

Clackamas County Development Agency

(A Component Unit of Clackamas County, Oregon)

Keeping Clackamas Working

Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2024



**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)**

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2024

Prepared by:

Clackamas County Department of Finance
Elizabeth Comfort, Director, Finance, MBA
Patrick Williams, Deputy Director, Finance
Sue Unger, Accounting Manager, MBA

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)**

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(A Component Unit of Clackamas County, Oregon)**

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INTRODUCTORY SECTION



DAN JOHNSON
MANAGER

DEVELOPMENT AGENCY

DEVELOPMENT SERVICES BUILDING
150 BEAVERCREEK ROAD | OREGON CITY, OR 97045

December 19, 2024

To the Residents of Clackamas County:

The Annual Comprehensive Financial Report of the Clackamas County Development Agency (the Agency), an Urban Renewal Agency, for the fiscal year ending June 30, 2024 is hereby submitted as mandated by state statute. State statute requires that the Agency issue a report annually on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Agency's management and is 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. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to fairly present the financial position and results of operations of the Agency and its various funds. All disclosures necessary to enable the reader to gain an understanding of the Agency's financial activities have been included.

This report includes all funds of the Agency. The Agency oversees the activities of three urban renewal districts in unincorporated Clackamas County. These districts are the Clackamas Town Center Development Area, the North Clackamas Revitalization Area, and the Clackamas Industrial Development Area. Each area has differing needs that drove the decision to form the district in which urban renewal programs are applied.

Oregon Municipal Audit Law, as contained in the Oregon Revised Statutes, requires an annual audit by independent certified public accountants. The firm of Moss Adams LLP, was selected to perform the audit for the fiscal year ending June 30, 2024. The auditor's report on the general purpose financial statements is included in the financial section of this report.

Management's discussion and analysis immediately follows the report of the independent auditors and provides a narrative, introduction, overview and analysis of the basic financial statements. The management's discussion and analysis, complements this letter and should be read in conjunction with it.

Profile of the Development Agency

The Agency is a component unit of Clackamas County, Oregon; the Clackamas County Board of Commissioners serves as its governing body. It has a budget committee, composed of the County Commissioners and five citizens, which reviews and approves the fiscal year budget. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established by expenditure category within an individual fund. Budgeted funds include capital projects and tax increment funds for the urban renewal areas discussed below. The Director of Clackamas County's Department of Transportation and Development oversees the activities of the Agency and reports to the County Administrator and the Board of County Commissioners.

The Agency operated three urban renewal areas through fiscal year 2024. These areas are located in one of Oregon's fastest growing regions -- the urbanized northeast portion of Clackamas County.

The **Clackamas Town Center Development Area (CTC)**, which currently encompasses approximately 819-acres, was the first urban renewal program in Clackamas County. With a primary focus on the area around the intersection of I-205 and SE Sunnyside Road, this district focused on the community's need for new and expanded road systems to support the opening of the Clackamas Town Center shopping mall, and to meet the needs of the growing residential neighborhoods, and expanding health care facilities and businesses. In June of 2013, the tax levy within the CTC area was terminated. While the district is not receiving any tax increment revenues, remaining funds are to be spent on completed projects within the plan area.

The **Clackamas Industrial Area (CIA)** is a major regional distribution, warehousing and wholesale trade center. Industry is attracted to the area for a variety of reasons, including access to the interstate freeway system and the international airport, and a large diversified labor force living nearby. The primary goals of the CIA are to reduce traffic congestion, improve drainage, promote economic development and create new jobs for local residents. In 2006, the Agency terminated its tax levy in the CIA. Remaining projects are being completed with carryover funds that remain in the district's budget.

Just to the northwest of the Clackamas Town Center Area is the Agency's newest urban renewal area, the **North Clackamas Revitalization Area (NCRA)**. The Plan for this area was adopted in May 2006 and the area began receiving tax revenue in November 2007. Area residents helped develop the long-range plan for the district and its component projects. This 1,008-acre, primarily residential area has an approximate boundary of the County line to the north, the city of Milwaukie to the west, Monroe Street to the south and I-205 to the east. The NCRA was formed to help revitalize an area that had been historically depressed and blighted. While initial projects focused on expanded sewer service and accessibility to these services in the area, current and future projects and programs will have an emphasis on improving housing, reducing crime, upgrading the transportation system and generally increasing livability for current residents.

Local Economy

As a whole, Clackamas County has experienced steady growth in population and development. County population increased from 384,000 in 2012 to an estimated 424,000 in 2024.

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December 19, 2024

- In the **Clackamas Town Center Area**, assessed value was \$32 million in 1980 when the area was adopted. Assessed values in 2013 of over \$584 million reflect the fact that this has been the region's fastest growing business center with development of high quality office, retail and multi-family projects. Increases in assessed values attest to the overall success of urban renewal area planning and development. In June 2013, the urban renewal levy within the Clackamas Town Center Area was terminated, adding approximately \$700 million of assessed value to the tax rolls over the life of the plan. (The area of the plan was reduced in 1988 adding \$90 million to the tax rolls, and again in 2005, adding an additional \$48 million. The final assessed value of \$584 million combined with the value of the plan reduction areas totals approximately \$700 million).
- The original assessed value of the **Clackamas Industrial Area**, adopted in 1984, was \$300 million. After making improvements that increased property values, in 2001 the Agency reduced the size of the district by 50 percent and added \$253.5 million to the general tax rolls. In 2006 when the tax levy was ended, the assessed value of the remaining district was \$323 million.
- The **North Clackamas Revitalization Area** had an assessed value of \$719 million in 2021, up from the \$397 million when the district was formed in 2006. Further development is expected now that sewers have been installed, and programs to revitalize housing and streetscape improvements are in progress.

The Agency's work has fostered over \$1 billion of increased assessed value in and around the aforementioned urban renewal areas. With the termination of the levy for two of the three urban renewal areas, the majority of this assessed value has been added back to the tax rolls to assist overlapping taxing districts in providing services to the citizens of Clackamas County.

The business base of Clackamas County is predominantly retail, warehousing and tourism, with metals manufacturing, machinery, healthcare, forestry, and agriculture also holding important places in the economic mix.

Following the pandemic, Oregon's economic recovery has been faster and stronger than in previous recovery scenarios. The Oregon Office of Economic Analysis is predicting a continued, yet slower expansion in the upcoming 2023-25 biennium. Unemployment rates in Clackamas County were at a record low of 2.5% in April 2023 and have increased slightly to 3.7% in June 2024.

The housing market is considered balanced, meaning that the supply and demand of homes is about the same. Median home listing prices in the County are approximately \$702,000, a decrease of 3% from last year, with a median of 53 days on market. Median home sale prices were approximately \$568,000, a decrease of 6% over the prior year.

Long-Term Financial Planning

Throughout the past decade, residential development has outpaced both commercial and industrial development in Clackamas County. This creates an imbalance for communities as the revenue collected by ad valorem property tax is less than the cost of providing services. A greater mix of

To the Residents of Clackamas County
December 19, 2024

commercial and industrial development is needed to restore the balance, and Agency activities will continue to play an important role in this long-term effort.

Agency projects are developed in conjunction with the community at large to solve specific problems, to bring new jobs to the area and to promote a positive image, with resulting increases in assessed values that also support infrastructure development. Over the long term, urban renewal accomplishes what other funding streams cannot because it provides a framework for planning, sequencing and implementing projects that provides for community-wide input into the development of infrastructure and the related stability needed to attract private sector growth and investment.

Relevant Financial Policies

The urban renewal philosophy is to revitalize “blighted areas” as defined by Oregon law. Projects in each urban renewal area plan are designed to remove those blighting influences, which then allows for new development and/or redevelopment. Policies set forth within each urban renewal plan determine the use of Agency funds.

- The **CTC Development Area** was formed to provide transportation and community facilities. The Clackamas Regional Center Plan of 1998, which is part of the County’s Comprehensive Plan, also provides for the intensification of Class A office facilities.
- Goals established in the **CIA Plan** seek to reduce traffic congestion, reduce flooding, improve drainage, foster economic development and create new jobs.
- The **NCRA Plan** provides improved public health and safety in a mix of affordable housing types and mixed-use neighborhoods and encourages retail, economic, educational, transportation and recreational opportunities.

Major Initiatives

The Agency encourages high quality development and economic prosperity in the County and administers its three urban renewal areas accordingly. The areas are:

- Clackamas Town Center Development Area – a regional retail and business center.
- Clackamas Industrial Development Area – the largest wholesale distribution and manufacturing area in the County.
- North Clackamas Revitalization Area – a residential neighborhood community in need of improved public services and community investment.

Typically, the Agency supports economic growth by providing needed public improvements to promote orderly and attractive development. This new development brings jobs, an improved image and an increase in assessed real property value. Urban renewal projects support the goals of the Oregon statute.

Funding for urban renewal projects is raised primarily through tax increment financing (TIF). The assessed value of property in an urban renewal district is divided into two parts:

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- 1) The assessed value before the district is formed. The taxes from this assessed value pay for education and other local government services.
- 2) The increase in assessed value after the district is formed. The taxes on this increase, which occurs as development improves the area, pay for urban renewal projects.

CLACKAMAS TOWN CENTER AREA (CTC)

Adding Back: An important component of any urban renewal plan is the ability to, through new development, increase assessed value to the tax rolls for use by overlapping taxing districts in the area. Throughout the life of this plan, the Agency continued to be responsive to the needs of its overlapping taxing partners. This focus led to two key amendments of the plan area, one in 1988 and one in 2005, which reduced the size of the district and added \$138 million of assessed value to the general tax rolls for use by our taxing partners. In June 2013, the urban renewal levy within the Clackamas Town Center Area was terminated, adding an estimated \$584 million to the tax rolls, and approximately \$700 million over the life of the plan. This is value that would not have been realized without the presence of urban renewal to prioritize and fund needed infrastructure improvements that fostered new development in the area.

Although the levy was terminated in 2013, the Agency still had funds available to implement remaining projects identified in the CTC plan. Through an extensive public involvement effort, five projects were prioritized with the remaining funds and three of those projects have been completed to date. The remaining projects are:

Clackamas Regional Center (CRC) Mobility Improvements: Queuing and congestion within the southern Clackamas Regional Center was creating an environment that was neither easily maneuverable nor safe. This project will significantly improve access and safety for all modes of travel while reducing congestion on roadways. Construction began on this \$23.8 million dollar project in January 2020 and was completed November 2021.

Disposition and Development Projects: The Agency owns a number of properties throughout the Town Center area that were primarily acquired for road right-of-way. In some cases, only a portion of the property was needed, leaving an area large enough for redevelopment. The Agency continues to market these remnant sites for development.

CLACKAMAS INDUSTRIAL AREA (CIA)

Adding Back: In the Clackamas Industrial Area, the Agency remains focused on the needs of our overlapping taxing partners. In 2001, after most of the projects in the area had been completed, a major amendment to the Plan reduced the total area of the district by 50 percent and allowed property with an assessed value of \$253 million to be added to the general tax rolls. In 2006, the Agency terminated its tax levy in the area and by doing so added approximately \$223 million of additional assessed value to the general rolls. (The remaining assessed value in the District was \$323 million). The Agency's focus on removing blighting influences that limited the local community, created an environment for private investment and increased assessed value. In return, this additional assessed value has provided a significant increase in operating revenue for service providers in the area to continue to meet the needs of the community. The Agency continues to actively work on the following projects:

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December 19, 2024

Northwest Pipe and Casing Site: In fiscal year 2005-06, the Agency acquired the Northwest Pipe and Casing site; a 32-acre Superfund site in the Sunrise Corridor alignment. The Agency continues to monitor the soil remediation program implemented by the federal Environmental Protection Agency (EPA). Advanced acquisition of the site provided the Agency the ability to secure lands vital for the construction of Phase 1 of the Sunrise Corridor project, opened in June of 2016.

