District will own and manage the entire site. Funds from an Oregon Parks and Recreation grant and District System Development Charges are funding the project.

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 outlines the history, investments, and funding sources of the District. Most importantly, it incorporated 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 attain 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 Special Parks 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 proposed increase from current rate, or \$7 per month more for a \$250,000 home). Unfortunately, Measure 3-451 did not pass, with 54 percent of voting residents in opposition to the measure.

The possibility of reforming 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 City of Happy Valley's continued efforts to withdraw from the District.

Happy Valley Litigation/Withdrawal

On December 3, 2019, the Clackamas County Board of Commissioners, acting as the Board of Directors for the North Clackamas Parks and Recreation District (NCPRD) and the Happy Valley City Council approved a settlement agreement that resolves a two-year legal dispute over parks and recreation services. The settlement agreement is contingent on successfully passing legislation during the 2020 legislative session that will withdraw Happy Valley from NCPRD and allow the City to become its own parks and recreation provider. Once the withdrawal is formalized, the resulting district boundaries will remain intact. This will ensure that NCPRD does not lose potential tax revenue if the city expands and annexes more district territory in the future.

Specifically, the agreement includes:

Clackamas County and Happy Valley will jointly develop and support legislation in the 2020 legislative session that will withdraw Happy Valley from the District and allow the City to become its own parks and recreation provider.

Payment of \$14.3 million to City of Happy Valley. The funds for this payment will come from development fees generated in Happy Valley as well as a portion of the Hood View Park sale proceeds.

Transfer of the following parks to City of Happy Valley, relieving NCPRD of ongoing maintenance and management costs:

- Southern Lites
- Village Green
- Ashley Meadows
- District-owned properties adjacent to Mt. Talbert
- Hidden Falls
- Mt. Scott Creek Trail

North Clackamas School District Strategic Partnership

The District and North Clackamas School District (NCSD) finalized a strategic partnership in May 2018 which included the sale of the District-owned Hood View Park in Happy Valley for three of NCSD's buildings: Clackamas Elementary School in unincorporated Clackamas County; Concord Elementary School in the Oak Grove area of unincorporated Clackamas County; and Wichita Elementary School in the unincorporated area near the City of Milwaukie. Additionally, the District received nearly \$14 million in cash proceeds for the balance of the total transaction value of \$18.7 million. Under a separate Facility Use and Transition Agreement between the two agencies, NCSD will continue to operate Wichita School until 2020 and the District will oversee operation of Hood View Park until 2021. This agreement will ensure a period of continuity and limited disruption to the programs and community uses at each of the two facilities.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This was the twenty-third consecutive year the District 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.

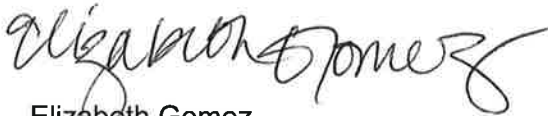
A Certificate of Achievement is valid for one year. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the Government Finance Officers Association to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the District and especially the District's 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 the District and to our citizen members who serve on both the Budget Committee and District Advisory Board.

Respectfully submitted,



Scott Archer
Director
North Clackamas Parks and Recreation District



Elizabeth Gomez
Financial Operations Manager
North Clackamas Parks and Recreation District



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, 2018

Christopher P. Morrill

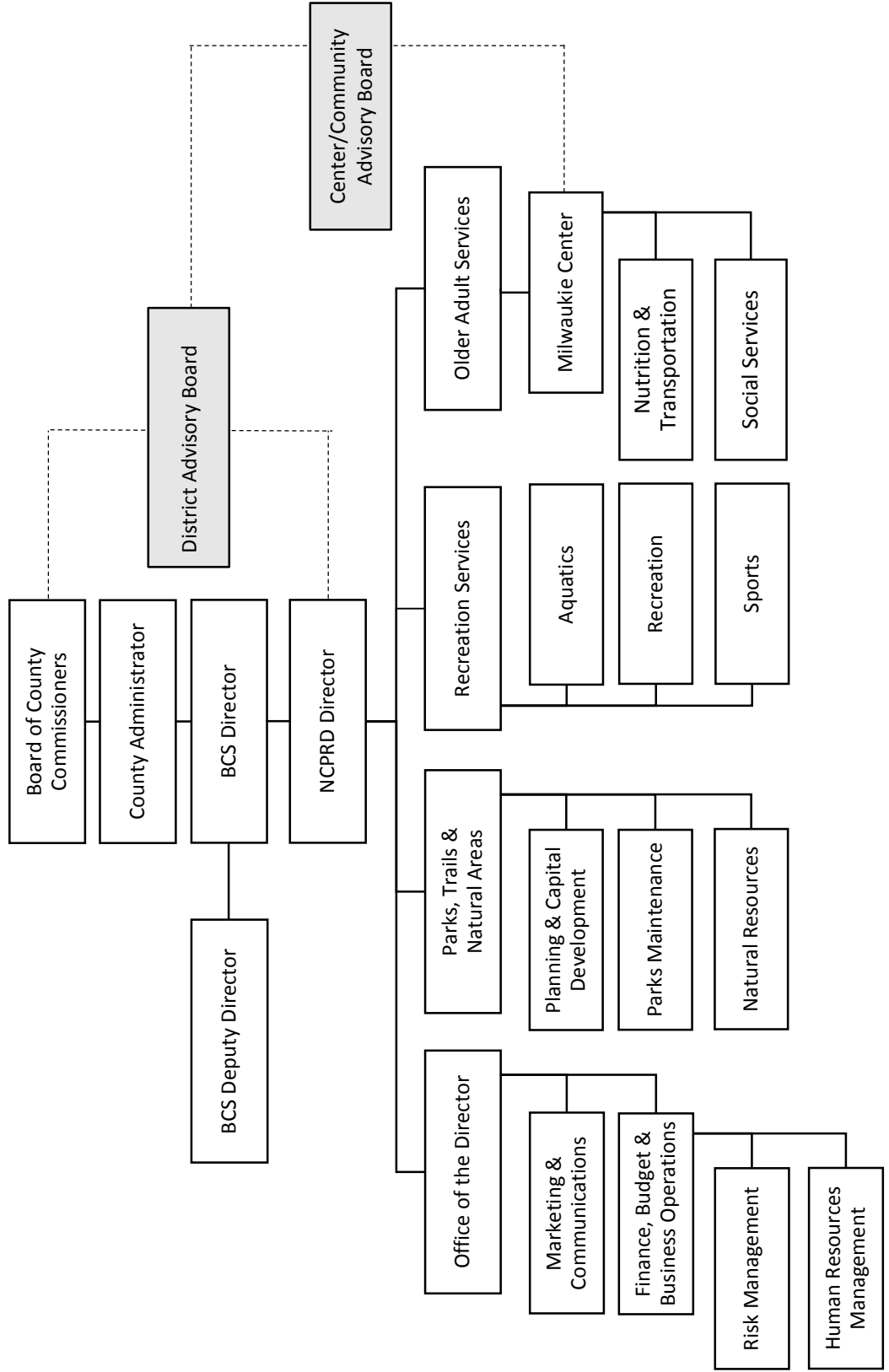
Executive Director/CEO



North Clackamas Parks and Recreation District

Organization Chart

FY 19-20



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, 2019

<u>Name</u>	<u>Term Expires</u>
Jim Bernard, Chair Public Services Building	December 31, 2020
Sonya Fischer, Commissioner Public Services Building	December 31, 2022
Ken Humberston, Commissioner Public Services Building	December 31, 2020
Paul Savas, Commissioner Public Services Building	December 31, 2022
Martha Schrader, Commissioner Public Services Building	December 31, 2020



DIRECTOR

Scott Archer

ADMINISTRATIVE OFFICES

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

LEGAL COUNSEL

Stephen Madkour
2051 Kaen Road
Oregon City, Oregon 97045

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 of 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, 2019, 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 entity'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, 2019, 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 11 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules on pages 34-40 and schedule of property tax transactions on page 41, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 and statistical sections 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 December 12, 2019 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 solely 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 the effectiveness of the District's 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 the 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 December 12, 2019, 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.



