

MEMORANDUM

TO: Clackamas County Board of County Commissioners (BCC)
Acting as Governing Body of Clackamas County Development Agency

FROM: Finance and Development Agency Staff

RE: A Resolution Acknowledging Financial Statement Findings of a Material
Weakness in Internal Control over Compliance for Fiscal Year 2023 and
Describing Corrective Action in Accordance with ORS 297.466

DATE: January 16, 2024

REQUEST: Add “A Resolution Acknowledging Financial Statement Findings of a Material Weakness in Internal Control over Compliance for Fiscal Year 2023 and Describing Corrective Action in Accordance with ORS 297.466” to January 18, 2024 Consent Agenda

BACKGROUND: As part of the annual audit each year, the County’s external audit firm reports on compliance with various Oregon statues. One of these requirements is to report upon any internal controls over financial reporting that identified any material weakness in the financial statements. Detail of this can be found in the Audited Comprehensive Financial Reports (ACFR) as part of the Schedule of Findings and Reponses.

Staff are prepared to answer any questions the Board may have about the audit findings, and if approved by the Board, would place the enclosed staff report, resolution, and plan of action on the consent agenda for January 18, 2024.

Respectfully Submitted,

Elizabeth Comfort

Elizabeth Comfort
Finance Director

Attachments:

Staff Report
Resolution
Plan of Action
Development Agency ACFR



Elizabeth Comfort
Finance Director

Department of Finance

Public Services Building
2051 Kaen Road, Suite 490 | Oregon City, OR 97045

January 18, 2024

BCC Agenda Date/Item: _____

Board of County Commissioners
Acting as Governing Body of Clackamas
County Development Agency

A Resolution Acknowledging Financial Statement Findings of a Material Weakness in Internal Control over Compliance for Fiscal Year 2023 and Describing Corrective Action in Accordance with ORS 297.466.

Previous Board Action/Review	Briefed at Issues – January 16, 2024		
Performance Clackamas	This Resolution continues to build public trust as we demonstrate good government by being fiscally responsible for the public’s funds.		
Counsel Review	Yes	Procurement Review	No
Contact Person	Elizabeth Comfort	Contact Phone	503-936-5345

EXECUTIVE SUMMARY: As part of the annual audit each year, the County’s external audit firm reports on compliance with various Oregon statues. One of these requirements is to report upon any internal controls over financial reporting that identified any material weakness in the financial statements. Detail of this can be found in the Audited Comprehensive Financial Reports (ACFR) as part of the Schedule of Findings and Reponses.

The Development Agency had various property purchases, sales and transfers that were reported incorrectly in the financial statements. The North Clackamas Revitalization Area Fund financial statements as of June 30, 2023 understated property held for sale and overstated expenditures by \$334,202. In addition, the Governmental Activities financial statements overstated capital assets by \$1,596,286, overstated gain from property held for sale by \$401,200, understated expenses by \$1,026,564, and understated property held for sale by \$168,522.

ORS 297.466 requires that the governing body of the Clackamas County Development Agency adopt a resolution acknowledging the Financial Statement Findings and describing the corrective actions implemented. This misstatement was identified during the audit and corrected.

RECOMMENDATION: Staff respectfully recommends the Board of Clackamas County approve this resolution acknowledging the Material Weakness in Internal Controls for fiscal year 2023 and the attached Plan of Action describing corrective action in accordance with ORS 297.466.

Respectfully submitted,

Elizabeth Comfort

Elizabeth Comfort
Finance Director

For Filing Use Only

BEFORE THE BOARD OF COUNTY COMMISSIONERS

OF CLACKAMAS COUNTY, STATE OF OREGON

A Resolution Acknowledging Material Weaknesses in Internal Control over Compliance for Fiscal Year 2023 and Describing Corrective Action in Accordance with ORS 297.466

RESOLUTION NO.