Pheasant Court Drainage Improvements: This project will address drainage issues that currently impact private property and nearby businesses and their operations.

Site Acquisitions/Consolidation: The plan authorizes acquisition of properties that are incompatible with the surrounding industrial area, including areas suffering from deferred maintenance and lack of infrastructure.

NORTH CLACKAMAS REVITALIZATION AREA (NCRA)

Added value: The North Clackamas Revitalization Area project has increased assessed property value from \$397 million in 2006 to \$719 million in 2021, a \$322 million growth in value. Local transportation and sewer improvement projects have improved economic vitality in the area and are expected to increase the value of the tax rolls.

Improvements: The Agency, with input from NCRA residents, prioritized street improvement projects that focus on upgrading the road base, repaving, installing sidewalks, bicycle lanes, storm water facilities, safety improvements and landscaping. Current projects include:

Monroe Street and Linwood Avenue Improvements: These road projects, which include roadway upgrades, sidewalks, safety enhancements, landscaping, lighting and storm water facilities are underway. The Linwood improvements are under construction and expect to be completed in 2025. The Monroe project design is complete and began construction in June 2024.

Fuller Road Station Area: Construction was completed for two new roads that were needed in order to facilitate development of the Fuller Road Station Area as envisioned in the County's Comprehensive Plan. The project began in March 2021.

Housing Assistance: Housing rehabilitation and down payment assistance loan programs have been established for eligible property owners in the NCRA. The first owner-occupied rehabilitation loan was awarded and completed in 2008. Since the program's inception, several property owners have been provided home buyer down-payment assistance loans and many more have made critical repairs to their homes with the help of rehabilitation loans provided by the Agency.

To the Residents of Clackamas County
December 19, 2024

Awards and Acknowledgements

For the 30th year in a row, the Government Finance Officers Association of the United States and Canada (GFOA) awarded its prestigious Certificate of Achievement for Excellence in Financial Reporting to the Clackamas County Development Agency for its Annual Comprehensive Financial Report for the fiscal year ending June 30, 2023. In order to receive this award, a government must publish an easily readable and efficiently organized annual comprehensive financial report that satisfies generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the assistance of the staff of both the Clackamas County Department of Transportation and Department of Finance. Each member of the team has our sincere appreciation for the contributions made in the preparation of this report.

Grateful acknowledgment is also made to the Board of County Commissioners and the County Administrator, whose leadership and support made the preparation of this report possible.

Sincerely,

CLACKAMAS COUNTY DEVELOPMENT AGENCY



Dan Johnson
Director of Transportation and Development



Elizabeth Comfort, MBA
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Clackamas County Development Agency
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

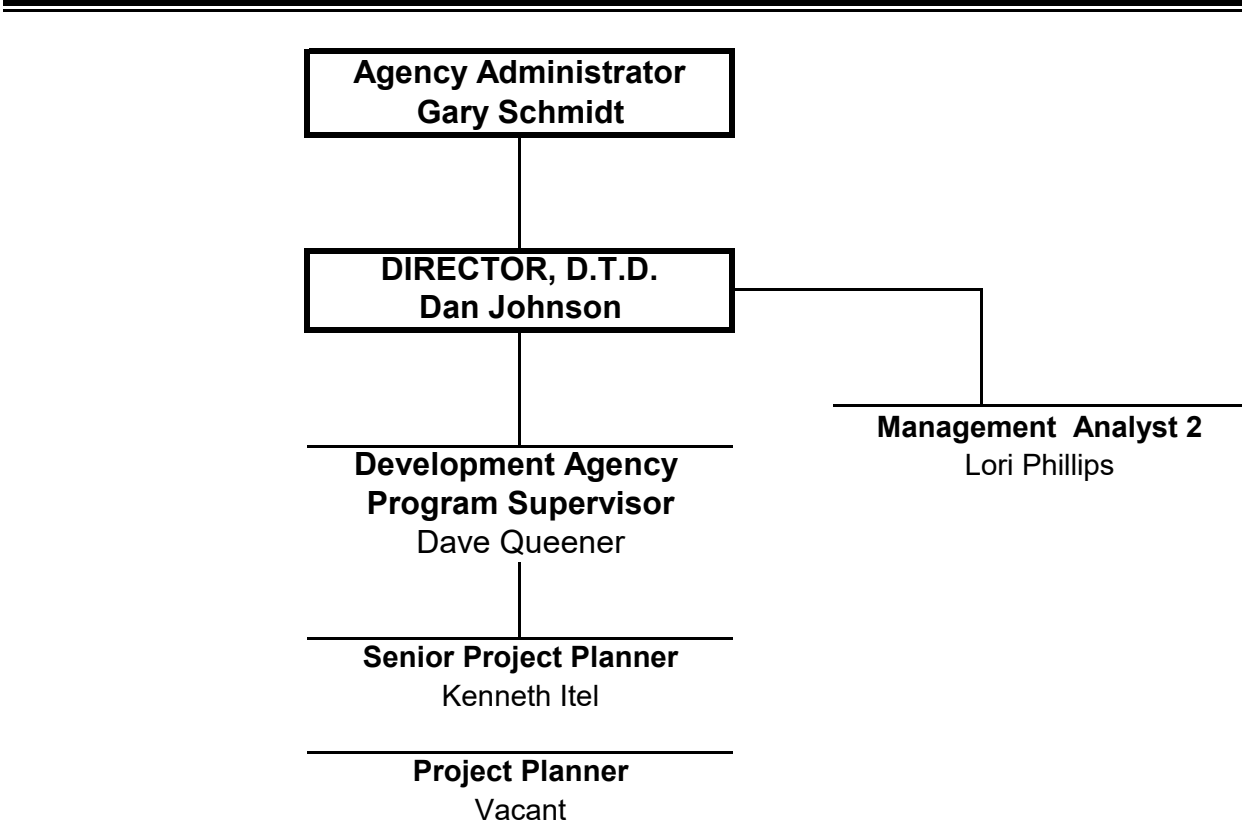
Christopher P. Morill

Executive Director/CEO

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)

Department of Transportation & Development

FY 2023-2024



**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(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, 2024

<u>Name</u>	<u>Term Expires</u>
Tootie Smith, Chair Public Services Building	December 31, 2024
Ben West, Commissioner Public Services Building	December 31, 2026
Paul Savas, Commissioner Public Services Building	December 31, 2026
Martha Schrader, Commissioner Public Services Building	December 31, 2024
Mark Shull, Commissioner Public Services Building	December 31, 2024

ADMINISTRATIVE OFFICES

Department of Transportation and Development
Clackamas County, Oregon
150 Beaver Creek Road
Oregon City, Oregon 97045

LEGAL COUNSEL AND REGISTERED AGENT

Jane Vetto
2051 Kaen Road
Oregon City, Oregon

FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITORS

Report of Independent Auditors

Board of County Commissioners of
Clackamas County, Oregon, as Governing Body of
Clackamas County Development Agency
Oregon City, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Clackamas County Development Agency (the Agency), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency as of June 30, 2024, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Financial Reporting Entity

As discussed in Note 1, the financial statements present only the Agency and do not purport to, and do not, present fairly the financial position of Clackamas County, Oregon as of June 30, 2024, the changes in its financial position, or, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are no conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024, on our consideration of the Agency'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 Agency'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 Agency'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 also issued our report dated December 19, 2024, on our consideration of the Agency's compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. 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.



Ashley Osten, Partner, for
Moss Adams LLP
Portland, Oregon
December 19, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024

This discussion and analysis of Clackamas County Development Agency (the "Agency") offers readers a narrative overview of financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements, and the notes to the basic financial statements. All amounts in the management's discussion and analysis are in thousands.

FINANCIAL HIGHLIGHTS

- Assets of the Agency exceeded liabilities at the close of the fiscal year by \$104,393. Of this amount, \$19,345 is available to meet the Agency's ongoing obligations. The remainder is invested in capital assets.
- Overall, the Agency reported a decrease in net position of \$5,415, or (-4.9%), for the year. General revenues for the year were \$7,087, an increase of (7.5%), primarily due to increases in property taxes. Public ways and facilities reports \$12,437 as program-specific expenses in excess of direct program revenues.
- The governmental funds reported a combined ending fund balance of \$29,267. Operations during the year decreased by \$3,949 from the prior year, which is primarily due to increased public ways and facilities spending as a result of \$10,000 in bond issuance in the North Clackamas Revitalization Area Tax Increment fund in fiscal year 2023.
- Total assets entity-wide decreased \$7,328, or (6.0%), over the prior year. The net decrease is due primarily to transfers and sales of property of \$2,376 as well as a cash decrease of \$2,080 as bonds funds are spent down.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities provide government-wide information for the Agency. These statements include all assets and liabilities of the Agency using the accrual basis of accounting, which is similar to the accounting methodology used by private sector entities. Current year revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities report agency-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 Agency resources.

Following the agency-wide financial statements are governmental fund financial statements. The statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. All funds are Major funds and are reported individually. A reconciliation of the fund financial statements to the agency-wide statements explains the differences in the two methods of reporting.

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position of the Agency decreased (4.9%) from the prior year due to property sales and transfers, as well as increased spending. Decreases arise from the excess of expenses over revenues 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, 2024 and 2023 follows:

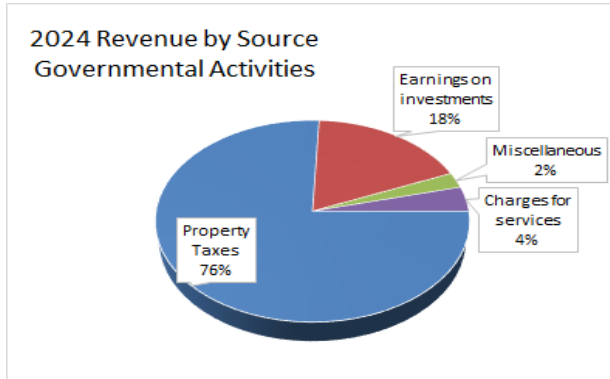
	<u>2024</u>	<u>2023</u>
Assets:		
Current assets	\$ 26,308	\$ 28,824
Property held for sale	3,911	6,287
Capital assets	<u>85,048</u>	<u>87,484</u>
Total assets	<u>115,267</u>	<u>122,595</u>
Liabilities:		
Current liabilities	1,830	2,379
Liabilities due after one year	<u>9,044</u>	<u>10,408</u>
Total liabilities	<u>10,874</u>	<u>12,787</u>
Net position:		
Net investment in capital assets	76,271	87,484
Restricted	<u>28,122</u>	<u>22,324</u>
Total net position	<u>\$ 104,393</u>	<u>\$ 109,808</u>

Total assets decreased \$7,328, or (6.0%), during the year, due primarily to decrease of \$2,080 in cash and investments, as well as a decrease in property held for sale of \$2,376. Capital assets decreased by \$2,436 or (2.8%) due primarily to depreciation exceeding additions to construction in progress. The total change in net position is discussed in the financial highlights section.

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

Statement of Activities

Total general revenues increased \$493 or (7.5%) during fiscal year 2024, primarily due to property tax increases.



Due to more program expenses being incurred during the year and transfers of property to Oregon Department of Transportation, public ways and facilities increased by \$6,450, or 107.7%. Overall, the increase in program expenses along with an increase in total revenues resulted in a decrease in net position of \$5,415, or (4.9%), during fiscal year 2024.