For Moss Adams LLP
Eugene, Oregon
December 12, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019

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, 2019. 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 \$68,056,278. Of this amount, \$10,385,006 may be used to meet ongoing obligations.
- Net position increased by \$3,025,485. The increase is due to the excess of program and general revenues over program expenses.
- Governmental funds reported a combined ending fund balance of \$37,400,904, a decrease of \$47,350 from the 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 13 which reconciles the decrease in fund balances to the increase in net position in detail.
- The District's total debt decreased by \$380,000 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 the 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, 2019

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 from 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, 2019 and June 30, 2018 follows:

	<u>2019</u>	<u>2018</u>
Assets:		
Current assets	\$ 39,820,173	\$ 38,773,242
Capital assets	<u>33,137,372</u>	<u>30,360,857</u>
Total assets	<u><u>72,957,545</u></u>	<u><u>69,134,099</u></u>
Deferred Outflows of Resources	<u>28,914</u>	<u>57,827</u>
Liabilities:		
Current liabilities	2,675,527	1,500,806
Liabilities due after one year	<u>2,254,654</u>	<u>2,660,327</u>
Total liabilities	<u><u>4,930,181</u></u>	<u><u>4,161,133</u></u>
Net position:		
Net investment in capital assets	30,487,718	27,320,530
Restricted for debt service	1,500,000	1,500,000
Restricted for acquisition and development	25,683,554	25,855,807
Unrestricted	<u>10,385,006</u>	<u>10,354,456</u>
Total net position	<u><u>\$ 68,056,278</u></u>	<u><u>\$ 65,030,793</u></u>

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Total net position from governmental activities increased by \$3,025,485 or 4.7%. Net investment in capital assets increased by \$3,167,188 or 11.6%. This increase can be attributed to the net effect of capital asset additions, deletions and depreciation expenses during the fiscal year. The most significant capital asset addition was the acquisition of Hidden Falls Natural Area. Net position restricted for debt service remained unchanged from the previous year. Net position restricted for acquisition and development decreased by \$172,252 or less than 1%. These restricted assets are primarily system development charge revenues which are generated by commercial and residential development activity.

Statement of Activities: The Statement of Activities for fiscal years ended June 30, 2019 and 2018 follows:

	2019	2018
Revenues		
Program revenues:		
Charges for services	\$ 2,371,103	\$ 2,341,408
Operating grants and contributions	1,416,146	693,063
Capital grants and contributions	2,273,696	2,338,138
Total program revenues	6,060,945	5,372,609
General revenues:		
Property taxes	5,917,835	7,199,471
Earnings on investments	949,549	499,910
Miscellaneous	126,529	64,912
Total general revenues	6,993,913	7,764,293
Total revenues	13,054,858	13,136,902
Expenses		
Culture and recreation	7,424,914	8,198,709
Health and welfare	2,475,727	1,992,348
Interest on long-term debt	128,732	287,707
Total expenses	10,029,373	10,478,764
Changes in net position before special item	3,025,485	2,658,138
Special Item		
Gain on capital asset disposal	-	4,350,311
Changes in net position	3,025,485	7,008,449
Net position, beginning of year	65,030,793	58,022,344
Net position, end of year	\$ 68,056,278	\$ 65,030,793

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

District program expenditure categories include culture, education and recreation, as well as 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, as well as recreation and education programs for older adults, with the majority of activities taking place at the Milwaukie Center.

District program revenues increased by \$688,336 or 12.8%. The increase can be attributed to a growth in the Operating Grants and Contributions portion of program revenues.

District general revenues decreased by \$770,380 or 9.9%, due in part to efforts by the City of Happy Valley to withdraw from the District. The District did not collect property taxes from the residents within the City of Happy Valley during fiscal year 2018-2019. Subsequently, in February 2019, the Circuit Court ruled that the city relied on the wrong statute in its efforts to withdraw from the District and the property taxes from that area are budgeted to be received in fiscal year 2019-2020. Miscellaneous income increased by \$61,617 largely due to the lease of Clackamas Elementary School to Cascade Heights Charter School, pursuant to the purchase and sale agreement with North Clackamas School District. Finally, earnings on investments increased by \$449,638 due to a higher cash balance throughout the fiscal year and slightly higher interest rates.

While all programs experienced increases in wages and benefits expenses, overall program expenses decreased by \$449,391 or 4.3%, due to the restructuring of culture and recreation program offerings. The District continues to put forth a strong effort to provide services in the most cost effective manner possible.

Program-specific expenses exceeded program revenues in 2019 by \$3,968,427 as compared to \$5,106,155 in the prior year. The change is reflective of the increase in Operating Grants and Contributions. It also reflects the increase in wages and benefits mentioned above, as well as a restructuring of Culture and Recreation program offerings. In addition, capital expenses and depreciation expenses decreased compared to the prior year.

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

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

FUND ANALYSIS

The primary fund of the District, the General Fund, ended the year with a fund balance of \$5,226,214 – a decrease of \$250,604 from the prior year. A key factor contributing to this decrease is the decrease in property tax revenue of \$985,872 from prior year.

The Nutrition and Transportation Fund ended the year with a fund balance of \$308,916, up \$33,804 from the prior year. The increase is primarily due to close monitoring of expenditures by staff. To help offset a portion of the difference between revenues and expenditures, the General Fund transfers \$150,000 each year to subsidize program expenditures.

The System Development Charges Fund (Zone 3) ended the year with a fund balance of \$11,591,232, a decrease of \$96,679 from the prior year. This decrease is primarily due to reduced revenue collection as the District hasn't collected any SDCs generated within the City of Happy Valley since January 1, 2018.

The Capital Projects Fund ended the year with an ending fund balance of \$9,322,083, a decrease of \$393,557 from the prior year. The decrease is primarily due to continued investments in capital projects.

The Capital Asset Replacement Fund ended the year with a fund balance of \$4,495,571, an increase of \$302,801 from the prior year. This increase was primarily due to the General Fund transfer to the Capital Asset Replacement Fund of \$450,000 and expenditures of over \$257,788. The remaining fund balance will carry forward for future repair and replacement needs.

General Fund Budgetary Highlights

When comparing the final budget to actual revenues, total actual General Fund revenues are higher than budgeted by \$217,028. This variance is largely due to the interest revenue category, which exceeded the anticipated amount by \$176,752, as well as the fees and charges revenue category, which exceeded the anticipated amount by \$96,803. Total expenditures (excluding contingency) in the General Fund Programs were under budget by \$1,048,847. This is primarily due to an intentional staff effort to examine and reduce expenditures where possible, as well as several vacant positions during fiscal year 2018-2019. 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, management continued a comprehensive review of District operations, capital assets and staffing levels.

The General Fund and Nutrition & Transportation Fund budgets were amended during fiscal year 2018-2019 to account for additional expenditures in various divisions and to recognize additional beginning fund balances.

CAPITAL ASSETS

As of June 30 of 2019 and 2018, the District had invested \$33,137,372 and \$30,360,857 respectively in capital assets, net of depreciation as reflected in the following table:

	<u>2019</u>	<u>2018</u>
Land	\$ 15,561,267	\$ 13,911,267
Construction in progress	1,394,515	1,287,171
Buildings	2,020,749	2,227,075
Office equipment	476,851	299,244
Improvements	13,551,110	12,478,084
Vehicles	<u>132,880</u>	<u>158,016</u>
	<u>\$ 33,137,372</u>	<u>\$ 30,360,857</u>

Overall, investment in capital assets increased \$2,776,515 during the year. Increases were realized in *Improvements* for the development of Hidden Falls and Wichita Parks. Please refer to Notes to Basic Financial Statements - Note 1 for capital asset policy, and Note 5 for a detailed summary of activity.

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 a variable interest rate between 2.5% and 4.0% per annum.

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 fiscal year 2009-2010, 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. In May 2018, this debt was paid in full as part of a strategic partnership with North Clackamas School District. The District exchanged Hood View Park for Clackamas, Concord, and Wichita Elementary Schools, as well as additional cash for development of future capital projects.

DEBT ADMINISTRATION (Continued)

The following condensed schedule compares year end balances for 2019 and 2018. Please refer to Notes to Basic Financial Statements - Note 9 for additional detail.

	<u>2019</u>	<u>2018</u>
Full Faith and Credit Obligations	<u>\$ 2,590,000</u>	<u>\$ 2,970,000</u>
	<u>\$ 2,590,000</u>	<u>\$ 2,970,000</u>

ECONOMIC FACTORS

Property taxes represent a significant revenue source for the District's governmental funds, 49.8% and 54.7% of total revenues in 2019 and 2018, respectively. This decrease in the percentage of property taxes in relation to total revenues is largely attributable to the reduction in property taxes collected in 2019 from the City of Happy Valley. Revenue from Operating Grants and Contributions increased in 2019, representing 10.8% of total revenues in 2019. 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.

The District is also dependent on System Development Charge (SDC) 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 2017-2018, SDC revenue was \$2,338,138 and decreased to \$1,073,696 in fiscal year 2018-2019. This reduction is largely due to the decrease in collection of SDCs from the City of Happy Valley, as mentioned previously. Since SDCs are one of the only revenue sources available to construct new capital assets, staff must monitor and forecast this revenue on a regular basis to ensure projections accurately reflect the economic climate of the County and surrounding Portland Metro area.