Page 1 of 2

Whereas, the Clackamas County Development Agency (the Agency) Annual Comprehensive Financial Report (ACFR) audit for the fiscal year ending June 30, 2023 reports a material weaknesses in internal control over compliance; and

Whereas, governments occasionally acquire redevelopment properties and these properties held for sale are considered financial assets because they are intended to be sold, rather than used for the government's operations; and

Whereas, the Agency had various property purchases, sales and transfers that were reported incorrectly in the financial statements resulting in material misstatements in the Agency's North Clackamas Revitalization Area Fund financial statements, which is a major fund. Misstatements of less magnitude resulted in the financial statements of the Governmental Activities and Clackamas Town Center Development Area Fund; and

Whereas, the auditors identified that the North Clackamas Revitalization Area Fund financial statements as of June 30, 2023 understated property held for sale and overstated expenditures by \$334,202; and

Whereas, the Governmental Activities financial statements overstated capital assets by \$1,596,286, overstated gain from property held for sale by \$401,200, understated expenses by \$1,026,564, and understated property held for sale by \$168,522; and

Whereas, the Agency identified the property transactions. However, during the financial reporting process, there was confusion over which fund was carrying out the transaction and whether or not it was a transaction with capital assets or a property held for sale; and

Whereas, ORS 297.466(2) requires the governing body of Clackamas County Development Agency to determine measures considered necessary for corrective actions and a period of time estimated to complete them; and

Whereas, ORS 297.466(3) requires Clackamas County Development Agency to submit an adopted resolution of corrective measures to the Secretary of State's Office within 30 days from the submission of Clackamas County Development Agency's Annual Report to the Secretary of State; and

BEFORE THE BOARD OF COUNTY COMMISSIONERS

OF CLACKAMAS COUNTY, STATE OF OREGON

A Resolution Acknowledging Material Weaknesses in Internal Control over Compliance for Fiscal Year 2023 and Describing Corrective Action in Accordance with ORS 297.466

} RESOLUTION NO.
} Page 2 of 2

NOW, THEREFORE, BE IT RESOLVED that in order to ensure current and future compliance with OMB Uniform Guidance, the County Finance Department acting on behalf of the Agency will establish training on transactions occurring between capital assets and property held for sale. Additionally, Finance will continue to educate and monitor as these transactions are infrequent.

NOW, THEREFORE, BE IT FURTHER RESOLVED that in order to ensure current and future compliance with Office of Management and Budget's (OMB) Uniform Guidance, and to create additional internal controls for compliance with the same, Clackamas County Development Agency has implemented the procedures outlined above as of January 18th, 2024, the date of the audit Corrective Action Plan.

Dated this 18th day of January, 2024.

CLACKAMAS COUNTY BOARD ON BEHALF OF THE DEVELOPMENT AGENCY

Chair

Recording Secretary



January 18, 2024

Oregon Secretary of State,
Audits Division
255 Capitol St. NE, Suite #500
Salem, OR 97310

Plan of Action for Clackamas County

Clackamas County respectfully submits the following corrective action plan in response to weaknesses reported in our audit of fiscal year ended June 30, 2023. The audit was completed by the independent auditing firm Moss Adams. The plan of action was adopted January 18, 2024 by the County's governing body, as indicated by signatures below.

The weakness is listed below, including the adopted plan of action and timeframe.

1. Material Weakness
 - a. Instances of non-compliance related to the valuation and reporting of capital assets. The County had various property purchases, sales and transfers that were reported incorrectly in the financial statements.
 - b. Clackamas County staff responsible for the recognition and accurate reporting of capital assets will update training and procedures on transactions occurring between capital assets and property held for sale over the next 90 days or less.

Governing Body Chair, Tootie Smith

Signature

County Administrator, Gary Schmidt

Signature

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, 2023**



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

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

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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**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(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 22, 2023

To the Board of County Commissioners and 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, 2023 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, 2023. 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 2023. 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 428,168 in 2023.