A schedule follows showing revenues and expenses by function and activity:

	<u>2024</u>	<u>2023</u>
Revenues:		
Program revenues:		
Charges for services	\$ 293	\$ 109
Capital grants and contributions	-	133
	<u>293</u>	<u>242</u>
General revenues:		
Property taxes levied for debt service	5,590	4,917
Earnings on investments	1,316	603
Gain on land sales and transfers	-	601
Miscellaneous	181	473
	<u>7,087</u>	<u>6,594</u>
Total revenues	<u>7,380</u>	<u>6,836</u>
Expenses:		
Public ways and facilities	12,437	5,987
Interest and fiscal charges	358	308
	<u>12,795</u>	<u>6,295</u>
Change in net position	(5,415)	541
Net position, beginning of year	<u>109,808</u>	<u>109,267</u>
Net position, end of year	<u>\$ 104,393</u>	<u>\$ 109,808</u>

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

FUND ANALYSIS

The Statement of Revenues, Expenditures and Changes in Fund Balances is presented for the governmental funds. Budget to actual schedules for the governmental funds are included in the supplementary information. This section will discuss fund balance changes.

As of the end of the current fiscal year, the Agency's combined ending fund balance is \$29,267. All of the Agency's fund balance is restricted. Property held for sale (also known as redevelopment properties) represents \$3,911 or 13.4% of the total restricted fund balance. The remainder, \$25,356 or 86.6%, is available for approved projects within the Agency's budget and debt services payments.

The Clackamas Town Center Development Area Fund balance decreased by \$1,302, or (29.4%), primarily due to a capital outlay and the disposal of a building that was previously available for sale. The Fund has sufficient operating reserves remaining in fund balance to complete the projects identified by the Board.

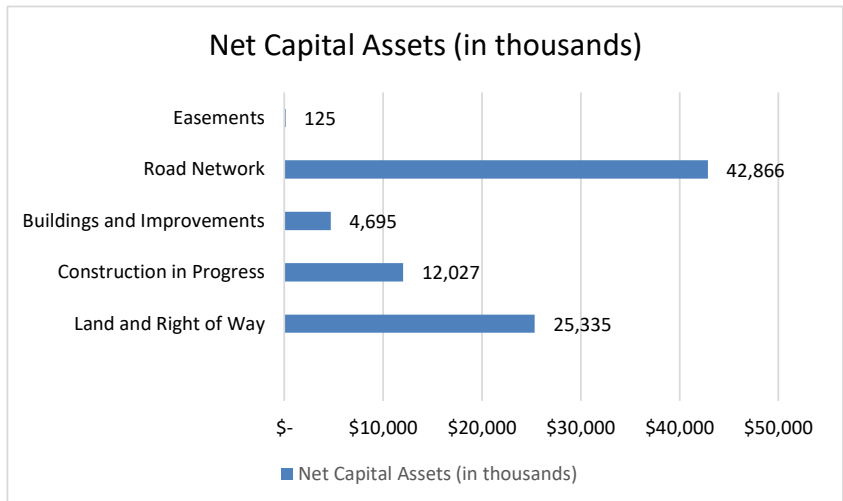
The Clackamas Industrial Development Area Fund reports a decrease in fund balance of \$1,095, or 11.9%, as the property sales and transfers of land to the State of Oregon as well as an increase in materials and services was greater than the sales proceeds received during the fiscal year. The Fund has sufficient operating reserves remaining in fund balance to complete the projects identified by the Board.

The North Clackamas Revitalization Area Fund balance increased by \$3,200, or 112% due to transfers of \$10,000 exceeding capital projects and expenditures of \$7,090 during this fiscal year. The Fund has sufficient operating reserves remaining in fund balance to complete the projects identified by the Board.

The North Clackamas Revitalization Area Tax Increment Fund balance decreased \$4,752 or (28.4%) after a prior year increase of \$9,955 in bond proceeds. The fund transferred \$10,000 to the Revitalization Area Fund for capital projects. While the Fund also has an operating reserve, it collects property tax revenue annually in excess of the required annual debt services payments.

CAPITAL ASSETS

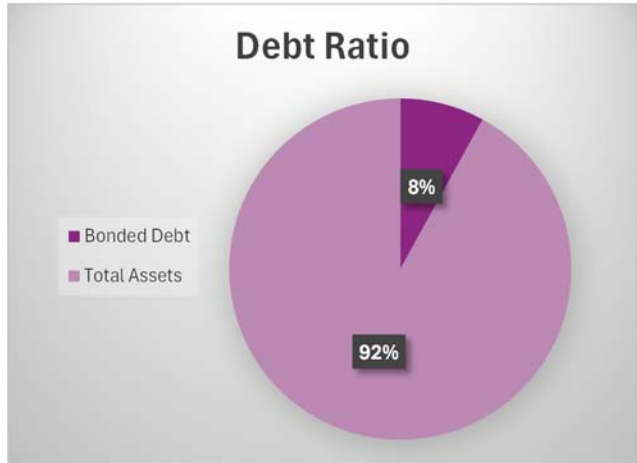
As of June 30, 2024, the Agency had \$85,048 in capital assets net of depreciation. Net capital assets decreased by \$2,436 due to depreciation in excess of additions to construction in process, and disposals as seen in the notes to the basic financial statements. Please see Notes 1 and 6 to the notes to the basic financial statements for the Agency's capital asset policies and activity.



**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

DEBT ADMINISTRATION

In 2023, new Urban Renewal Bonds were issued to finance development projects in the North Clackamas Revitalization Area. Principal and interest are payable from the tax increment revenues generated in the North Clackamas Revitalization Area. The total outstanding balance at June 30, 2024 for bonds payable was \$10,011 or 8.7% of total assets. The prior fiscal year debt as a percent of total assets was under 9% of total assets. Please see Note 7 in the notes to basic financial statements for more detail.



ECONOMIC FACTORS

The Clackamas County Development Agency is the urban renewal agency for Clackamas County responsible for implementing the County's Urban Renewal program. The Agency has three urban renewal tax increment financing (TIF) districts: Clackamas Town Center Development Area (CTC) Clackamas Industrial Development Area (CIA) and the North Clackamas Revitalization Area (NCRA). Each TIF district levies a property tax on the new growth (or incremental assessed value) within the Agency boundaries since its formation. The levy is comprised of the total consolidated tax rate of all overlapping taxing districts times the incremental assessed value in thousands. Tax revenues are pledged to developing and completing projects contained in each area plan. Projects are designed to remove or resolve the influences that inhibit or slow growth in the plan area.

For those levies that have terminated (CTC in 2013 and CIA in 2006), work continues with the remaining funds to complete the projects already in process for each area plan. Although there are funds available for previously planned projects, no action will be taken unless the Agency receives concurrence from the Agency's Board to advance these projects. The TIF's are reaching the end of their respective lives, and final projects approved by the Board are being completed.

Future revenues will be derived from existing incremental assessed value and growth in each plan area. The Agency is responsible for developing infrastructure projects which will influence or lead growth. Hence, future revenues should increase based on assessed value growth (presuming tax rates are not reduced, or the property tax system modified) for those districts which still actively levy.

FINANCIAL CONTACT

The financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Agency's finances and to demonstrate accountability. If you have any questions about the report or need additional financial information, please contact the Clackamas County Department of Finance at 2051 Kaen Road, Oregon City, Oregon 97045-4035.

BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

The basic financial statements include interrelated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

In addition, the notes to the basic financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities
ASSETS:	
Cash and investments	\$ 25,756,827
Property taxes receivable	164,699
Due from Clackamas County	62,297
Notes and loans receivable, net	130,402
Restricted cash and investments	193,511
Property held for sale	3,911,441
	<hr/>
Total current assets	30,219,177
	<hr/>
Noncurrent assets:	
Capital assets:	
Nondepreciable	37,362,181
Depreciable, net	47,685,943
	<hr/>
Total noncurrent assets	85,048,124
	<hr/>
TOTAL ASSETS	115,267,301
	<hr/>
LIABILITIES:	
Accounts payable and other current liabilities	575,973
Accrued interest payable	44,970
Due to Clackamas County	188,595
Deposits payable	53,859
Current portion of long-term debt	966,924
	<hr/>
Total current liabilities	1,830,321
	<hr/>
Noncurrent liabilities:	
Noncurrent portion of long-term debt	9,043,625
	<hr/>
Total noncurrent liabilities	9,043,625
	<hr/>
TOTAL LIABILITIES	10,873,946
	<hr/>
NET POSITION:	
Net investment in capital assets	76,271,086
Restricted for public ways and facilities	16,416,525
Restricted for debt service	11,705,744
	<hr/>
TOTAL NET POSITION	\$ 104,393,355
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	Expenses	Program Revenues		Net
		Charges for Services	Capital Grants and Contributions	Revenue (Expenses) and Changes in Net Position
EXPENSES:				
Public ways and facilities	\$ 12,437,068	\$ 292,853	\$ -	\$ (12,144,215)
Interest on long-term debt	358,376	-	-	(358,376)
Total activities	<u>\$ 12,795,444</u>	<u>\$ 292,853</u>	<u>\$ -</u>	<u>(12,502,591)</u>
GENERAL REVENUES:				
Property taxes levied for debt service				5,590,462
Earnings on investments				1,315,558
Miscellaneous				181,448
Total general revenues				<u>7,087,468</u>
Change in net position				(5,415,123)
NET POSITION, BEGINNING				<u>109,808,478</u>
NET POSITION, ENDING				<u>\$ 104,393,355</u>

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2024

	Capital Projects Funds			Debt Service Funds	Total Governmental Funds
	Clackamas Town Center Development Area Fund	Clackamas Industrial Development Area Fund	North Clackamas Revitalization Area Fund	North Clackamas Revitalization Area Tax Increment Fund	
ASSETS:					
Cash and investments	\$ 623,340	\$ 7,132,412	\$ 6,064,233	\$ 11,936,842	\$ 25,756,827
Property taxes receivable	-	-	-	164,699	164,699
Notes and loans receivable, net	-	-	130,402	-	130,402
Due from Clackamas County	24,842	-	37,455	-	62,297
Due from other funds	-	-	-	1,178	1,178
Cash and investments - restricted	-	-	193,511	-	193,511
Property held for sale	2,564,199	1,013,040	334,202	-	3,911,441
Total assets	\$ 3,212,381	\$ 8,145,452	\$ 6,759,803	\$ 12,102,719	\$ 30,220,355
LIABILITIES:					
Accounts payable and other current liabilities	\$ 23,003	\$ -	\$ 552,970	\$ -	\$ 575,973
Due to Clackamas County	19,926	20,716	147,953	-	188,595
Due to other funds	-	-	1,178	-	1,178
Deposits	42,072	11,787	-	-	53,859
Total liabilities	85,001	32,503	702,101	-	819,605
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	-	-	-	133,854	133,854
Total deferred inflows of resources	-	-	-	133,854	133,854
FUND BALANCES:					
Restricted for:					
Debt service	-	-	-	11,705,744	11,705,744
Public ways and facilities	3,127,380	8,112,949	6,057,702	263,121	17,561,152
Total fund balance	3,127,380	8,112,949	6,057,702	11,968,865	29,266,896
Total liabilities, deferred inflows of resources and fund balance	\$ 3,212,381	\$ 8,145,452	\$ 6,759,803	\$ 12,102,719	\$ 30,220,355

The accompanying notes are an integral part of these financial statements

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
June 30, 2024

TOTAL FUND BALANCES		\$ 29,266,896
Amounts reported in the statement of net position are different because:		
Capital assets, net of depreciation, used in governmental activities are not financial resources, therefore, are not reported in the funds.		85,048,124
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		133,854
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Interest payable	(44,970)	
Long-term debt	<u>(10,010,549)</u>	<u>(10,055,519)</u>
Total net position		<u>\$ 104,393,355</u>