FINANCIAL CONTACT

The District's financial statements are designed to present users (residents, 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 Financial Operations Manager at 150 Beaver Creek Road, Oregon City, Oregon 97045. The District's telephone number is (503)742-4352. You can also reach us through our web page at www.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, 2019

	<u>Governmental Activities</u>
ASSETS:	
Cash and investments	\$ 21,383,173
Property taxes receivable	189,943
Accounts receivable	98,419
Grants receivable	567,908
Prepaid expense	1,615
Restricted cash and investments	17,579,115
Capital assets	
Capital assets not being depreciated	16,955,782
Capital assets being depreciated, net	<u>16,181,590</u>
TOTAL ASSETS	<u>72,957,545</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charge on debt refunding	<u>28,914</u>
LIABILITIES:	
Accounts payable	408,955
Accrued interest payable	33,875
Due to Clackamas County	1,837,697
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	395,000
Portion due or payable after one year:	
Bonds payable	<u>2,254,654</u>
TOTAL LIABILITIES	<u>4,930,181</u>
NET POSITION:	
Net investment in capital assets	30,487,718
Restricted for debt service	1,500,000
Restricted for acquisition and development	25,683,554
Unrestricted	<u>10,385,006</u>
TOTAL NET POSITION	<u><u>\$ 68,056,278</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, 2019

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	\$ 7,424,914	\$ 1,920,593	\$ 1,147,078	\$ 2,273,696	\$ (2,083,547)
Health and welfare	2,475,727	450,510	269,068	-	(1,756,149)
Interest on long-term debt	128,732	-	-	-	(128,732)
Total	10,029,373	2,371,103	1,416,146	2,273,696	(3,968,428)
GENERAL REVENUES					
					5,917,835
					949,549
					126,529
					6,993,913
					CHANGE IN NET POSITION
					3,025,485
					NET POSITION, July 1, 2018
					65,030,793
					NET POSITION, June 30, 2019
					\$ 68,056,278

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, 2019

	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	\$ 7,160,251	\$ 431,601	\$ -	\$ 9,087,682	\$ 4,516,990	\$ 186,649	\$ 21,383,173
Taxes receivable	189,943	-	-	-	-	-	189,943
Accounts receivable	96,623	1,667	-	-	-	129	98,419
Grants receivable	-	-	-	567,908	-	-	567,908
Due from Clackamas County	-	-	170,672	-	-	111,555	282,227
Prepaid items	1,615	-	-	-	-	-	1,615
Restricted cash and investments	-	-	11,420,560	-	-	6,158,555	17,579,115
TOTAL ASSETS	<u>\$ 7,448,432</u>	<u>\$ 433,268</u>	<u>\$ 11,591,232</u>	<u>\$ 9,655,590</u>	<u>\$ 4,516,990</u>	<u>\$ 6,456,888</u>	<u>\$ 40,102,400</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 87,449	\$ 5,782	\$ -	\$ 301,863	\$ 13,861	\$ -	\$ 408,955
Due to Clackamas County	1,962,152	118,570	-	31,644	7,558	-	2,119,924
TOTAL LIABILITIES	<u>2,049,601</u>	<u>124,352</u>	<u>-</u>	<u>333,507</u>	<u>21,419</u>	<u>-</u>	<u>2,528,879</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	172,617	-	-	-	-	-	172,617
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>172,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,617</u>
FUND BALANCES							
Nonspendable	1,615	-	-	-	-	-	1,615
Restricted	-	-	11,591,232	9,322,083	-	6,270,239	27,183,554
Assigned	-	308,916	-	-	4,495,571	186,649	4,991,136
Unassigned	5,224,599	-	-	-	-	-	5,224,599
TOTAL FUND BALANCES	<u>5,226,214</u>	<u>308,916</u>	<u>11,591,232</u>	<u>9,322,083</u>	<u>4,495,571</u>	<u>6,456,888</u>	<u>37,400,904</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 7,448,432</u>	<u>\$ 433,268</u>	<u>\$ 11,591,232</u>	<u>\$ 9,655,590</u>	<u>\$ 4,516,990</u>	<u>\$ 6,456,888</u>	<u>\$ 40,102,400</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)
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

TOTAL FUND BALANCE		\$ 37,400,904
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.		33,137,372
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.		172,617
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	28,914	
Accrued interest payable	(33,875)	
Bonds payable, net of bond premium	<u>(2,649,654)</u>	
Total effect of long-term assets and liabilities		<u>(2,654,615)</u>
TOTAL NET POSITION		<u>\$ 68,056,278</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 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds			Capital Projects Funds		Other Governmental Funds	Total
	General Fund	Nutrition and Transportation Fund	System Development Charges Zone 3 Fund	Capital Projects Fund	Capital Asset Replacement Fund		
REVENUES:							
Property taxes	\$ 5,987,708	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,987,708
Licenses and permits	-	-	273,602	-	-	800,094	1,073,696
Interest	176,752	9,200	284,444	220,958	100,465	157,730	949,549
Intergovernmental	141,187	376,951	2,258	679,248	-	8,318	1,207,962
Charges for services	2,342,616	28,487	-	-	-	-	2,371,103
Interfund services provided	93,508	-	-	-	-	-	93,508
Donations/Grants	43,181	148,018	-	13,020	3,965	-	208,184
Miscellaneous	120,906	37	-	-	5,439	147	126,529
TOTAL REVENUES	8,905,858	562,693	560,304	913,226	109,869	966,289	12,018,239
EXPENDITURES:							
Current:							
Culture, education and recreation	6,445,062	-	2,289	-	82	98,581	6,546,014
Health and welfare	1,590,676	678,889	-	-	-	-	2,269,565
Capital outlay	-	-	-	2,497,379	257,706	-	2,755,085
Debt service:							
Principal	-	-	-	-	-	380,000	380,000
Interest and fiscal charges	-	-	-	-	-	114,925	114,925
TOTAL EXPENDITURES	8,035,738	678,889	2,289	2,497,379	257,788	593,506	12,065,589
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	870,120	(116,196)	558,015	(1,584,153)	(147,919)	372,783	(47,350)
OTHER FINANCING SOURCES (USES):							
Transfers in	-	150,000	-	1,190,596	450,000	494,925	2,285,521
Transfers out	(1,120,724)	-	(654,694)	-	-	(510,103)	(2,285,521)
TOTAL OTHER FINANCING SOURCES (USES)	(1,120,724)	150,000	(654,694)	1,190,596	450,000	(15,178)	-
NET CHANGE IN FUND BALANCE	(250,604)	33,804	(96,679)	(393,557)	302,081	357,605	(47,350)
FUND BALANCE, JUNE 30, 2018	5,476,818	275,112	11,687,911	9,715,640	4,193,490	6,099,283	37,448,254
FUND BALANCE, JUNE 30, 2019	\$ 5,226,214	\$ 308,916	\$ 11,591,232	\$ 9,322,083	\$ 4,495,571	\$ 6,456,888	\$ 37,400,904