To the Residents of Clackamas County
December 22, 2023

- 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, although growth is expected to slow.

The housing market continues to be strong due to a shortage in supply but high demand. Median home listing prices in the County are approximately \$725,000, an increase of 12% from last year, with a median of 61 days on market. Median home sale prices were \$604,250, a decrease of 5% 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 22, 2023

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:

To the Residents of Clackamas County
December 22, 2023

- 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:

To the Residents of Clackamas County
December 22, 2023

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 will be completed in the spring 2024. The Monroe project design is nearly complete and will begin 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 22, 2023

Awards and Acknowledgements

For the 29th 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 the Clackamas County 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

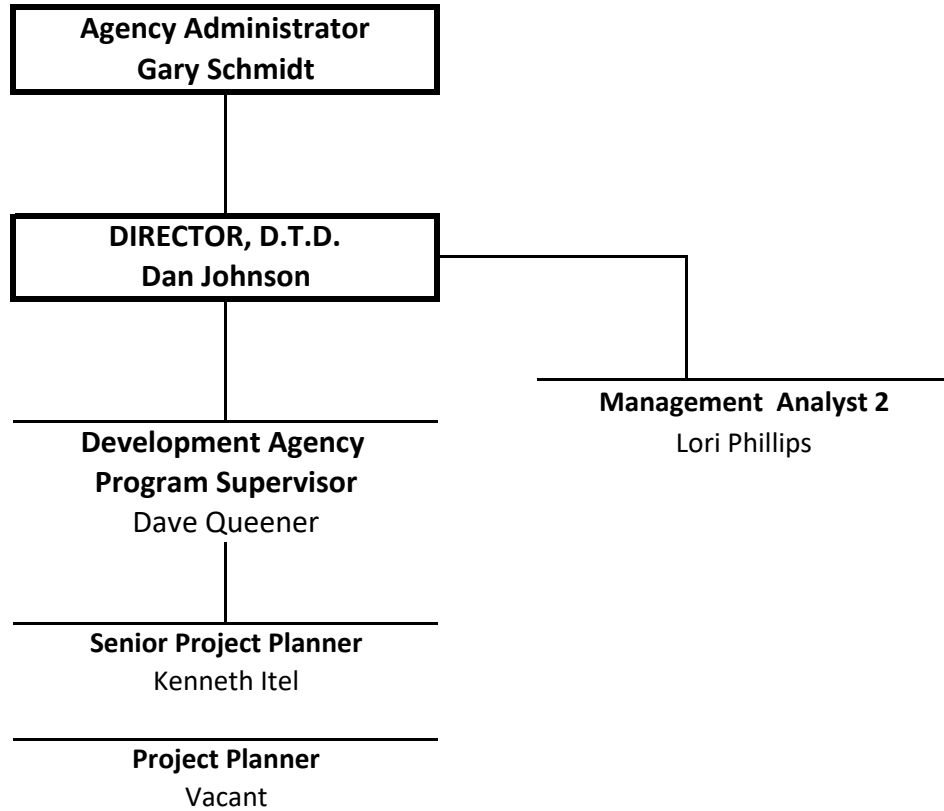
June 30, 2022

Christopher P. Morill

Executive Director/CEO

Department of Transportation & Development

Organization Chart FY 2022-2023



**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, 2023

<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

Stephen Madkour
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, 2023, 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, 2023, 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, 2023, the changes in its financial position, or, where applicable, its cash flows 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 22, 2023 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 22, 2023, 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 22, 2023

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, 2023**

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, 2023. 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 \$109,808. Of this amount, \$22,324 is available to meet the Agency's ongoing obligations. The remainder is invested in capital assets.
- Overall, the Agency reported an increase in net position of \$541, or 0.5%, for the year. General revenues for the year were \$6,595, an increase of 44%, primarily due to the sale of property. Public ways and facilities reports \$5,745 as program-specific expenses in excess of direct program revenues.
- The governmental funds reported a combined ending fund balance of \$33,216. Operations during the year increased by \$11,018 from the prior year, which is primarily due to \$10,000 in bond issuance in the North Clackamas Revitalization Area Tax Increment fund.
- Total assets entity-wide increased \$9,533, or 8.4%, over the prior year. The net increase is due primarily to increased cash resulting from debt proceeds of \$9,955.