The accompanying notes are an integral part of these financial statements

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	Capital Projects Funds			Debt Service Fund	Total Governmental Funds
	Clackamas Town Center Development Area Fund	Clackamas Industrial Development Area Fund	North Clackamas Revitalization Area Fund	North Clackamas Revitalization Area Tax Increment Fund	
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ 5,563,006	\$ 5,563,006
Charges for services	152,356	116,431	23,400	-	292,187
Fines and forfeitures	666	-	-	-	666
Interest	26,670	192,880	111,759	984,249	1,315,558
Miscellaneous	25,000	-	155,039	1,409	181,448
Total revenues	<u>204,692</u>	<u>309,311</u>	<u>290,198</u>	<u>6,548,664</u>	<u>7,352,865</u>
EXPENDITURES:					
Public ways and facilities:					
Materials and services	641,293	2,199,642	712,323	-	3,553,258
Capital outlay	865,128	4,159	6,377,909	-	7,247,196
Debt service:					
Principal	-	-	-	931,201	931,201
Interest and fiscal charges	-	-	-	369,437	369,437
Total expenditures	<u>1,506,421</u>	<u>2,203,801</u>	<u>7,090,232</u>	<u>1,300,638</u>	<u>12,101,092</u>
Revenues over (under) expenditures	<u>(1,301,729)</u>	<u>(1,894,490)</u>	<u>(6,800,034)</u>	<u>5,248,026</u>	<u>(4,748,227)</u>
OTHER FINANCING SOURCES (USES):					
Land sales proceeds	-	799,300	-	-	799,300
Transfers in	-	-	10,000,000	-	10,000,000
Transfers out	-	-	-	(10,000,000)	(10,000,000)
Total other financing sources (uses)	<u>-</u>	<u>799,300</u>	<u>10,000,000</u>	<u>(10,000,000)</u>	<u>799,300</u>
Net change in fund balances	(1,301,729)	(1,095,190)	3,199,966	(4,751,974)	(3,948,927)
FUND BALANCE, BEGINNING	<u>4,429,109</u>	<u>9,208,139</u>	<u>2,857,736</u>	<u>16,720,839</u>	<u>33,215,823</u>
FUND BALANCE, ENDING	<u>\$ 3,127,380</u>	<u>\$ 8,112,949</u>	<u>\$ 6,057,702</u>	<u>\$ 11,968,865</u>	<u>\$ 29,266,896</u>

The accompanying notes are an integral part of these financial statements

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024**

Amounts reported in the statement of activities are different because:

Net change in fund balance		\$ (3,948,927)
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The statement of revenues, expenditures and changes in fund balances report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Depreciation	(4,003,773)	
Cost of property sold or disposed in current year	(5,007,356)	
Capital asset additions	<u>6,575,215</u>	(2,435,914)

Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds.		27,456
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Interest expense is accrued on long-term debt, whereas in the governmental funds, it is recorded as an interest expenditure when due.		11,061
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Payment on long-term debt principal		<u>931,201</u>
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Changes in net position		<u><u>\$ (5,415,123)</u></u>
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The accompanying notes are an integral part of these financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Agency

Clackamas County Development Agency (the Agency), a blended component unit of Clackamas County, Oregon (the County), was organized in 1977 under the provisions of ORS 457 as the urban renewal agency of the County. The Agency has no potential component units. As provided by ORS 457.035 the Clackamas County Board of Commissioners (the Board) is the governing body of the Agency. The Agency's purpose is to implement programs that provide for economically, socially and environmentally sound development and redevelopment to revitalize blighted areas; building the County's property tax base and creating jobs for the citizens of Clackamas County. The Agency's current activities include the Sunnyside Projects to reduce traffic congestion, the development of the Sunrise Corridor, the revitalization of Government Camp, and the planning for revitalization in North Clackamas. Personnel of the Clackamas County Finance Department provide fiscal and accounting functions. Since the County is financially accountable for and significantly influences the operations of the Agency, the Agency 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 Agency, including all of its financial activities. Governmental activities are financed primarily through property taxes and earnings on investments.

The Statement of Activities presents a comparison between direct expenses and program revenues for the Agency's program. The Agency does not allocate indirect expenses. Program revenues include charges for services and grants and contributions that are restricted to meeting operational requirements. Revenues that are not classified as program revenues, including property taxes and earnings on investments 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 Agency's funds. The emphasis of fund financial statements is on major funds, each displayed in a separate column. The Agency reports all funds as major funds. These funds account for the general administration of the Agency's urban renewal areas and for the acquisition and rehabilitation of blighted and deteriorated areas within the designated urban renewal areas.

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements (Continued)

The Agency reports the following major funds:

Capital Projects Funds:

- Clackamas Town Center Development Area Fund - This fund accounts for project related capital outlay and the Public Ways and Facilities Program in the Clackamas Town Center Urban Renewal District. Activities include road network upgrades and capacity improvements.
- Clackamas Industrial Development Area Fund – This fund accounts for project related capital outlay and the Public Ways and Facilities Program in the Clackamas Industrial Area Urban Renewal District.
- North Clackamas Revitalization Area Fund – This fund accounts for project related capital outlay and the Public Ways and Facilities in the North Clackamas Area Urban Renewal District.

Debt Service Fund:

- North Clackamas Revitalization Area Tax Increment Fund – This fund accounts for property tax increment revenues for the North Clackamas Revitalization Area. When debt is outstanding this fund records the payment of principal and interest on long-term indebtedness for the Agency.

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.

The Agency funds programs by a combination of restricted resources such as grant agreements and property taxes, as well as 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 Agency's policy to first apply restricted resources to such programs and then unrestricted resources.

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Measurement Focus and Basis of Accounting (Continued)

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 Agency considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Capital asset acquisitions are reported as expenditures. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are only recorded when payment is due.

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Agency.

Fund Balances and Net Position

The government-wide *Statement of Net Position*, is segregated into restricted and unrestricted balances. Restrictions are limitations on how the net position may be used. Restrictions may be placed on net position by an external party that provided the resources, by enabling legislation or by the nature of the asset. The *Net investment in capital assets* component of net position represents total capital assets less accumulated depreciation less debt directly related to capital assets and net of any remaining debt proceeds. This amount is reported on the Statement of Net Position.

Certain revenues derived from specific taxes or other earmarked revenue sources are considered restricted net position. Such revenues include dedicated property taxes, intergovernmental grants, and charges for services which are legally restricted to finance particular functions or activities. In addition, proceeds from general obligation bonds, revenue bonds, and full faith and credit bonds are restricted to support the specific purpose for which the debt was issued. Net position in these resources is reported as restricted on the *Statement of Net Position* and is recorded in separate funds supporting the specific function or operation.

In the financial statements, assets 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 and deferred outflow of resources as fund balances and will be reported in the classifications that comprise a hierarchy based on the extent that the Agency is bound to honor those constraints on the specific purposes for which amounts in those funds can be spent.

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances and Net Position (Continued)

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 interfund loans/receivables.

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

Fund balance is reported as *Committed* when the Board of County Commissioners passes a resolution, the formal action of the Agency’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.

Fund balance is reported as *Assigned* by County policy when the County Administrator and Finance Director or designee assign portions of revenue sources or ending fund balance which are not determined to be non-spendable, restricted or committed by formal written notice. Authority is granted to the individuals by the Board of County Commissioners and such authority may only be established, modified or rescinded by the Board.

When both restricted and unrestricted fund balance is available for use, the purpose for which that is restricted, it is the Agency’s policy to use restricted fund balance first, then unrestricted fund balance as needed. When unrestricted fund balance is spent, the Agency will consider that committed amounts will be reduced first, followed by assigned amounts.

Fund balances by classification for the year ended June 30, 2024 were as follows:

	Clackamas Town Center Development Area Fund	Clackamas Industrial Development Area Fund	North Clackamas Revitalization Area Fund	North Clackamas Revitalization Area Tax Increment Fund	Total
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 11,705,744	\$ 11,705,744
Public ways and facilities	3,127,380	8,112,949	6,057,702	263,121	17,561,152
Total fund balances	<u>\$ 3,127,380</u>	<u>\$ 8,112,949</u>	<u>\$ 6,057,702</u>	<u>\$ 11,968,865</u>	<u>\$ 29,266,896</u>

Use of Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

ORS 294.035 authorizes the Agency 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 State of Oregon Treasurer's Local Government Investment Pool. Financial information required by Governmental Accounting Standards Board Statements (GASB) No. 3, No. 31, and No. 40 regarding the accounting and financial reporting for the Agency's pooled cash and investments, held by the County Treasurer, has been disclosed in the County's Annual Comprehensive Financial Report for the year ended June 30, 2024.

Property Tax Receivables

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 are considered delinquent on May 15. All property taxes receivable are due from property owners within the Agency's boundaries.

Property Held For Sale

Property held for sale is acquired in connection with urban development projects and is held for resale and also consists of real property acquired for the purpose of sale to other governmental units. All property held for sale is valued at the lower of cost or market.

Capital Assets

Purchased or constructed capital assets, including infrastructure (road network), right of ways and easements are reported at cost or estimated historical cost in the government-wide financial statements. The Agency defines capital assets as assets with an initial cost of more than \$10,000 and an estimated useful life in excess of one year.

Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized in the government-wide financial statements. Expenditures for furniture and equipment, real property acquisitions, improvements and infrastructure are recorded as capital outlay in the governmental fund financial statements. Donated assets are recorded at their acquisition value at the date of donation. Maintenance and repairs of a routine nature are charged to expenses/expenditures as incurred and are not capitalized.

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

Buildings and Improvements	20 to 50 years
Road Network	10 to 20 years
Easements	stipulated life of the easements

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 assets 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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue – property taxes, are a portion of the Agency’s property taxes that are collected after year-end and meet the recognition in future periods requirement of deferred inflows of resources.

Miscellaneous Revenue

The Agency owns certain properties awaiting development that have been leased to tenants and for which the Agency receives rent or sells to developers. Leases are typically less than one year.

Pension Plan

The Agency's personnel are employees of the County. Substantially all of the County's 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. No pension costs are attributable to the Agency. The Agency is paying for contracted services from the County that includes the amount to cover employee benefits. Since Agency personnel are employees of the County, the Agency has no obligation for related personnel expense accruals not currently reimbursed through the contracted rate.

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issues new pronouncements from time to time. For copies of original pronouncements please visit the GASB's website www.gasb.org.

GASB Statement No. 99, "Omnibus 2022". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. There is no impact on the financial reporting for the fiscal year ended June 30, 2024.

GASB Statement No. 100, "Accounting Changes and Error Corrections"—an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. There is no impact on the financial reporting for the fiscal year ended June 30, 2024.

GASB Statement No. 101, "Compensated Absences". The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, "Certain Risk Disclosures". The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 103, "Financial Reporting Model Improvements". The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, "Disclosure of Certain Capital Assets". The objective of this Statement covers new disclosure requirements for state and local governments for affected asset categories, including assets available for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

A budget is prepared and legally adopted for all funds generally on the modified accrual basis of accounting, except for property taxes and the sale of land held for resale, which are recognized 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. Appropriations at the principal object level - materials and services (including contractual payments), capital outlay, debt service, special payments, operating contingency, reserve for future expenditures, 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
- Property held for sale is not recognized on a budgetary basis
- Notes and loans receivable are not recognized on a budgetary basis

Management may make transfers of appropriations within object levels. However, transfers of appropriations between object levels require the approval of the governing body. 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 the levels of control and require approval by the Board. There was one supplemental budget approved during the year. Appropriations lapse as of year-end.