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, 2019

NET CHANGE IN FUND BALANCES		\$ (47,350)
<p>The change in net position reported in the Statement of Activities is different because:</p>		
<p>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.</p>		
Capital outlay	2,750,165	
Depreciation	<u>(1,173,650)</u>	1,576,515
<p>Property developers often contribute land and improvements to local governments as part of agreements to develop the land. As capital assets are not recognized at the fund level, neither are the contributed capital items.</p>		
Contributed capital		1,200,000
<p>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.</p>		
Amortization of bond premium		10,673
Amortization of deferred refunding		(28,913)
Payment of long-term debt principal		380,000
<p>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.</p>		
		4,433
<p>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.</p>		
		<u>(69,873)</u>
CHANGE IN NET POSITION		<u>\$ 3,025,485</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, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 7,497,995	\$ 6,267,555	\$ 6,172,004	\$ (95,551)
Fees and charges	2,170,813	2,245,813	2,342,616	96,803
Intergovernmental	70,750	70,750	141,187	70,437
Donations	-	-	43,181	43,181
Interest	-	-	176,752	176,752
Miscellaneous	195,500	195,500	120,906	(74,594)
TOTAL REVENUES	<u>9,935,058</u>	<u>8,779,618</u>	<u>8,996,646</u>	<u>217,028</u>
EXPENDITURES:				
Current:				
Administration	711,482	786,482	785,349	1,133
Parks maintenance	1,825,873	1,825,873	1,626,918	198,955
Recreation	510,435	510,435	438,482	71,953
Sports	1,417,019	1,417,019	1,217,673	199,346
Milwaukie Center	748,155	748,155	745,566	2,589
Aquatic Park	2,325,060	2,325,060	1,966,201	358,859
Marketing and communications	490,683	490,683	474,371	16,312
Planning and development	561,873	561,873	396,450	165,423
Natural Resources	419,005	419,005	384,728	34,277
Contingency	3,656,230	2,875,790	-	2,875,790
TOTAL EXPENDITURES	<u>12,665,815</u>	<u>11,960,375</u>	<u>8,035,738</u>	<u>3,924,637</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,730,757)</u>	<u>(3,180,757)</u>	<u>960,908</u>	<u>4,141,665</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	232,189	232,189	93,508	(138,681)
Transfers out	(1,620,465)	(1,170,465)	(1,120,724)	49,741
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,388,276)</u>	<u>(938,276)</u>	<u>(1,027,216)</u>	<u>(88,940)</u>
NET CHANGE IN FUND BALANCE	(4,119,033)	(4,119,033)	(66,308)	4,052,725
FUND BALANCE, JUNE 30, 2018	<u>4,119,033</u>	<u>4,119,033</u>	<u>5,275,196</u>	<u>1,156,163</u>
FUND BALANCE, JUNE 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,208,888</u>	<u>\$ 5,208,888</u>
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			<u>17,326</u>	
FUND BALANCE (U.S. GAAP BASIS) - June 30, 2019			<u>\$ 5,226,214</u>	
Revenue/Other Financing Sources reconciliation:				
Revenues, budgetary basis			8,996,646	
Property tax accrual adjustment (U.S. GAAP basis)			(184,296)	
Interfund services provided (U.S. GAAP Basis)			93,508	
Revenues (U.S. GAAP Basis)			<u>8,905,858</u>	
Other financing sources, budgetary basis			93,508	
Interfund services provided			(93,508)	
Other financing sources (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)
NUTRITION AND TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 24,750	\$ 24,750	\$ 28,487	\$ 3,737
Intergovernmental	314,247	314,247	376,951	62,704
Interest	3,000	3,000	9,200	6,200
Donations	152,500	152,500	148,018	(4,482)
Miscellaneous revenue	-	75,000	37	(74,963)
TOTAL REVENUES	494,497	569,497	562,693	(6,804)
EXPENDITURES:				
Current:				
Health and welfare				
Nutrition Division	568,802	643,802	506,576	137,226
Transportation Division	187,751	187,751	168,713	19,038
Contingency	112,790	112,790	-	112,790
TOTAL EXPENDITURES	869,343	944,343	675,289	269,054
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(374,846)	(374,846)	(112,596)	262,250
OTHER FINANCING SOURCES (USES):				
Transfers in	150,000	150,000	150,000	-
Transfers out	(3,600)	(3,600)	(3,600)	-
TOTAL OTHER FINANCING SOURCES (USES)	146,400	146,400	146,400	-
NET CHANGE IN FUND BALANCE	(228,446)	(228,446)	33,804	262,250
FUND BALANCE, JUNE 30, 2018	228,446	228,446	275,112	46,666
FUND BALANCE, JUNE 30, 2019	\$ -	\$ -	\$ 308,916	\$ 308,916

Expenditures/Other Financing Uses reconciliation:

Expenditures, budgetary basis	\$ 675,289
Interfund services (U.S. GAAP Basis)	3,600
Expenditures (U.S. GAAP Basis)	<u>\$ 678,889</u>
Other financing uses, budgetary basis	\$ (3,600)
Interfund services	3,600
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, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 1,624,153	\$ 124,153	\$ 273,602	\$ 149,449
Intergovernmental	2,483	2,483	2,258	(225)
Miscellaneous	93,951	88,816	284,444	195,628
TOTAL REVENUES	1,720,587	215,452	560,304	344,852
EXPENDITURES:				
Current:				
Materials and services	2,483	2,483	2,258	225
Capital outlay	11,716,370	10,211,235	-	10,211,235
TOTAL EXPENDITURES	11,718,853	10,213,718	2,258	10,211,460
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(9,998,266)	(9,998,266)	558,046	10,556,312
OTHER FINANCING SOURCES (USES):				
Transfers out	(685,796)	(685,796)	(654,725)	31,071
NET CHANGE IN FUND BALANCE	(10,684,062)	(10,684,062)	(96,679)	10,587,383
FUND BALANCE, JUNE 30, 2018	10,684,062	10,684,062	11,687,911	1,003,849
FUND BALANCE, JUNE 30, 2019	\$ -	\$ -	\$ 11,591,232	\$ 11,591,232

Expenditures/Other Financing Uses reconciliation:

Expenditures, budgetary basis	\$ 2,258
Interfund services (U.S. GAAP Basis)	31
Expenditures (U.S. GAAP Basis)	<u>\$ 2,289</u>
Other financing uses, budgetary basis	\$ (654,725)
Interfund services	31
Other financing uses (U.S. GAAP Basis)	<u>\$ (654,694)</u>

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

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NOTES TO BASIC FINANCIAL STATEMENTS

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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.

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, and 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.

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, 2019

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, 2019 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	\$ 1,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,615
Restricted for:							
Debt service reserve	-	-	-	-	-	1,500,000	1,500,000
Acquisition and development	-	-	11,591,232	9,322,083	-	4,770,239	25,683,554
Assigned to:							
Health and welfare	-	308,916	-	-	-	-	308,916
Debt service reserve	-	-	-	-	-	186,649	186,649
Acquisition and development	-	-	-	-	4,495,571	-	4,495,571
Unassigned:	5,224,599	-	-	-	-	-	5,224,599
Total fund balances	<u>\$ 5,226,214</u>	<u>\$ 308,916</u>	<u>\$ 11,591,232</u>	<u>\$ 9,322,083</u>	<u>\$ 4,495,571</u>	<u>\$ 6,456,888</u>	<u>\$ 37,400,904</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.

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, 2019.

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, 2019, 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.

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 acquisition 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 – 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.
- Interfund services provided are recorded as transfers in and out rather than revenues and expenditures.

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.

3. CASH AND INVESTMENTS

Cash and investments are comprised of the following:

Petty cash/change fund	\$ 3,560
Cash and cash equivalents with the County Treasurer	14,777,184
State of Oregon Treasurer's Local Government Investment Pool	<u>24,181,544</u>
	<u>\$38,962,288</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, 2019 Comprehensive Annual Financial Report of Clackamas County for compliance with these statutes.

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, 2019, are as follows:

Accounts receivable	General Fund	Nutrition and Transportation Fund	System Development Charges Zone 1 Fund	Total
Charges for services	\$ 96,623	\$ 1,667	\$ 129	\$ 98,419
Less: allowance for uncollectibles	-	-	-	-
Net total accounts receivable	\$ 96,623	\$ 1,667	\$ 129	\$ 98,419

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Increases	Transfers	Deletions	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$ 13,911,267	\$ 599,721	\$ 1,050,279	\$ -	\$ 15,561,267
Construction in progress	1,287,171	2,497,306	(2,389,962)	-	1,394,515
Total capital assets not being depreciated	15,198,438	3,097,027	(1,339,683)	-	16,955,782
Capital assets being depreciated:					
Buildings	13,078,455	-	-	-	13,078,455
Office equipment	963,185	219,017	-	(14,011)	1,168,191
Improvements	18,144,859	634,121	1,339,683	-	20,118,663
Vehicles	643,354	-	-	-	643,354
Total capital assets being depreciated	32,829,853	853,138	1,339,683	(14,011)	35,008,663
Less accumulated depreciation for:					
Buildings	(10,851,380)	(206,326)	-	-	(11,057,706)
Office equipment	(663,941)	(41,410)	-	14,011	(691,340)
Improvements	(5,666,775)	(900,778)	-	-	(6,567,553)
Vehicles	(485,338)	(25,136)	-	-	(510,474)
Total accumulated depreciation	(17,667,434)	(1,173,650)	-	14,011	(18,827,073)
Total capital assets being depreciated, net	15,162,419	(320,512)	1,339,683	-	16,181,590
Total capital assets, net	<u>\$ 30,360,857</u>	<u>\$ 2,776,515</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,137,372</u>

Depreciation expense was charged as follows:

Culture and recreation	\$ 1,860,656
Health and welfare	(687,006)
	<u>\$ 1,173,650</u>

6. DUE TO/FROM CLACKAMAS COUNTY

\$1,837,697 is due to Clackamas County as of June 30, 2019 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, 2019

7. TRANSFERS TO/FROM OTHER FUNDS

Transfers to/from other funds for the year ended June 30, 2019, consisted of the following:

	Nutrition and Transportation Fund	Capital Projects Fund	Capital Asset Replacement Fund	Other Governmental Funds	Total
Transfers from:					
General Fund	150,000	25,799	450,000	494,925	1,120,724
System Development Charges Zone 3	-	654,694	-	-	654,694
Other Governmental Funds	-	510,103	-	-	510,103
Total	<u>150,000</u>	<u>1,190,596</u>	<u>450,000</u>	<u>494,925</u>	<u>2,285,521</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 participates in the County's self-insurance program. 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.