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, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position of the Agency increased 0.5% from the prior year due to an increase in property sales. Increases arise from the excess of revenues over expenses in the Statement of Activities and flows to the Statement of Net Position.

Statement of Net Position

A condensed version of the Statement of Net Position for fiscal years ended June 30, 2023 and 2022 follows:

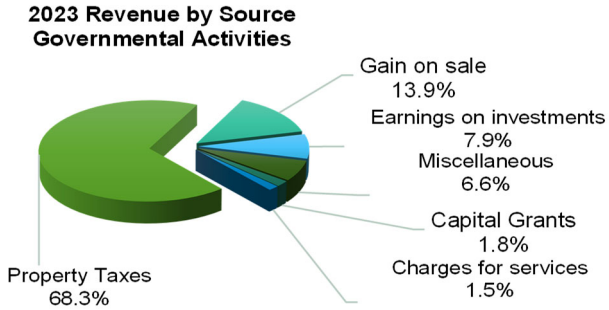
	<u>2023</u>	<u>2022</u>
Assets:		
Current assets	\$ 28,824	\$ 17,632
Property held for sale	6,287	6,447
Capital assets	<u>87,484</u>	<u>88,983</u>
Total assets	<u>122,595</u>	<u>113,062</u>
Liabilities:		
Current liabilities	2,379	2,265
Liabilities due after one year	<u>10,408</u>	<u>1,530</u>
Total liabilities	<u>12,787</u>	<u>3,795</u>
Net position:		
Net investment in capital assets	84,816	88,983
Restricted for public ways and facilities	14,050	20,284
Restricted for debt service	<u>10,942</u>	<u>-</u>
Total net position	<u>\$ 109,808</u>	<u>\$ 109,267</u>

Total assets increased \$9,533, or 8.4%, during the year, due primarily to increase of \$11,192 in cash and investments which includes proceeds from a \$10,000 bond issue and property sales of \$1,300. Capital assets decreased by \$1,499 or 1.7% due primarily to depreciation exceeding 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, 2023**

Statement of Activities

Total general revenues increased \$2,030 or 44.5% during fiscal year 2023, primarily due to increased property tax collection in the 2023 fiscal year and property sales.



Due to less program expenses being incurred during the year, public ways and facilities decreased by \$8,468, or 58.6%. Overall, the decrease in program expenses along with an increase in total revenues resulted in an increase in net position of \$541, or .5%, during fiscal year 2023.

A schedule follows showing revenues and

expenses by function and activity:

	<u>2023</u>	<u>2022</u>
Revenues:		
Program revenues:		
Charges for services	\$ 109	\$ 136
Capital grants and contributions	133	-
	<u>242</u>	<u>136</u>
Total program revenues		
General revenues:		
Property taxes levied for debt service	4,917	4,174
Earnings on investments	603	112
Gain on land sale	601	-
Miscellaneous	473	278
	<u>6,594</u>	<u>4,564</u>
Total general revenues		
	<u>6,836</u>	<u>4,700</u>
Total revenues		
Expenses:		
Public ways and facilities	5,987	14,455
Interest and fiscal charges	308	99
	<u>6,295</u>	<u>14,554</u>
Total expenses		
Change in net position	541	(9,854)
Net position, beginning of year	<u>109,267</u>	<u>119,121</u>
Net position, end of year	<u>\$ 109,808</u>	<u>\$ 109,267</u>

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

FUND ANALYSIS

The Statement of Revenues, Expenditures and Changes in Fund Balance 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 \$33,216. All of the Agency's fund balance is restricted. Property held for sale (also known as redevelopment properties) represents \$6,287 or 18.9% of the total restricted fund balance. The remainder, \$26,929 or 81.1%, is available for approved projects within the Agency's budget and debt services payments.