3. CASH AND INVESTMENTS - RESTRICTED

Cash and investments – restricted are comprised of the following:

Cash and cash equivalents with the County Treasurer	\$	34,288
Investments with the County Treasurer		2,000,000
Cash and cash equivalents with community bank		5,316,803
State of Oregon Treasurer's Local Government Investment Pool		18,599,247
Cash and investments	\$	25,950,338

Restricted cash of \$193,511 represents the unspent bond proceeds from the 2022 Urban Renewal Bonds.

Cash and investments with the County Treasurer represent the Agency's equity in pooled accounts maintained by the County Treasurer. State statutes authorize the Agency to invest in general obligations of the U.S. Government and in its agencies and instrumentalities, of the U.S. or enterprises sponsored by the U.S. Government and obligations whose payment is

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

3. CASH AND INVESTMENTS (Continued)

guaranteed by the U.S., certain bonded obligations of Oregon municipalities, certain corporate indebtedness, bank repurchase agreements and bankers' acceptances, certain commercial paper and the State of Oregon Treasurer's Local Government Investment Pool (LGIP), among others. As of June 30, 2024, and for the year then ended, the Agency was in compliance with the aforementioned State of Oregon statutes. Oregon Revised Statutes (ORS) require the public funds depository institution to be a participant in a multiple financial institution collateral pool administered by the Oregon State Treasurer or otherwise adequately collateralized as outlined in ORS 295. Reference should be made to the June 30, 2024 Annual Comprehensive Financial Report of Clackamas County for compliance with these statutes.

PFM Asset Management, LLC provides administrative and operational support for the LGIP. The LGIP is an open-ended no-load diversified portfolio and is offered to any municipality, political subdivision or public corporation of Oregon who by law is made the custodian of, or has control of, any public funds. The LGIP is commingled with state funds in the Oregon Short Term Fund (OSTF). In seeking to best serve participants, the Oregon Legislature established the OSTF Board. The OSTF Board advises the Oregon Investment Council and State Treasury in the management and investments of the OSTF. The OSTF is an external investment pool. The OSTF is not registered with the U.S. Securities and Exchange Commission as an investment company. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

The Agency does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Currently, the Agency maintains excess cash in the Local Government Investment Pool.

Custodial Credit Risk

The Agency is exposed to custodial credit risk because its cash and investments are held by the counterparty in the counterparty's name. This is the risk that in the event of failure of the counterparty, the Agency's deposits may not be returned. The Agency's cash and investments are held by Clackamas County in a pool. The pool consists of bank and local government investment pool accounts and federal treasury securities. This pool is subject to general credit claims of the County. The Agency believes that the risk of County default is slight and outweighed by the advantages of participation in the Clackamas County Cash and Investment Pool.

The Agency follows Clackamas County's policies to address custodial credit risk, which mirror parameters for the investment of public funds set forth in the ORS. Reference should be made to the Clackamas County Annual Comprehensive Financial Report for information regarding the interest, credit, and custodial credit risks associated with the County's various cash and investments.

Credit Risk

The government has adopted the policies as described in the Oregon Revised Statutes, Chapter 294, as it pertains to credit risk. Oregon Revised Statutes, Chapter 294, authorizes the government to invest in obligations of the U.S. Treasury, U.S. Government agencies and

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

3. CASH AND INVESTMENTS (Continued)

instrumentalities, bankers' acceptances guaranteed by an Oregon financial institution, repurchase agreements, State of Oregon Local Government Investment Pool, certain high-grade commercial paper, and various interest-bearing bonds of Oregon municipalities, among others.

The Agency is exposed to credit risk through the investments made by the Clackamas County Treasurer and the LGIP. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a national statistical rating organization.

The Agency follows Clackamas County's policies to address credit risk, which mirror parameters for the investment of public funds set forth in the ORS. Reference should be made to the Clackamas County Annual Comprehensive Financial Report for information about the interest, credit, and custodial credit risks associated with the County's various cash and investments.

Oregon Revised Statutes limit the types of investments that the Agency may have. The Agency is in compliance with these statutes at June 30, 2024. The Agency is also in compliance with the County's investment policy, which requires the County to limit exposure to credit risk, concentrating its investments in the safest types of securities, diversifying the investment portfolio so that potential losses on individual securities will be minimized, actively monitoring the investment portfolio holdings for ratings changes, changing economic or market conditions, and pre-qualifying the financial institutions with which the County will do business.

4. NOTES AND LOANS RECEIVABLE

Notes and loans receivable at June 30, 2024, including the applicable allowance for uncollectible accounts are as follows:

	Gross Notes and Loans Receivable	Uncollectible Allowance Rate	Uncollectible Allowance	Notes and Loans Receivable, net
Notes and Loans receivable:				
Owner-Occupied rehab loans receivable	\$ 642,016	85%	\$ 545,714	\$ 96,302
Homebuyer Assistance Program loans receivable	14,000	35%	4,900	9,100
Rental rehab loans receivable	25,000	0%	-	25,000
Total notes and loans receivable	<u>\$ 681,016</u>		<u>\$ 550,614</u>	<u>\$ 130,402</u>

Notes and loans receivable, net of an allowance, represent uncollected amounts of loans to qualified borrowers for rehabilitation and restoration of single and multi-family residences which are collateralized by real property. The loan loss allowance is comprised of historical evidence of past uncollectible amounts based upon each program offered.

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

5. PROPERTY HELD FOR SALE

Property held for sale activity for the year ending June 30, 2024, is as follows:

	<u>June 30, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>
Clackamas Town Center Development Area Fund	\$ 3,026,500	\$ 244,522	\$ (706,823)	\$ 2,564,199
Clackamas Industrial Development Area Fund	2,926,555	-	(1,913,515)	1,013,040
North Clackamas Revitalization Area	334,202	-	-	334,202
	<u>\$ 6,287,257</u>	<u>\$ 244,522</u>	<u>\$ (2,620,338)</u>	<u>\$ 3,911,441</u>

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	<u>Balance June 30, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2024</u>
Capital assets not being depreciated:					
Land & right of way	\$ 29,934,820	\$ -	\$ (4,599,713)	\$ -	\$ 25,335,107
Construction in progress	5,451,859	6,575,215	-	-	12,027,074
Total capital assets not being depreciated	<u>35,386,679</u>	<u>6,575,215</u>	<u>(4,599,713)</u>	<u>-</u>	<u>37,362,181</u>
Capital assets being depreciated and amortized:					
Buildings & Improvements	26,001,525	-	-	-	26,001,525
Road network	53,447,075	-	(585,835)	-	52,861,240
Easements	592,633	-	-	-	592,633
Total capital assets being depreciated and amortized	<u>80,041,233</u>	<u>-</u>	<u>(585,835)</u>	<u>-</u>	<u>79,455,398</u>
Less accumulated depreciation and amortization for:					
Buildings & Improvements	(19,971,291)	(1,334,890)	-	-	(21,306,181)
Road network	(7,533,279)	(2,640,104)	178,192	-	(9,995,191)
Easements	(439,304)	(28,779)	-	-	(468,083)
Total accumulated depreciation and amortization	<u>(27,943,874)</u>	<u>(4,003,773)</u>	<u>178,192</u>	<u>-</u>	<u>(31,769,455)</u>
Total capital assets being depreciated and amortized, net	<u>52,097,359</u>	<u>(4,003,773)</u>	<u>(407,643)</u>	<u>-</u>	<u>47,685,943</u>
Total capital assets, net	<u>\$ 87,484,038</u>	<u>\$ 2,571,442</u>	<u>\$ (5,007,356)</u>	<u>\$ -</u>	<u>\$ 85,048,124</u>

Depreciation expense of \$4,003,773 was charged to public ways and facilities.

7. LONG-TERM DEBT

Bonds Payable

In 2011, the Agency issued \$6,000,000 of urban renewal bonds with an interest rate of 4.40%. The bond was initially made for past development projects. Upon completion of the projects the assets were transferred to the County or other governments.

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

7. LONG-TERM DEBT (Continued)

On October 13, 2022, the Board issued a resolution approving the Urban Renewal Bond Series 2022 obligations of \$10,000,000. The bonds were issued on December 2, 2022. Proceeds were used for infrastructure improvements according to the North Clackamas Revitalization Area Urban Renewal Plan. Repayments are sourced from property tax increment revenues and interest earnings.

Bonds payable transactions for the year are as follows:

	<u>Original Amount</u>	<u>Outstanding June 30, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding June 30, 2024</u>
Urban Renewal Bonds, Series 2011, Interest 4.40%	\$ 6,000,000	\$ 1,530,000	\$ -	\$ (490,000)	\$ 1,040,000
Urban Renewal Bonds, Series 2022, Interest 3.21%	10,000,000	9,411,750	-	(441,201)	8,970,549
	<u>\$16,000,000</u>	<u>\$ 10,941,750</u>	<u>\$ -</u>	<u>\$ (931,201)</u>	<u>\$ 10,010,549</u>
Current portion					(966,924)
Non-current portion					<u>\$ 9,043,625</u>

Future maturities of bond principal and interest at June 30, 2024, are as follows:

<u>Year Ending June 30,</u>	<u>Urban Renewal Bonds Series 2011</u>		<u>Urban Renewal Bonds Series 2022</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 510,000	\$ 45,760	\$ 456,924	\$ 287,955	\$ 966,924	\$ 333,715
2026	530,000	23,320	474,031	273,287	1,004,031	296,607
2027	-	-	1,042,567	258,071	1,042,567	258,071
2028	-	-	1,076,034	224,605	1,076,034	224,605
2029	-	-	1,110,574	190,064	1,110,574	190,064
2030-2033	-	-	4,810,419	392,133	4,810,419	392,133
	1,040,000	<u>\$ 69,080</u>	8,970,549	<u>\$ 1,626,115</u>	10,010,549	<u>\$ 1,695,195</u>
Less: Current portion	510,000		456,924		966,924	
Non-current portion	<u>\$ 530,000</u>		<u>\$ 8,513,625</u>		<u>\$ 9,043,625</u>	

8. RISK MANAGEMENT

The Agency is exposed to various risks of loss related to errors and omissions, vehicles, damage to and destruction of assets, and bodily injury, for which the Agency carries commercial insurance. The Agency 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.

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

8. RISK MANAGEMENT (Continued)

All personnel of the Agency are contracted from 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 medical and dental benefits, workers' compensation and general liability claims. Oregon tort claims are limited by state statute. The County carries coverage in excess of \$1,000,000 self-insured retention with an outside insurer for workers' compensation claims. There have been no significant reductions in insurance coverage for the Agency from the prior year for any category of risk covered by the County's self-insured fund and settled claims have not reached the level of commercial coverage for any of the past three fiscal years.

9. TRANSFERS TO/FROM OTHER FUNDS

During fiscal year 2024, the following transfers were made:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
North Clackamas Revitalization Area Fund	\$10,000,000	\$ -
North Clackamas Revitalization Area Tax Increment Fund	-	(10,000,000)
Total Transfers	<u>\$10,000,000</u>	<u>\$ (10,000,000)</u>

Transfers are routinely made for the following purposes:

- To move revenues from which statute or budget requires them to be collected to the fund from which statute or budget requires them to be expended;
- To move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due;
- To move revenues collected from restricted sources to other funds to pay for direct expenses.

10. DUE FROM/TO OTHER FUNDS

Interfund due to/from balances at June 30, 2024 are comprised of the following:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
North Clackamas Revitalization Area Fund	\$ -	\$ 1,178
North Clackamas Revitalization Area Tax Incremental Fund	1,178	-
Total Due From / To	<u>\$ 1,178</u>	<u>\$ 1,178</u>

Interfund balances consist of expenditures/expenses paid or incurred by a fund, but not yet reimbursed by other funds.