9. LONG-TERM DEBT

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.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

9. LONG-TERM DEBT (Continued)

Changes in long-term debt for the year ended June 30, 2019, are as follows:

	Interest Rates	Original Amount	Outstanding June 30, 2018	Increases	Decreases	Outstanding June 30, 2019
Full Faith and Credit Refunding Bonds						
Series 2010	2.50% - 4.00%	\$ 5,660,000	\$ 2,970,000	\$ -	\$ (380,000)	\$ 2,590,000
			2,970,000	-	(380,000)	2,590,000
Premiums			70,327	-	(10,673)	59,654
			\$ 3,040,327	\$ -	\$ (390,673)	2,649,654
Current Portion						(395,000)
						<u>\$ 2,254,654</u>

Future maturities are as follows:

Fiscal Year	Full Faith and Credit Refunding Bonds Series 2010	
	Principal	Interest
2020	\$ 395,000	\$ 101,625
2021	405,000	87,800
2022	420,000	71,600
2023	440,000	54,800
2024	455,000	37,200
2025	475,000	19,000
	<u>\$ 2,590,000</u>	<u>\$ 372,025</u>

10. 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, 2019.

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.

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

10. TAX ABATEMENTS (Continued)

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated during the Fiscal Year 2019</u>
Enterprise Zone	\$ <u>21,302</u>

11. 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.

12. 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 \$5,638,879 were paid to various County departments. At June 30, 2019, the District owed the County \$1,837,697 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.

13. COMMITMENTS

The District has commitments under various contracts for approximately \$125,020 at June 30, 2019.

14. SUBSEQUENT EVENT

On December 3, 2019, the Clackamas County Board of Commissioners, acting as the Board of Directors for the North Clackamas Parks and Recreation District (NCPRD) and the Happy Valley City Council approved a settlement agreement that resolves a two-year legal dispute over parks and recreation services.

The settlement agreement is contingent on successfully passing legislation during the 2020 legislative session that will withdraw Happy Valley from NCPRD and allow the City to become its own parks and recreation provider.

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

14. SUBSEQUENT EVENT (Continued)

Once the withdrawal is formalized, the resulting district boundaries will remain intact. This will ensure that NCPRD does not lose potential tax revenue if the city expands and annexes more district territory in the future.

Specifically, the agreement includes:

Clackamas County and Happy Valley will jointly develop and support legislation in the 2020 legislative session that will withdraw Happy Valley from the District and allow the City to become its own parks and recreation provider.

Payment of \$14.3 million to City of Happy Valley. The funds for this payment will come from development fees generated in Happy Valley as well as a portion of the Hood View Park sale proceeds.

Transfer of the following parks to City of Happy Valley, relieving NCPRD of ongoing maintenance and management costs:

- Southern Lites
- Village Green
- Ashley Meadows
- District-owned properties adjacent to Mt. Talbert
- Hidden Falls
- Mt. Scott Creek Trail

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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, 2019

	Special Revenue Funds		Debt Service Fund	Total
	System Development Charges Zone 1 Fund	System Development Charges Zone 2 Fund	Series 2010 Debt Service Fund	
<u>ASSETS:</u>				
Cash and investments	\$ -	\$ -	\$ 186,649	\$ 186,649
Accounts receivable	129	-	-	129
Due from Clackamas County	13,047	98,508	-	111,555
Restricted cash and investments	<u>2,555,495</u>	<u>2,103,060</u>	<u>1,500,000</u>	<u>6,158,555</u>
TOTAL ASSETS	<u><u>\$ 2,568,671</u></u>	<u><u>\$ 2,201,568</u></u>	<u><u>\$ 1,686,649</u></u>	<u><u>\$ 6,456,888</u></u>
<u>FUND BALANCES:</u>				
Restricted	\$ 2,568,671	\$ 2,201,568	\$ 1,500,000	\$ 6,270,239
Assigned	<u>-</u>	<u>-</u>	<u>186,649</u>	<u>186,649</u>
TOTAL FUND BALANCES	<u><u>2,568,671</u></u>	<u><u>2,201,568</u></u>	<u><u>1,686,649</u></u>	<u><u>6,456,888</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,568,671</u></u>	<u><u>\$ 2,201,568</u></u>	<u><u>\$ 1,686,649</u></u>	<u><u>\$ 6,456,888</u></u>

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, 2019

	Special Revenue Funds		Debt Service Fund	Total
	System Development Charges Zone 1 Fund	System Development Charges Zone 2 Fund	Series 2010 Debt Service Fund	
REVENUES:				
Licenses and permits	\$ 452,939	\$ 347,155	\$ -	\$ 800,094
Intergovernmental	1,571	6,747	-	8,318
Miscellaneous	-	147	-	147
Interest	69,366	48,357	40,007	157,730
TOTAL REVENUES	<u>523,876</u>	<u>402,406</u>	<u>40,007</u>	<u>966,289</u>
EXPENDITURES:				
Current:				
Culture and recreation	85,038	13,158	385	98,581
Debt service:				
Principal	-	-	380,000	380,000
Interest	-	-	114,925	114,925
TOTAL EXPENDITURES	<u>85,038</u>	<u>13,158</u>	<u>495,310</u>	<u>593,506</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>438,838</u>	<u>389,248</u>	<u>(455,303)</u>	<u>372,783</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	494,925	494,925
Transfers out	(431,385)	(78,718)	-	(510,103)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(431,385)</u>	<u>(78,718)</u>	<u>494,925</u>	<u>(15,178)</u>
NET CHANGE IN FUND BALANCE	7,453	310,530	39,622	357,605
FUND BALANCE, JUNE 30, 2018	<u>2,561,218</u>	<u>1,891,038</u>	<u>1,647,027</u>	<u>6,099,283</u>
FUND BALANCE, JUNE 30, 2019	<u>\$ 2,568,671</u>	<u>\$ 2,201,568</u>	<u>\$ 1,686,649</u>	<u>\$ 6,456,888</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, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 141,100	\$ 141,100	\$ 452,939	\$ 311,839
Intergovernmental	2,222	2,222	1,571	(651)
Interest	12,232	12,232	69,366	57,134
TOTAL REVENUES	<u>155,554</u>	<u>155,554</u>	<u>523,876</u>	<u>368,322</u>
EXPENDITURES:				
Current:				
Materials and services	2,222	2,222	1,571	651
Capital outlay	564,274	564,274	-	564,274
TOTAL EXPENDITURES	<u>566,496</u>	<u>566,496</u>	<u>1,571</u>	<u>564,925</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(410,942)	(410,942)	522,305	933,247
OTHER FINANCING SOURCES (USES):				
Transfers out	(617,710)	(617,710)	(514,852)	102,858
NET CHANGE IN FUND BALANCE	(1,028,652)	(1,028,652)	7,453	1,036,105
FUND BALANCE, JUNE 30, 2018	<u>1,028,652</u>	<u>1,028,652</u>	<u>2,561,218</u>	<u>1,532,566</u>
FUND BALANCE, JUNE 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,568,671</u>	<u>\$ 2,568,671</u>

Expenditures/Other Financing Uses reconciliation:

Expenditures, budgetary basis	\$ 1,571
Interfund services (U.S. GAAP Basis)	83,467
Expenditures (U.S. GAAP Basis)	<u>\$ 85,038</u>
Other financing uses, budgetary basis	\$ (514,852)
Interfund services	83,467
Other financing uses (U.S. GAAP Basis)	<u>\$ (431,385)</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, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 409,565	\$ 409,565	\$ 347,155	\$ (62,410)
Intergovernmental	8,191	8,191	6,747	(1,444)
Miscellaneous	-	-	147	147
Interest	12,140	12,140	48,357	36,217
TOTAL REVENUES	429,896	429,896	402,406	(27,490)
EXPENDITURES:				
Current:				
Materials and services	8,191	8,191	6,747	1,444
Capital outlay	1,993,808	1,533,808	-	1,533,808
TOTAL EXPENDITURES	2,001,999	1,541,999	6,748	1,535,252
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,572,103)	(1,112,103)	395,658	1,507,761
OTHER FINANCING SOURCES (USES):				
Transfers out	(327,494)	(787,494)	(85,128)	702,366
NET CHANGE IN FUND BALANCE	(1,899,597)	(1,899,597)	310,530	2,210,127
FUND BALANCE, JUNE 30, 2018	1,899,597	1,899,597	1,891,038	(8,559)
FUND BALANCE, JUNE 30, 2019	\$ -	\$ -	\$ 2,201,568	\$ 2,201,568