The Clackamas Town Center Development Area Fund balance increased by \$419, or 10.4%, primarily due to a property sale. The Fund has sufficient operating reserves remaining in fund balance to complete the projects identified by the Board.

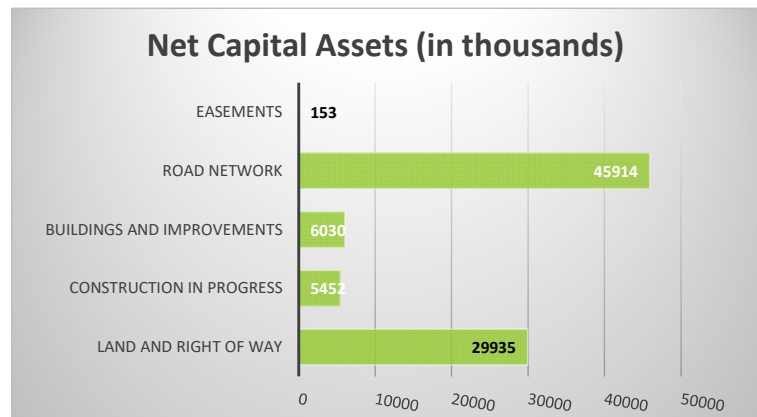
The Clackamas Industrial Development Area Fund reports a decrease in fund balance of \$248, or 2.6%, as the increase in materials and services was greater than the increase in interest received during the fiscal year. The Fund has sufficient operating reserves remaining in fund balance to complete the projects identified by the Board.

The North Clackamas Revitalization Area Fund balance increased by \$787, or 38% due to capital projects and expenditures exceeding transfers 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 increased \$10,061, or 151.1% due to proceeds of a bond issue of \$9,955. While the Fund has an operating reserve, it collects property tax revenue annually in excess of the required annual debt services payments.

CAPITAL ASSETS

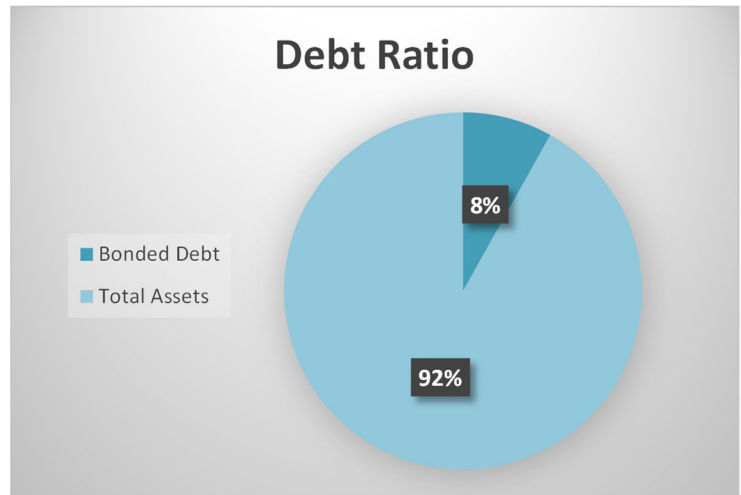
As of June 30, 2023, the Agency had \$87,484 in capital assets net of depreciation. Net capital assets decreased by \$1,499 due to construction in process additions, depreciation, and disposals as seen in the notes to the basic financial statements. In addition, \$334 was transferred from Land to Property held for sale. 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, 2023**

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, 2023 for bonds payable was \$10,942 or 8.8% of total assets. The prior fiscal year debt as a percent of total assets was under 2% 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 ledged 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, 2023