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

11. RELATED-PARTY TRANSACTIONS

Amounts totaling \$1,387,822 for labor and fringe benefit costs, administrative costs for accounting, occupancy, administration, and other professional services, and property taxes were paid to various County departments. At June 30, 2024, the Agency owed the County and its component units \$188,595 for such services. At June 30, 2024, the Agency was owed \$62,297 from the County and its component units for project and maintenance related costs such as street lighting and drainage repairs. The Agency received \$175,756 in fees charged to various County departments and component units for services. Internal County departments allocate their expenses to all County departments including the Agency. Labor and fringe benefit costs for the Agency are based on actual costs and all other administrative costs are based on historical actual costs and allocated based on a “cost driver.”

12. COMMITMENTS

The Agency has commitments under various construction contracts for approximately \$827,483 at June 30, 2024.

13. TAX ABATEMENTS

The District has entered into no tax abatement programs. There are two tax abatement programs entered into by another government reducing the District’s property tax revenues for the year ended June 30, 2024.

Oregon Enterprise Zone:

The Oregon Enterprise Zone program (E-Zone) 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.

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 jurisdictions.

Not-for-Profit Low Income Rental Housing:

In 1985, Oregon legislature authorized a property tax exemption for low-income housing held by charitable, nonprofit organizations (Not-for-Profit Low Income Rental Housing (NPLTE)). Recently the legislature has renewed and extended this program to 2027. The tax exemption is intended to benefit low-income renters by alleviating property tax burden on those agencies that provide this housing opportunity. The qualifying property must be located within the Agency.

Charitable, nonprofit organizations that provide housing to low-income persons are eligible. Organizations must be certified by the Internal Revenue Service as 501(c)(3) or (4).

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

13. TAX ABATEMENTS (Continued)

Organizations must own or have a leasehold interest in the property or participate in a partnership as long as the non-profit organization is responsible for the day-to-day management of the property. Applicants who are leaseholders must have a signed leasehold agreement by the application deadline.

Housing units which are unoccupied at the time of application may be included in the total eligible units if the application meets the following conditions:

- (1) The units will be available exclusively to eligible, very low-income persons;
- (2) The units are intended to be occupied within the year;
- (3) The application must be filled out giving information to the best of your ability regarding how the applicant plans to provide housing to eligible tenants; and
- (4) Vacant land must be held for future development of affordable housing for the very low-income, and must include a development plan in the application.

Vacant land intended to be developed as low-income housing is also eligible for the exemption.

Tax Abatement Program	Amount of Taxes Abated during the Fiscal Year 2024
Clackamas County Development Agency:	
E-Zone	\$ 18,480
NPLTE	241
Total	\$ 18,721

SUPPLEMENTARY INFORMATION

MAJOR FUND BUDGETARY SCHEDULES

Capital Projects Funds

Clackamas Town Center Development Area Fund – This fund accounts for the acquisition and rehabilitation of blighted and deteriorated areas within the designated Clackamas Town Center urban renewal area. The primary funding sources are intergovernmental revenues, interest on investments, proceeds from the sales of property, and transfers of revenues from other funds.

Clackamas Industrial Development Area Fund – This fund accounts for the acquisition and rehabilitation of blighted and deteriorated areas within the designated Clackamas Industrial urban renewal area. The primary funding sources are intergovernmental revenues, interest on investments, proceeds from the sales of property, and transfers of revenues from other funds.

North Clackamas Revitalization Area Fund – This fund accounts for the acquisition and rehabilitation of blighted and deteriorated areas within the designated North Clackamas urban renewal area. The primary funding sources are intergovernmental revenues, interest on investments, proceeds from the sales of property, and transfers of revenues from other funds.

Debt Service Fund

North Clackamas Revitalization Area Tax Increment Fund – This fund accounts for the payment of principal and interest on long-term indebtedness related to the North Clackamas urban renewal area. The principal source of revenue is property taxes and interest on investments.

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
CLACKAMAS TOWN CENTER DEVELOPMENT AREA FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 75,000	\$ 75,000	\$ 152,356	\$ 77,356
Fines and forfeitures	-	-	666	666
Interest	7,500	7,500	26,670	19,170
Miscellaneous	1,200,000	1,200,000	25,000	(1,175,000)
Total revenues	1,282,500	1,282,500	204,692	(1,077,808)
EXPENDITURES:				
Current:				
Public ways and facilities	978,464	1,978,464	1,044,120	934,344
Contingency	2,090,863	1,090,863	-	1,090,863
Total expenditures	3,069,327	3,069,327	1,044,120	2,025,207
Revenues over (under) expenditures	(1,786,827)	(1,786,827)	(839,428)	947,399
OTHER FINANCING SOURCES (USES):				
Land sales proceeds	800,000	800,000	-	(800,000)
Total other financing sources (uses)	800,000	800,000	-	(800,000)
Net change in fund balances	(986,827)	(986,827)	(839,428)	147,399
FUND BALANCES, BEGINNING	986,827	986,827	1,402,609	415,782
FUND BALANCE, ENDING	\$ -	\$ -	563,181	\$ 563,181
ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS):				
Property held for sale			2,564,199	
FUND BALANCES (US GAAP BASIS), ENDING			<u>\$ 3,127,380</u>	

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
CLACKAMAS INDUSTRIAL DEVELOPMENT AREA FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 98,796	\$ 98,796	\$ 116,431	\$ 17,635
Interest	25,000	25,000	192,880	167,880
Total revenues	<u>123,796</u>	<u>123,796</u>	<u>309,311</u>	<u>185,515</u>
EXPENDITURES:				
Current:				
Public ways and facilities	5,420,437	5,420,437	290,286	5,130,151
Contingency	838,242	838,242	-	838,242
Total expenditures	<u>6,258,679</u>	<u>6,258,679</u>	<u>290,286</u>	<u>5,968,393</u>
Revenues over (under) expenditures	<u>(6,134,883)</u>	<u>(6,134,883)</u>	<u>19,025</u>	<u>6,153,908</u>
OTHER FINANCING SOURCES (USES):				
Land sales proceeds	-	-	799,300	799,300
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>799,300</u>	<u>799,300</u>
Net changes in fund balances	<u>(6,134,883)</u>	<u>(6,134,883)</u>	<u>818,325</u>	<u>6,953,208</u>
FUND BALANCES, BEGINNING	<u>6,134,883</u>	<u>6,134,883</u>	<u>6,281,584</u>	<u>146,701</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>7,099,909</u>	<u>\$ 7,099,909</u>
ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS)				
Property held for sale			<u>1,013,040</u>	
FUND BALANCES (US GAAP BASIS), ENDING			<u>\$ 8,112,949</u>	

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NORTH CLACKAMAS REVITALIZATION AREA FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2024**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 23,400	\$ 23,400
Interest	30,000	30,000	111,759	81,759
Miscellaneous	-	-	155,039	155,039
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>290,198</u>	<u>260,198</u>
EXPENDITURES:				
Current:				
Public ways and facilities	12,696,116	12,696,116	7,097,060	5,599,056
Contingency	1,466,554	1,466,554	-	1,466,554
Total expenditures	<u>14,162,670</u>	<u>14,162,670</u>	<u>7,097,060</u>	<u>7,065,610</u>
Revenues over (under) expenditures	<u>(14,132,670)</u>	<u>(14,132,670)</u>	<u>(6,806,862)</u>	<u>7,325,808</u>
OTHER FINANCING SOURCES (USES):				
Miscellaneous	-	-	26,825	26,825
Transfers in	12,000,000	12,000,000	10,000,000	(2,000,000)
Total other financing sources (uses)	<u>12,000,000</u>	<u>12,000,000</u>	<u>10,026,825</u>	<u>(1,973,175)</u>
Net changes in fund balances	<u>(2,132,670)</u>	<u>(2,132,670)</u>	<u>3,219,963</u>	<u>5,352,633</u>
FUND BALANCES, BEGINNING	<u>2,132,670</u>	<u>2,132,670</u>	<u>2,373,135</u>	<u>240,465</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>5,593,098</u>	<u>\$ 5,593,098</u>
ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS):				
Notes and loans receivable			130,402	
Property held for sale			334,202	
FUND BALANCES (US GAAP BASIS), ENDING			<u>\$ 6,057,702</u>	

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NORTH CLACKAMAS REVITALIZATION AREA TAX INCREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 4,735,000	\$ 4,735,000	\$ 5,546,662	\$ 811,662
Interest	50,000	50,000	984,249	934,249
Miscellaneous	500	500	1,409	909
Total revenues	<u>4,785,500</u>	<u>4,785,500</u>	<u>6,532,320</u>	<u>1,746,820</u>
EXPENDITURES:				
Current:				
Debt service:				
Principal	1,300,000	1,300,000	931,201	368,799
Interest and fiscal charges	500,000	500,000	369,437	130,563
Contingency	6,846,123	6,846,123	-	6,846,123
Total expenditures	<u>8,646,123</u>	<u>8,646,123</u>	<u>1,300,638</u>	<u>7,345,485</u>
Revenues over (under) expenditures	<u>(3,860,623)</u>	<u>(3,860,623)</u>	<u>5,231,682</u>	<u>9,092,305</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(12,000,000)</u>	<u>(12,000,000)</u>	<u>(10,000,000)</u>	<u>2,000,000</u>
Total other financing sources (uses)	<u>(12,000,000)</u>	<u>(12,000,000)</u>	<u>(10,000,000)</u>	<u>2,000,000</u>
Net change in fund balances	<u>(15,860,623)</u>	<u>(15,860,623)</u>	<u>(4,768,318)</u>	<u>11,092,305</u>
FUND BALANCE, BEGINNING	<u>15,860,623</u>	<u>15,860,623</u>	<u>16,706,338</u>	<u>845,715</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>11,938,020</u>	<u>\$ 11,938,020</u>
ADJUSTMENT TO ACCOUNTING PRINCIPLES				
GENERALLY ACCEPTED IN THE UNITED STATES				
OF AMERICA (US GAAP BASIS):				
Property taxes susceptible to accrual, recognized as revenue on the US GAAP basi			<u>30,845</u>	
FUND BALANCES (US GAAP BASIS), ENDING			<u>\$ 11,968,865</u>	

OTHER FINANCIAL SCHEDULES

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2024**

Fiscal Year	Uncollected June 30, 2023	Levy as Extended by Assessor	Discounts	Interest	Adjustments	Collections	Uncollected June 30, 2024
2023-2024	\$ -	5,749,884	\$(150,417)	\$1,685	\$ (14,733)	\$ (5,479,172)	\$ 107,247
2022-2023	74,319	-	-	2,635	(2,639)	(42,309)	32,006
2021-2022	26,561	-	-	2,106	(800)	(12,504)	15,363
2020-2021	11,914	-	-	2,020	(218)	(8,352)	5,364
2019-2020	4,380	-	-	976	(90)	(3,583)	1,683
2018-2019	1,401	-	-	157	(31)	(448)	1,079
2017-2018 & Prior	2,324	-	-	-	(74)	(293)	1,957
	<u>\$ 120,899</u>	<u>\$5,749,884</u>	<u>\$(150,417)</u>	<u>\$9,579</u>	<u>\$ (18,585)</u>	<u>\$ (5,546,661)</u>	<u>\$ 164,699</u>

STATISTICAL SECTION

Statistical Section

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Agency's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Agency's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Agency's current levels of outstanding debt and the Agency's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Agency's financial activities take place.