Expenditures/Other Financing Uses reconciliation:

Expenditures, budgetary basis	\$ 6,748
Interfund services (U.S. GAAP Basis)	6,410
Expenditures (U.S. GAAP Basis)	<u>\$ 13,158</u>
Other financing uses, budgetary basis	\$ (85,128)
Interfund services	6,410
Other financing uses (U.S. GAAP Basis)	<u>\$ (78,718)</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, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest	\$ 18,000	\$ 18,000	\$ 40,007	\$ 22,007
EXPENDITURES:				
Current:				
Materials and services	500	500	385	115
Debt Service:				
Bond defeasance	1,670,576	1,670,576	-	1,670,576
Principal	380,000	380,000	380,000	-
Interest and fiscal charges	115,000	115,000	114,925	75
TOTAL EXPENDITURES	2,166,076	2,166,076	495,310	1,670,766
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,148,076)	(2,148,076)	(455,303)	1,692,773
OTHER FINANCING SOURCE:				
Transfers in	505,000	505,000	494,925	(10,075)
NET CHANGE IN FUND BALANCE	(1,643,076)	(1,643,076)	39,622	1,682,698
FUND BALANCE, JUNE 30, 2018	1,643,076	1,643,076	1,647,027	3,951
FUND BALANCE, JUNE 30, 2019	\$ -	\$ -	\$ 1,686,649	\$ 1,686,649

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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, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 796,005	\$ 1,087,514	\$ 679,248	\$ (408,266)
Interest	-	-	220,958	220,958
Land sale proceeds	393,481	393,481	13,020	(380,461)
TOTAL REVENUES	<u>1,189,486</u>	<u>1,480,995</u>	<u>913,226</u>	<u>(567,769)</u>
EXPENDITURES:				
Capital outlay	<u>11,185,338</u>	<u>12,016,847</u>	<u>2,497,379</u>	<u>9,519,468</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(9,995,852)	(10,535,852)	(1,584,153)	8,951,699
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>1,472,876</u>	<u>2,012,876</u>	<u>1,190,596</u>	<u>(822,280)</u>
NET CHANGE IN FUND BALANCE	(8,522,976)	(8,522,976)	(393,557)	8,129,419
FUND BALANCE, JUNE 30, 2018	<u>8,522,976</u>	<u>8,522,976</u>	<u>9,715,640</u>	<u>1,192,664</u>
FUND BALANCE, JUNE 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,322,083</u>	<u>\$ 9,322,083</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, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Grants	\$ 25,000	\$ 25,000	\$ 3,965	\$ (21,035)
Interest	45,000	45,000	100,465	55,465
Miscellaneous	-	-	5,439	5,439
TOTAL REVENUES	<u>70,000</u>	<u>70,000</u>	<u>109,869</u>	<u>39,869</u>
EXPENDITURES:				
Current:				
Materials and services	50,000	50,000	82	49,918
Special payments	5,000	5,000	-	5,000
Capital outlay	4,999,155	4,549,155	257,706	4,291,449
TOTAL EXPENDITURES	<u>5,054,155</u>	<u>4,604,155</u>	<u>257,788</u>	<u>4,346,367</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,984,155)</u>	<u>(4,534,155)</u>	<u>(147,919)</u>	<u>4,386,236</u>
OTHER FINANCING SOURCE:				
Transfers in	900,000	450,000	450,000	-
Transfers out	(5,000)	(5,000)	-	5,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>895,000</u>	<u>445,000</u>	<u>450,000</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCE	(4,089,155)	(4,089,155)	302,081	4,391,236
FUND BALANCE, JUNE 30, 2018	<u>4,089,155</u>	<u>4,089,155</u>	<u>4,193,490</u>	<u>104,335</u>
FUND BALANCE, JUNE 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,495,571</u>	<u>\$ 4,495,571</u>

OTHER FINANCIAL SCHEDULE

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**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2019**

Tax Year	Uncollected June 30, 2018	Levy as Extended by Assessor	Discounts Allowed	Interest	Adjustments	Collections	Uncollected June 30, 2019
2018-19		6,151,624	(161,788)	2,012	(17,756)	(5,884,693)	89,399
2017-18	147,287		(452)	5,394	(19,521)	(86,154)	46,554
2016-17	74,875		(401)	4,541	(17,813)	(35,827)	25,375
2015-16	56,668		(455)	5,032	(18,440)	(31,810)	10,995
2014-15	40,119		(802)	2,948	(5,752)	(33,027)	3,486
2013-14	29,443		(783)	351	(2,939)	(23,041)	3,031
2012-2013 and prior	95,720		(2,557)	337	(4,946)	(77,451)	11,103
	<u>\$ 444,112</u>	<u>\$ 6,151,624</u>	<u>\$ (167,238)</u>	<u>\$ 20,615</u>	<u>\$ (87,167)</u>	<u>\$ (6,172,003)</u>	<u>\$ 189,943</u>

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STATISTICAL INFORMATION

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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.	55-57
<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.	58-59

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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
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
2018	27,320,530	1,500,000	25,855,807	10,354,456	65,030,793
2019	30,487,718	1,500,000	25,683,555	10,385,006	68,056,279

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			
	2010	2011 (Restated)	2012	2013
Expenses:				
Culture, education and recreation	\$ 5,151,374	\$ 6,003,725	\$ 5,686,708	\$ 6,594,107
Health and welfare	2,185,918	2,429,902	2,282,523	2,653,230
Interest on long-term debt	603,945	475,573	430,037	409,488
Total expenses	7,941,237	8,909,200	8,399,268	9,656,825
Program Revenues:				
Charges for services:				
Culture, education and recreation	2,490,750	2,409,847	3,102,933	3,220,860
Health and welfare	1,119,032	1,082,685	1,206,696	1,315,563
Operating grants and contributions:				
Culture, education and recreation	811,586	780,870	383,558	328,305
Health and welfare	364,626	350,825	493,329	484,537
Capital grants and contributions:				
Culture, education and recreation	-	-	-	6,892,951
Total program revenues	4,785,994	4,624,227	5,186,516	12,242,216
Net Expense	(3,155,243)	(4,284,973)	(3,212,752)	2,585,391
General Revenues:				
Property taxes levied for general purposes	5,089,720	5,168,112	5,347,036	5,414,332
Earnings on investments	32,243	22,844	36,493	50,801
Interagency transfer in	-	-	-	-
Loss on disposal of capital assets	-	-	-	(10,782)
Miscellaneous	333,690	110,349	59,764	154,387
Total general revenues	5,455,653	5,301,305	5,443,293	5,608,738
Change In Net Position before Special Item	2,300,410	1,016,332	2,230,541	8,194,129
Special Item:				
Gain on capital asset disposal	-	-	-	-
Change In Net Position	2,300,410	1,016,332	2,230,541	8,194,129
Cumulative effect of correction of error	-	2,236,375	-	-
Total Change In Net Position	\$ 2,300,410	\$ 3,252,707	\$ 2,230,541	\$ 8,194,129

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									
		2014	2015	2016	2017	2018	2019				
\$	6,400,741	\$	6,941,053	\$	6,546,071	\$	6,913,076	\$	8,198,709	\$	7,410,746
	2,557,450		3,151,514		2,424,393		2,512,913		1,992,348		2,489,894
	462,994		390,654		369,622		347,982		287,707		128,732
	<u>9,421,185</u>		<u>10,483,221</u>		<u>9,340,086</u>		<u>9,773,971</u>		<u>10,478,764</u>		<u>10,029,372</u>
	3,501,228		3,469,954		1,643,259		1,705,683		2,013,611		1,920,593
	1,390,998		1,625,996		490,843		516,216		327,797		450,510
	650,916		760,915		528,012		197,348		357,715		1,147,078
	448,983		522,277		504,616		509,763		335,348		269,068
	<u>508,379</u>		<u>3,590,561</u>		<u>3,847,875</u>		<u>3,925,943</u>		<u>2,338,138</u>		<u>2,273,696</u>
	<u>6,500,504</u>		<u>9,969,703</u>		<u>7,014,605</u>		<u>6,854,953</u>		<u>5,372,609</u>		<u>6,060,945</u>
	<u>(2,920,681)</u>		<u>(513,518)</u>		<u>(2,325,481)</u>		<u>(2,919,018)</u>		<u>(5,106,155)</u>		<u>(3,968,427)</u>
	5,989,488		6,240,654		6,548,536		6,870,480		7,199,471		5,917,835
	52,818		61,274		108,684		261,026		499,910		949,549
	-		-		1,859,382		-		-		-
	-		-		-		-		-		-
	<u>47,322</u>		<u>19,828</u>		<u>3,976</u>		<u>2,665</u>		<u>64,912</u>		<u>126,529</u>
	<u>6,089,628</u>		<u>6,321,756</u>		<u>8,520,578</u>		<u>7,134,171</u>		<u>7,764,293</u>		<u>6,993,913</u>
	3,168,947		5,808,238		6,195,097		4,215,153		2,658,138		3,025,486
	-		-		-		-		4,350,311		-
	3,168,947		5,808,238		6,195,097		4,215,153		7,008,449		3,025,486
	-		-		-		-		-		-
\$	<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>	\$	<u><u>7,008,449</u></u>	\$	<u><u>3,025,486</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			
	2010	2011	2012	2013
General Fund:				
Reserved for prepaid items	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	7,167	840	1,640	12,530
Unassigned	2,857,900	3,369,492	2,719,137	2,993,589
Total General Fund	<u>\$ 2,865,067</u>	<u>\$ 3,370,332</u>	<u>\$ 2,720,777</u>	<u>\$ 3,006,119</u>
All Other Governmental Funds:				
Special revenue funds:				
Unreserved	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	99	-
Restricted	811,687	1,590,255	2,596,596	2,324,381
Assigned	673,843	763,252	763,156	632,599
Capital project funds:				
Unreserved	-	-	-	-
Nonspendable	-	-	-	-
Restricted	595,725	393,982	1,036,967	2,866,465
Assigned	321,766	572,292	1,424,499	1,041,265
Debt service funds:				
Unreserved	-	-	-	-
Restricted	249	251	196,938	108,550
Assigned	82,823	83,092	-	95,741
Total All Other Governmental Funds	<u>\$ 2,486,093</u>	<u>\$ 3,403,124</u>	<u>\$ 6,018,255</u>	<u>\$ 7,069,001</u>

Notes:

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

Source: Clackamas County Finance Department

Fiscal Year

2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,582	18,362	9,636	14,375	12,591	1,615
3,397,971	3,541,816	4,369,031	4,669,479	5,464,227	5,224,600
<u>\$ 3,399,553</u>	<u>\$ 3,560,178</u>	<u>\$ 4,378,667</u>	<u>\$ 4,683,854</u>	<u>\$ 5,476,818</u>	<u>\$ 5,226,215</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
120	-	-	342	-	-
3,221,523	7,427,707	12,174,247	15,161,252	16,140,167	16,361,472
609,599	352,593	336,917	299,756	275,112	308,916
-	-	-	-	-	-
-	32,400	-	-	-	-
2,666,554	1,752,943	501,452	520,747	9,715,640	9,322,083
1,507,304	2,187,916	2,720,531	3,618,905	4,193,490	4,495,571
-	-	-	-	-	-
108,503	108,956	1,609,806	1,611,355	1,500,000	1,500,000
99,285	104,528	106,709	121,676	147,027	186,649
<u>\$ 8,212,888</u>	<u>\$ 11,967,043</u>	<u>\$ 17,449,662</u>	<u>\$ 21,334,033</u>	<u>\$ 31,971,436</u>	<u>\$ 32,174,691</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			
	2010	2011	2012	2013
Revenues:				
Property taxes	\$ 5,076,968	\$ 5,190,484	\$ 5,292,033	\$ 5,414,738
Charges for services	2,628,682	1,403,186	1,733,102	1,982,668
Intergovernmental	759,979	22,844	749,943	883,538
Licenses and permits	981,100	891,019	2,576,527	2,483,299
Interest	32,243	2,089,346	36,493	50,801
Contributions	176,137	182,152	126,944	158,187
Grants	-	-	-	-
Miscellaneous	333,691	110,349	59,764	154,387
Total revenues	9,988,800	9,889,380	10,574,806	11,127,618
Expenditures:				
Culture and recreation	4,523,581	4,728,427	4,984,606	5,367,104
Health and welfare	1,947,534	1,945,635	2,008,466	2,158,197
Capital outlay	1,723,430	735,632	559,030	1,210,641
Debt service:				
Interest	564,755	457,391	427,128	410,588
Principal	700,000	600,000	630,000	645,000
Bond miscellaneous charges	167,987	-	-	-
Total expenditures	9,627,287	8,467,085	8,609,230	9,791,530
Excess (deficiency) of revenues over (under) expenditures	361,513	1,422,295	1,965,576	1,336,088
Other Financing Sources:				
Bond sale proceeds	5,820,100	-	-	-
Interagency transfer in	-	-	-	-
Payment to the escrow account for refunding debt	(5,711,099)	-	-	-
Total other financing sources	109,001	-	-	-
Special Item:				
Land sale proceeds	-	-	-	-
Net Change in Fund Balances	\$ 470,514	\$ 1,422,295	\$ 1,965,576	\$ 1,336,088
Debt service as a percentage of noncapital expenditures	18.1%	13.7%	13.1%	12.3%

Source: Clackamas County Finance Department

Fiscal Year

	2014	2015	2016	2017	2018	2019
\$	5,978,500	\$ 6,230,823	\$ 6,519,506	\$ 6,855,995	\$ 7,324,250	\$ 5,987,708
	2,307,795	2,125,883	2,134,102	2,192,332	2,341,408	2,371,103
	741,117	1,085,715	2,326,650	530,279	505,210	1,207,962
	1,720,686	3,858,387	4,043,707	3,425,942	2,338,138	1,073,696
	52,817	61,274	108,685	261,026	499,910	949,548
	162,202	192,270	205,978	-	-	-
	-	-	-	206,399	187,853	208,184
	28,702	19,828	3,976	42,050	195,580	220,037
	<u>10,991,819</u>	<u>13,574,180</u>	<u>15,342,604</u>	<u>13,514,023</u>	<u>13,392,349</u>	<u>12,018,238</u>
	5,297,436	5,875,053	5,393,315	5,703,417	6,828,034	6,546,013
	2,104,611	2,251,684	2,080,064	2,156,831	1,759,919	2,269,564
	993,113	471,282	506,611	409,036	1,585,201	2,755,084
	394,338	376,381	705,000	335,181	298,828	114,925
	665,000	685,000	356,506	720,000	5,530,000	380,000
	-	-	-	-	-	-
	<u>9,454,498</u>	<u>9,659,400</u>	<u>9,041,496</u>	<u>9,324,465</u>	<u>16,001,982</u>	<u>12,065,586</u>
	<u>1,537,321</u>	<u>3,914,780</u>	<u>6,301,108</u>	<u>4,189,558</u>	<u>(2,609,633)</u>	<u>(47,348)</u>
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	14,040,000	-
\$	<u>1,537,321</u>	<u>\$ 3,914,780</u>	<u>\$ 6,301,108</u>	<u>\$ 4,189,558</u>	<u>\$ 11,430,367</u>	<u>\$ (47,348)</u>
	12.5%	11.6%	12.4%	11.8%	40.4%	5.3%

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
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
2018	14,685,919,772	447,170,936	46,090,839	324,431,754	1,561,948,261
2019	12,217,413,194	447,634,113	48,533,384	256,542,100	1,284,664,800

(1) A property tax limitation measure became effective in fiscal year 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

Total Taxable Assessed Value	Total Direct Tax Rate	True Cash Value	Assessed Value as a Percentage of True Cash Value
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
13,941,665,040	0.53	20,286,725,848	68.72
11,685,457,991	0.53	17,843,416,493	65.50

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 ⁽²⁾ Rate	Clackamas County	County Component Units	Cities	Schools	College/ESD	Fire	Other Special		
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
2018	0.53	0.53	2.94	0.82	1.28	7.13	1.09	2.48	0.64	16.91	15.32-20.95
2019	0.53	0.53	3.09	0.97	0.84	7.32	1.10	2.46	0.72	17.04	15.26-21.01

Notes:

- (1) Rates are summary for all Tax Code Areas where North Clackamas Parks and Recreation District taxes are assessed. From Tax District Summary 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, 2019 AND NINE YEARS AGO

Taxpayer	2019			2010		
	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.	\$ 268,787,187	1	2.30 %	\$ 232,253,118	1	2.25 %
Fred Meyer Store Inc #63	249,510,552	2	2.14	140,449,967	2	1.36
Shorenstein Properties LLC	214,424,359	3	1.83			
PCC Structurals Inc.	156,567,229	4	1.34	72,955,939	3	0.71
Meadows Road LLC	89,488,625	5	0.77			
Marvin F Poer & Company	85,609,065	6	0.73			
ROIC Oregon LLC	81,481,576	7	0.70			
Kaiser Foundation Hospital	65,745,805	8	0.56	46,300,956	7	0.45
Blount Inc.	59,648,255	9	0.51	41,033,373	9	0.40
Truamerica Multifamily LLC	58,619,223	10	0.50			
Comcast Corporation				72,063,600	4	0.70
Portland General Electric Company				60,132,000	5	0.58
Northwest Natural Gas Company				48,176,700	6	0.47
Unified Western Grocers				45,761,053	8	0.44
CH Realty III/Clackamas LLC				40,974,802	10	0.40
Total	\$ 1,329,881,876		11.38 %	\$ 800,101,508		7.76 %