Operating Indicators

These schedules contain service and infrastructure data to help the reader understand how the information in the Agency's financial report relates to the services the Agency provides and the activities it performs.

Sources:

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

<u>Fiscal Year Ended June 30,</u>	<u>Net Investment in Capital Assets</u>	<u>Restricted</u>	<u>Total Governmental Activities Net Position</u>
2015	\$ 62,915,084	\$ 57,580,491	\$ 120,495,575
2016	69,085,696	50,046,070	119,131,766
2017	74,609,960	41,850,955	116,460,915
2018	77,386,529	40,208,640	117,595,169
2019	77,449,331	48,526,787	125,976,118
2020	85,237,397	33,033,601	118,270,998
2021	97,728,188	21,392,456	119,120,644
2022	88,982,667	20,284,411	109,267,078
2023	84,816,154	24,992,324	109,808,478
2024	78,659,183	25,734,172	104,393,355

Source:
Clackamas County Finance Department

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CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year			
	2015	2016	2017	2018
Expenses:				
Public ways and facilities	\$ 11,563,486	\$ 6,042,862	\$ 5,783,100	\$ 3,518,392
Interest and fiscal charges	217,304	202,483	187,000	170,857
Total Expenses	11,780,790	6,245,345	5,970,100	3,689,249
Program Revenues				
Charges for services	1,139,716	29,850	-	424,455
Operating grants and contributions	23,812	-	-	-
Total program revenues	1,163,528	29,850	-	424,455
Net (Expense)/Revenue	(10,617,262)	(6,215,495)	(5,970,100)	(3,264,794)
General Revenues:				
Property taxes levied for debt service	1,942,513	2,320,685	2,736,120	3,077,547
Earnings on investments	269,025	312,338	464,172	541,884
Gain (loss) on sales of property	-	-	-	-
Miscellaneous	2,219,786	2,218,663	98,957	779,617
Total general revenues	4,431,324	4,851,686	3,299,249	4,399,048
Total Change In Net Position	\$ (6,185,938)	\$ (1,363,809)	\$ (2,670,851)	\$ 1,134,254

Source:
Clackamas County Finance Department

Fiscal Year

	2019	2020	2021	2022	2023	2024
\$	4,932,333	\$ 6,467,106	\$ 3,829,392	\$ 15,641,335	\$ 5,987,152	\$ 12,437,068
	168,667	86,580	152,808	98,505	307,686	358,376
	<u>5,101,000</u>	<u>6,553,686</u>	<u>3,982,200</u>	<u>15,739,840</u>	<u>6,294,838</u>	<u>12,795,444</u>
	446,378	483,257	281,013	136,175	108,767	292,853
	-	-	-	1,185,834	132,914	-
	<u>446,378</u>	<u>483,257</u>	<u>281,013</u>	<u>1,322,009</u>	<u>241,681</u>	<u>292,853</u>
	<u>(4,654,622)</u>	<u>(6,070,429)</u>	<u>(3,701,187)</u>	<u>(14,417,831)</u>	<u>(6,053,157)</u>	<u>(12,502,591)</u>
	3,222,864	3,518,922	3,747,277	4,174,007	4,916,883	5,590,462
	834,304	963,193	285,782	111,912	603,393	1,315,558
	1,966,548	711,514	-	-	600,760	-
	32,857	150,678	517,774	278,346	473,521	181,448
	<u>6,056,573</u>	<u>5,344,307</u>	<u>4,550,833</u>	<u>4,564,265</u>	<u>6,594,557</u>	<u>7,087,468</u>
\$	<u><u>1,401,951</u></u>	<u><u>(726,122)</u></u>	<u><u>849,646</u></u>	<u><u>(9,853,566)</u></u>	<u><u>541,400</u></u>	<u><u>(5,415,123)</u></u>

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2015	2016	2017	2018
Restricted for:				
Debt service	\$ -	\$ -	\$ -	\$ -
Public ways and facilities	62,348,008	53,764,837	45,867,915	43,871,575
Total	\$ 62,348,008	\$ 53,764,837	\$ 45,867,915	\$ 43,871,575

Source:
Clackamas County Finance Department

Fiscal Year

2019	2020	2021	2022	2023	2024
\$ 28,692,360	\$ 18,292,234	\$ 2,445,000	\$ 1,995,000	\$ 10,941,750	11,705,744
16,554,625	17,559,755	21,356,346	20,202,281	22,274,073	17,561,152
<u>\$ 45,246,985</u>	<u>\$ 35,851,989</u>	<u>\$ 23,801,346</u>	<u>\$ 22,197,281</u>	<u>\$ 33,215,823</u>	<u>\$ 29,266,896</u>

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2015	2016	2017	2018
Revenues:				
Property taxes	\$ 1,933,455	\$ 2,302,204	\$ 2,723,261	\$ 3,106,085
Charges for services	1,139,716	153,285	412,598	424,455
Intergovernmental	23,812	-	500,000	-
Interest	269,025	312,338	464,172	541,884
Other revenues	2,219,786	735,465	98,957	779,617
Total revenues	<u>5,585,794</u>	<u>3,503,292</u>	<u>4,198,988</u>	<u>4,852,041</u>
Expenditures:				
Public ways and facilities				
Materials and services	5,764,456	1,222,210	1,181,495	1,078,000
Capital expenditures for urban renewal	3,271,273	274,818	2,925,766	49,903
Capital outlay	4,137,821	8,363,910	4,685,282	5,157,840
Special payments	-	2,475,971	3,427,419	9,218
Debt service:				
Principal	330,000	345,000	360,000	375,000
Interest	223,960	209,440	194,260	178,420
Total expenditures	<u>13,727,510</u>	<u>12,891,349</u>	<u>12,774,222</u>	<u>6,848,381</u>
Excess (deficiency) of revenues over expenditures	<u>(8,141,716)</u>	<u>(9,388,057)</u>	<u>(8,575,234)</u>	<u>(1,996,340)</u>
Other financing sources (uses):				
Issuance of debt	-	-	-	-
Land sale proceeds	-	804,886	678,312	-
Total other financing sources (uses)	<u>-</u>	<u>804,886</u>	<u>678,312</u>	<u>-</u>
Net change in fund balances	<u>\$ (8,141,716)</u>	<u>\$ (8,583,171)</u>	<u>\$ (7,896,922)</u>	<u>\$ (1,996,340)</u>
Debt service as a percentage of noncapital expenditures	8.8%	13.0%	10.7%	33.7%

Source:
Clackamas County Finance Department

Fiscal Year

	2019	2020	2021	2022	2023	2024
\$	3,241,778	\$ 3,511,674	\$ 3,741,471	\$ 4,137,062	\$ 4,932,846	\$ 5,563,006
	446,378	483,257	281,013	136,175	108,767	292,187
	-	-	-	1,185,834	132,914	-
	834,304	963,193	285,782	111,912	603,393	1,315,558
	32,857	150,678	517,774	278,346	473,521	182,114
	<u>4,555,317</u>	<u>5,108,802</u>	<u>4,826,040</u>	<u>5,849,329</u>	<u>6,251,441</u>	<u>7,352,865</u>
	1,031,200	963,788	1,013,030	1,008,616	1,045,283	3,553,258
	90,694	-	-	-	-	-
	3,467,641	13,671,584	15,307,153	5,887,198	3,844,438	7,247,196
	-	25,400	-	-	-	-
	395,000	410,000	430,000	450,000	1,053,250	931,201
	161,920	144,540	126,500	107,580	247,388	369,437
	<u>5,146,455</u>	<u>15,215,312</u>	<u>16,876,683</u>	<u>7,453,394</u>	<u>6,190,359</u>	<u>12,101,092</u>
	<u>(591,138)</u>	<u>(10,106,510)</u>	<u>(12,050,643)</u>	<u>(1,604,065)</u>	<u>61,082</u>	<u>(4,748,227)</u>
	-	-	-	-	9,955,500	-
	1,966,548	711,514	-	-	1,001,960	799,300
	<u>1,966,548</u>	<u>711,514</u>	<u>-</u>	<u>-</u>	<u>10,957,460</u>	<u>799,300</u>
\$	<u>1,375,410</u>	<u>\$ (9,394,996)</u>	<u>\$ (12,050,643)</u>	<u>\$ (1,604,065)</u>	<u>\$ 11,018,542</u>	<u>\$ (3,948,927)</u>
	35.1%	35.9%	35.5%	35.6%	55.4%	26.8%

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	North Clackamas Revitalization Area	Total Taxable Assessed Value Before Exempt Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Market Value	Assessed Value as a Percentage of Market Value
2015	\$ 558,344,837	\$ 558,344,837	\$ 18,894,028	\$ 539,450,809	0.12	\$ 687,680,813	78.44 %
2016	587,672,926	587,672,926	20,345,877	567,327,049	0.12	785,056,834	72.27
2017	619,338,610	619,338,610	22,137,590	597,201,020	0.15	907,616,996	65.80
2018	645,961,693	645,961,693	23,273,333	622,688,360	0.16	1,014,575,740	61.37
2019	674,266,726	674,266,726	25,203,668	649,063,058	0.16	1,132,004,713	57.34
2020	698,154,272	698,154,272	27,626,191	670,528,081	0.16	1,214,417,634	55.21
2021	719,168,746	719,168,746	28,136,301	691,032,445	0.17	1,269,475,519	54.43
2022	973,229,546	973,229,546	48,204,695	925,024,851	0.18	1,425,283,424	64.90
2023	833,557,775	833,557,775	51,906,949	781,650,826	0.20	1,660,031,840	47.09
2024	871,612,998	871,612,998	33,899,934	837,713,064	0.20	1,755,808,130	47.71

Notes:

(1) The total direct rate is from the Direct and Overlapping Property Tax Rates

Source:

Clackamas County Department of Assessment and Taxation

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(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	Development Agency				Overlapping Rates								Total Direct & Overlapping
	General Operations	Special Revenue	Debt Service	Total Direct Rate	Clackamas County	County Component Units	Cities	Schools	College/ESD	Fire	Other Special		
2015	\$ -	\$ -	\$ 0.12	\$ 0.12	\$ 2.97	\$ 1.31	\$ 2.24	\$ 6.75	\$ 1.07	\$ 2.09	\$ 0.75	\$ 17.30	
2016	-	-	0.12	0.12	2.96	1.31	2.22	7.16	1.11	2.12	0.68	17.70	
2017	-	-	0.15	0.15	2.96	1.30	2.32	7.15	1.11	2.12	0.69	17.80	
2018	-	-	0.16	0.16	2.96	1.30	2.34	7.13	1.11	2.13	0.81	17.93	
2019	-	-	0.16	0.16	2.96	1.30	2.33	7.15	1.10	2.11	0.87	17.98	
2020	-	-	0.16	0.16	2.96	1.30	2.32	8.78	1.09	2.12	1.06	19.79	
2021	-	-	0.17	0.17	2.95	1.29	2.37	8.58	1.10	2.10	0.99	19.55	
2022	-	-	0.18	0.18	2.95	1.29	2.54	8.68	1.08	2.09	0.94	19.75	
2023	-	-	0.20	0.20	3.07	1.29	2.50	8.61	1.16	2.09	0.92	19.85	
2024	-	-	0.20	0.20	3.06	1.28	2.55	8.55	1.16	2.08	0.97	19.89	

Notes:

(1) Overlapping rates are those of local governments that apply to property owners within Agency geographical boundaries. Not all overlapping rates apply to all property owners. Rates shown are those charged to the majority of the taxpayers within the district and are stated in dollars and cents.