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
2010	5,211,357	4,883,899	93.7	213,058	5,096,957	97.8
2011	5,330,887	4,991,388	93.6	210,877	5,202,265	97.6
2012	5,460,383	5,132,683	94.0	201,125	5,333,808	97.7
2013	5,552,565	5,236,985	94.3	191,663	5,428,648	97.8
2014	6,097,777	5,782,712	94.8	162,182	5,944,894	97.5
2015	6,387,502	6,068,477	95.0	153,068	6,221,546	97.4
2016	6,707,093	6,381,404	95.1	128,039	6,509,443	97.1
2017	7,048,958	6,721,214	95.4	94,101	6,815,315	96.7
2018	7,398,202	7,046,634	95.2	86,155	7,132,789	96.4
2019	6,151,624	5,884,693	95.6	-	5,884,693	95.6

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			
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	0.20	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	0.15	76.01
2017	-	-	5,169,613	3,421,000	8,590,613	N/A	70.05
2018	-	-	-	3,040,327	3,040,327	N/A	24.92
2019	-	-	-	2,649,654	2,649,654	N/A	21.72

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	Limited 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
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
2018	-	3,040,327	3,040,327	0	3,040,327	0.02	24.92
2019	-	2,649,654	2,649,654	0	2,649,654	0.20	21.72

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, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
City of Gladstone	\$ 4,170,000	0.0012 %	\$ 50
City of Milwaukie	32,387,826	99.1861	32,124,221
Clackamas Community College	93,763,913	39.7492	37,270,405
Clackamas County	129,945,000	29.4699	38,294,662
Clackamas County Education Service District	20,970,000	30.6628	6,429,989
Clackamas County Rural Fire Protection District #1	29,447,277	64.5484	19,007,746
Clackamas County School District #115 (Gladstone)	39,401,716	4.9584	1,953,695
Clackamas County School District #12 (North Clackamas)	694,062,196	96.8486	672,189,520
Clackamas County School District #62 (Oregon City)	212,093,894	8.0458	17,064,651
Clackamas Soil & Water Conservation	6,815,000	29.4699	2,008,374
Metro	819,020,000	6.9840	57,200,357
Mt Hood Community College	20,660,000	0.3854	79,624
Multnomah Cty SD 10J(Gresham-Barlow)	344,989,393	0.1789	617,186
Multnomah Cty SD 28J(Centennial)	17,677,677	3.5451	626,691
Oak Lodge Water Service District	1,320,000	98.4822	1,299,965
Other debt:			
City of Milwaukie	3,160,000	99.1861	3,134,281
Clackamas Community College	24,110,000	39.7492	9,583,532
Clackamas County Rural Fire Protection District #1	15,020,000	64.5484	9,695,170
Clackamas County School District #12 (North Clackamas)	2,417,414	96.8486	2,341,232
Clackamas County School District #62 (Oregon City)	316,294	8.0458	25,448
Metro	16,985,000	6.9840	1,186,232
Mt Hood Community College	33,159,068	0.3854	127,795
Multnomah Education Service District	26,825,000	0.1055	28,300
Oak Lodge Water Service District	6,360,155	98.4822	6,263,621
Port of Portland	58,452,781	6.4461	3,767,925
Subtotal overlapping debt			922,320,672
District direct debt			<u>2,649,654</u>
Total direct and overlapping debt			<u>\$ 924,970,326</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
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
2018	20,286,725,848	13	2,637,274,360	3,040,327	2,634,234,033	0.12
2019	17,843,416,493	13	2,319,644,144	2,649,654	2,316,994,490	0.11

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 ⁽⁴⁾
2010 ⁽³⁾	113,869	4,833,967	42,452	10.4 %
2011 ⁽³⁾	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	6,301,737	51,379	4.7
2017	122,642	N/A	N/A	3.9
2018	122,000	N/A	N/A	3.7
2019	122,000	N/A	N/A	3.9

Notes:

(1) Figures are for calendar year.

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

(3) From Claritas Software from Nielsen Corp.

(4) 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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
PRINCIPAL EMPLOYERS (1)
JUNE 30, 2019 AND NINE YEARS AGO

Employer	2019			2010		
	Employees	Rank	Percentage of Total ⁽²⁾	Employees	Rank	Percentage of Total ⁽²⁾
Intel Corp.	20,000	1	.02 %	15,141	1	.01 %
Providence Health & Services	18,286	2	.01	13,825	2	.01
Oregon Health & Sciences University	16,658	3	.01	12,700	3	.01
Kaiser Permanente	12,400	4	.01	8,759	5	.01
Nike Inc.	12,000	5	.01	7,000	7	.01
Legacy Health	11,250	6	.01	8,251	6	.01
City of Portland	9,710	7	.01	6,900	8	.01
Fred Meyer	7,741	8	.01	9,630	4	.01
Portland Public Schools	7,600	9	.01			
Beaverton School District	5,457	10	.00			
Multnomah County				6,659	9	.01
Wells Fargo Bank				5,010	10	.00
Total	<u>121,102</u>		<u>0.10 %</u>	<u>93,875</u>		<u>0.09 %</u>

Sources;

(1) Statistics are the latest available data published in the Portland Business Journal *Book of Lists 2019*, and *Book of Lists 2010*.

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>
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
2018	7.34	28.36	35.70
2019	7.46	26.24	33.70

Note:

(1) Reported full-time equivalent employees are budgeted employees per final budgets at each year-end. Budget 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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Health and welfare:										
Social service units provided	15,675	6,006	6,186	6,718	6,647	5,264	8,216	7,967	8,996	8,890
Meals on Wheels and on-site meals served	66,903	66,903	65,752	66,299	70,966	69,756	70,341	67,256	76,515	67,006
One way rides, older adults and disabled	14,662	12,967	12,541	11,935	10,360	10,240	9,678	8,357	9,887	8,570
Culture and recreation:										
Recreation programs	69	66	80	95	97	60	58	65	61	71
Recreation class participants	3,419	3,355	4,281	4,443	4,483	3,381	2,580	3,500	3,492	3,913
Recreation classes	281	264	380	293	298	231	234	238	217	271
Swim lesson participants ⁽²⁾	4,481	4,593	5,303	4,247	4,253	4,488	4,739	4,991	4,421	4,678
Aquatic park total customers served ⁽¹⁾	245,905	312,909	271,638	250,863	262,812	253,086	243,907	233,955	235,647	228,350

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

(2) New swim lesson program with lower ratios.

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	2	2	2	2	2	2	2	2	2
Transportation vehicles (14, 16 & 20 passenger)	3	3	3	4	3	4	4	4	4	4
Culture and recreation:										
Acreage-maintained	523	505	517	592	596	501	501	520	527	640
Parks maintained	60	51	52	53	55	63	63	64	64	64
Play structures	30	30	30	30	32	33	33	33	36	37
Maintenance vehicles/equipment	22	25	30	30	31	32	33	35	35	35
Passenger van (Recmobile)	1	1	2	1	1	1	1	1	1	2
Aquatic Park (five pools, game room, activity rooms)	1	1	1	1	1	1	1	1	1	1
Sports fields:										
Baseball	11	11	11	11	11	11	11	13	14	14
Soccer	6	6	6	6	6	6	6	6	8	8
Tennis courts	3	3	3	3	3	3	3	3	3	3
Basketball	16	16	16	16	18	17	17	17	19	19
Volleyball courts	2	2	2	2	2	2	2	2	2	2
Sports programs	-	-	-	-	-	127	75	70	21	24
Sports program participants	-	-	-	-	-	7,040	6,769	6,890	5,885	5,952
Sports courses offered during the year	-	-	-	-	-	248	118	87	94	98

2018 Note: Number of youth and adult programs are now reported as individual different programs, not total number of offerings for each program as in prior years.

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2019.

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 opinion 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 purpose.

Moss Adams, LLP

Eugene, Oregon
December 12, 2019

**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 Audit 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 the North Clackamas Parks and Recreation District (the District) as of and for the year ended June 30, 2019 and have issued our report thereon dated December 12, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the 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 of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-0330, 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 year 2019 and 2020.
- 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 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.

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

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 *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Moss Adams LLP
Eugene, Oregon
December 12, 2019