Source:

Clackamas County Department of Assessment and Taxation

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
PRINCIPAL PROPERTY TAX PAYERS
JUNE 30, 2024 AND NINE YEARS AGO

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Heirloom Investors LLC	\$ 43,286,098	1	5.17 %			%
SRO Retail Portfolio I LLC	37,951,445	2	4.53	15,544,067	4	2.78
Fred Meyer Stores Inc	32,993,884	3	3.94	26,086,080	1	4.67
ROIC Oregon LLC	25,303,242	4	3.02			
Clackamas Court-270 LLC	21,881,282	5	2.61	16,770,183	3	3.00
PCC Structurals Inc	18,591,348	6	2.22	7,585,220	8	1.36
GEP XI Heatherbrae LLC	15,526,608	7	1.85			
WPC Crosswhite LLC	15,327,046	8	1.83	6,151,473	9	1.10
Portland General Electric	15,073,000	9	1.80			
Portland Paving Company Inc	12,986,399	10	1.55	9,952,996	6	1.78
Phillips Edison Co.				18,871,116	2	3.38
Guardian Management LLC				10,930,371	5	1.96
Mayes William E Trustee				8,500,085	7	1.52
Home Depot USA				5,953,273	10	1.07
Total	<u>\$ 238,920,352</u>		<u>28.52 %</u>	<u>\$ 126,344,864</u>		<u>22.62 %</u>

Source:
Clackamas County Department of Assessment and Taxation

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
PROPERTY TAX LEVIES AND COLLECTIONS ⁽¹⁾
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
2015	\$ 1,989,738	\$ 1,889,474	94.96 %	\$ 34,012	\$ 1,923,485	96.67 %
2016	2,377,317	2,260,795	95.10	35,599	2,296,395	96.60
2017	2,808,232	2,676,460	95.31	32,437	2,708,897	96.46
2018	3,163,666	3,012,293	95.22	19,160	3,031,453	95.82
2019	3,339,968	3,193,948	95.63	42,803	3,236,751	96.91
2020	3,617,635	3,457,091	95.56	52,211	3,509,302	97.01
2021	3,849,777	3,683,991	95.69	47,063	3,731,054	96.92
2022	4,296,898	4,085,429	95.08	62,407	4,147,836	96.53
2023	5,061,128	4,846,426	95.76	39,674	4,886,100	96.54
2024	5,749,884	5,479,171	95.29	-	5,479,171	95.29

Notes:

(1) Clackamas Industrial Area and portions of Clackamas Town Center urban renewal areas were returned to regular tax roles during 2007.

Source:

Clackamas County Department of Assessment and Taxation

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County Oregon)
RATIOS OF OUTSTANDING DEBT
LAST TEN FISCAL YEARS**

Fiscal Year	Urban Renewal Bonds	Contract Payable	Percentage of Personal Income	Per Capita	Percentage of Taxable Assessed Value of Property
2015	\$ 4,760,000	\$ -	0.50 %	250 %	0.88 %
2016	4,415,000	-	0.44	225	0.78
2017	4,055,000	-	0.36	201	0.68
2018	3,680,000	-	0.30	177	0.59
2019	3,285,000	-	0.25	153	0.51
2020	2,875,000	-	0.21	136	0.43
2021	2,445,000	-	0.16	115	0.35
2022	1,995,000	-	0.13	93	0.22
2023	10,941,750	-	0.63	504	1.40
2024	10,010,549	-	N/A	456	1.19

Notes:

Details regarding the Agency's outstanding debt can be found in the notes to the basic financial statements.

See pages 48 for property value data.

See page 56 for population data.

N/A - Not available

Sources:

Clackamas County Department of Assessment and Taxation
Department of Human Resources, State of Oregon, Employment Division

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County Oregon)
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2024

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Clackamas County	\$ 100,575,000	0.0002 %	\$ 201
Clackamas County Education Service District	26,603,764	0.0003	80
Clackamas County School District #46 (Oregon Trail)	67,160,487	0.0003	2,283
Clackamas Soil & Water Conservation	5,035,000	0.0002	10
Mt Hood Community College	69,765,000	0.0004	279
Other debt:			
Mt. Hood Community College	26,465,000	0.0004	106
Port of Portland	32,210,000	0.0001	32
Subtotal overlapping debt			<u>\$ 2,991</u>
Agency direct debt			<u>10,010,549</u>
Total direct and overlapping debt			<u><u>\$ 10,013,540</u></u>

Note:

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

Source:

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

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County Oregon)
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit *	\$ 87,000,000	\$ 87,000,000	\$ 87,000,000	\$ 87,000,000
Total net debt applicable to limit	<u>4,760,000</u>	<u>4,415,000</u>	<u>4,055,000</u>	<u>3,680,000</u>
Legal debt margin	<u>\$ 82,240,000</u>	<u>\$ 82,585,000</u>	<u>\$ 82,945,000</u>	<u>\$ 83,320,000</u>
Total net debt applicable to the limit as a percentage of debt limit	5.47%	5.07%	4.66%	4.23%

Note:

ORS 457.190 notes for urban renewal plans that maximum indebtedness "shall be based upon good faith estimates of the scope and costs of projects" and specified in plan documents.

* The limit is calculated as the maximum debt the Agency can incur as outlined in its approved budget document.

Source:

Clackamas County Finance Department

2019	2020	2021	2022	2023	2024
\$ 87,000,000	\$ 87,000,000	\$ 87,000,000	\$ 87,000,000	\$ 87,000,000	\$ 87,000,000
3,285,000	2,875,000	2,445,000	1,995,000	1,530,000	10,010,549
<u>\$ 83,715,000</u>	<u>\$ 84,125,000</u>	<u>\$ 84,555,000</u>	<u>\$ 85,005,000</u>	<u>\$ 85,470,000</u>	<u>\$ 76,989,451</u>
3.78%	3.30%	2.81%	2.29%	1.76%	11.51%

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Year	Population	Personal Income	Per Capita Personal Income (1)	Clackamas County Unemployment Rate (2)
2015	19,025	\$ 942,974,125	\$ 49,565	5.6 %
2016	19,594	1,006,720,126	51,379	4.7
2017	20,181	1,135,544,508	56,268	3.9
2018	20,787	1,218,284,496	58,608	3.7
2019	21,411	1,321,615,386	61,726	3.9
2020	21,079	1,365,729,489	64,791	5.8
2021	21,290	1,525,769,140	71,666	6.9
2022	21,503	1,572,492,887	73,129	3.8
2023	21,718	1,743,282,142	80,269	3.9
2024	21,935	N/A	N/A	3.6

Notes:

(1) Figures are for calendar year for Clackamas County from Bureau of Economic Analysis-U.S. Dept of Commerce.

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

N/A - Not available.

Sources:

Department of Human Resources, State of Oregon Employment Department

Population for 2007-2015 from Claritas, Inc. Site Report, based on 2000 census and projections thereafter.

Population 2016 estimate based on a 3% increase as estimated by the Portland State University Office of Metropolitan Studies.

Bureau of Economic Analysis, U.S. Department of Commerce

U.S. Department of Labor, Bureau of Labor Statistics

CLACKAMAS COUNTY, OREGON
PRINCIPAL EMPLOYERS ⁽¹⁾
JUNE 30, 2024 AND NINE YEARS AGO

Employer	2024			2015		
	Employees	Rank	Percentage of Total ⁽²⁾	Employees	Rank	Percentage of Total ⁽²⁾
Providence Health & Services	23,100	1	.02 %	15,239	3	.01 %
Intel Corp.	22,328	2	.02	17,500	1	.02
Oregon Health & Sciences University	19,603	3	.02	14,616	4	.01
Nike Inc.	15,522	4	.01	8,000	10	.01
Legacy Health	13,087	5	.01	10,436	7	.01
Kaiser Permanente	12,514	6	.01	11,881	6	.01
Fred Meyer	9,000	7	.01	10,237	8	.01
Portland Public Schools	7,111	8	.01			
City of Portland	6,753	9	.01	8,558	9	.01
Multnomah County	6,317	10	.00			
U.S. Federal Govt.				17,500	1	.02
State of Oregon				14,200	5	.01
Total	135,335		0.10 %	128,167		0.11 %

Sources:

(1) Statistics are the latest available data published in the Portland Business Journal *Book of Lists 2024*, and *Book of Lists 2014*.

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.

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30,</u>	<u>Function Highways & Streets</u>
2015	5.00
2016	5.00
2017	5.00
2018	4.50
2019	4.00
2020	4.00
2021	4.00
2022	4.00
2023	4.00
2024	4.00

Source:
Clackamas County Finance Department

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
OPERATING INDICATORS
LAST TEN FISCAL YEARS**

	2015	2016	2017	2018
Assessed value North Clackamas Revitalization Area ⁽²⁾	\$ 539,450,809	\$ 587,672,926	\$ 619,338,610	\$ 645,961,693
Change from prior year	21,780,417	48,222,117	31,665,684	26,623,083
Percentage change	4.21 %	8.94 %	5.39 %	4.30 %
Assessed value all areas	\$ 539,450,809	\$ 587,672,926	\$ 619,338,610	\$ 645,961,693
Change from prior year	21,780,417	48,222,117	31,665,684	26,623,083
Percentage change	4.21 %	8.94 %	5.39 %	4.30 %

Notes:

(1) Increased incremental assessed value due to project development and implementation, capital construction, and property development and redevelopment is a typical measure for an Urban Renewal District. As an urban renewal area nears plan termination, assessed value is returned to overlapping taxing districts. The Clackamas Town Center returned assessed values to regular tax roles during 2007 and the Clackamas Industrial Area ceased tax collection. Growth reported for these areas in prior years has been passed on to overlapping districts.

(2) Board of County Commissioners approved creation of the North Clackamas Revitalization Area at their May 25, 2006 meeting.

N/A - Not available

Source:

Clackamas County Department of Assessment and Taxation

2019	2020	2021	2022	2023	2024
\$ 674,266,726	\$ 698,154,272	\$ 719,168,746	\$ 973,229,546	\$ 833,557,775	\$ 871,612,998
28,305,033	23,887,546	21,014,474	254,060,800	(139,671,771)	38,055,223
4.38 %	3.54 %	3.01 %	35.33 %	(14.35) %	4.57 %
\$ 674,266,726	\$ 698,154,272	\$ 719,168,746	\$ 973,229,546	\$ 833,557,775	\$ 871,612,998
28,305,033	23,887,546	21,014,474	254,060,800	(139,671,771)	38,055,223
4.38 %	3.54 %	3.01 %	35.33 %	(14.35) %	4.57 %

**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**

**REPORT OF INDEPENDENT AUDITORS REQUIRED BY
OREGON STATE REGULATIONS**

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
Clackamas County Development Agency
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 and each major fund of Clackamas County Development Agency (the Agency), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 financial statements. 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

Portland, Oregon
December 19, 2024

**REPORT OF INDEPENDENT AUDITORS REQUIRED BY
OREGON STATE REGULATIONS**

Report of Independent Auditors Required by Oregon State Regulations

Board of County Commissioners of
Clackamas County, Oregon, as Governing Body of
Clackamas County Development Agency
Oregon City, Oregon

We have audited, 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, the financial statements of the governmental activities and each major fund of Clackamas County Development Agency (the Agency), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 19, 2024.

Compliance

As part of obtaining reasonable assurance about whether the Agency's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

- Accounting records and internal control
- Public fund deposits
- Indebtedness
- Budget
- Insurance and fidelity bonds
- Programs funded from outside sources
- Investments
- Public contracts and purchasing

In connection with our testing, nothing came to our attention that caused us to believe the Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 or significant deficiencies may exist that were not identified.

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. Accordingly, this communication is not suitable for any other purpose.

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



Ashley Osten, Partner, for
Moss Adams LLP
Portland, Oregon
December 19, 2024