	Governmental Activities
ASSETS:	
Cash and investments	\$ 28,030,792
Accounts receivable	52,605
Property taxes receivable	120,899
Due from Clackamas County	456,784
Notes and loans receivable, net	150,399
Retainage held in escrow	12,183
Property held for sale	6,287,257
	<hr/>
Total current assets	35,110,919
	<hr/>
Noncurrent assets:	
Capital assets:	
Nondepreciable	35,386,679
Depreciable, net	52,097,359
	<hr/>
Total noncurrent assets	87,484,038
	<hr/>
TOTAL ASSETS	122,594,957
	<hr/>
LIABILITIES:	
Accounts payable and other current liabilities	1,514,959
Accrued interest payable	56,031
Due to Clackamas County	219,880
Deposits payable	53,859
Current portion of long-term debt	931,201
	<hr/>
Total current liabilities	2,775,930
	<hr/>
Noncurrent liabilities:	
Noncurrent portion of long-term debt	10,010,549
	<hr/>
Total noncurrent liabilities	10,010,549
	<hr/>
TOTAL LIABILITIES	12,786,479
	<hr/>
NET POSITION:	
Net Investment in capital assets	84,816,154
Restricted for public ways and facilities	14,050,574
Restricted for debt service	10,941,750
	<hr/>
TOTAL NET POSITION	\$ 109,808,478
	<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, 2023

	<u>Expenses</u>	<u>Program Revenues</u>		Net Revenue (Expenses) and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	
EXPENSES:				
Public ways and facilities	\$ 5,987,152	\$ 108,767	\$ 132,914	\$ (5,745,471)
Interest on long-term debt	307,686	-	-	(307,686)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total activities	<u>\$ 6,294,838</u>	<u>\$ 108,767</u>	<u>\$ 132,914</u>	<u>(6,053,157)</u>
GENERAL REVENUES:				
Property taxes levied for debt service				4,916,883
Earnings on investments				603,393
Gain on property sale				600,760
Miscellaneous				473,521
				<u> </u>
Total general revenues				6,594,557
Change in net position				541,400
NET POSITION, BEGINNING				<u>109,267,078</u>
NET POSITION, ENDING				<u>\$ 109,808,478</u>

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS
Major 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

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

	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	\$ 1,439,233	\$ 6,311,533	\$ 3,580,075	\$ 16,699,951	\$ 28,030,792
Accounts receivable	-	-	52,605	-	52,605
Property taxes receivable	-	-	-	120,899	120,899
Notes and loans receivable, net	-	-	150,399	-	150,399
Due from Clackamas County	39,707	-	417,077	-	456,784
Due from other funds	606	-	955	7,342	8,903
Retainage held in escrow	-	-	12,183	-	12,183
Property held for sale	3,026,500	2,926,555	334,202	-	6,287,257
Total assets	\$ 4,506,046	\$ 9,238,088	\$ 4,547,496	\$ 16,828,192	\$ 35,119,822
LIABILITIES:					
Accounts payable and other current liabilities	\$ 22,583	\$ 905	\$ 1,491,471	\$ -	\$ 1,514,959
Due to Clackamas County	12,282	17,257	190,341	-	219,880
Due to other funds	-	-	7,948	955	8,903
Deposits	42,072	11,787	-	-	53,859
Total liabilities	76,937	29,949	1,689,760	955	1,797,601
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	-	-	-	106,398	106,398
Total deferred inflows of resources	-	-	-	106,398	106,398
FUND BALANCES:					
Restricted for:					
Debt service	-	-	-	10,941,750	10,941,750
Public ways and facilities	4,429,109	9,208,139	2,857,736	5,779,089	22,274,073
Total fund balance	4,429,109	9,208,139	2,857,736	16,720,839	33,215,823
Total liabilities, deferred inflows of resources and fund balance	\$ 4,506,046	\$ 9,238,088	\$ 4,547,496	\$ 16,828,192	\$ 35,119,822

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, 2023

TOTAL FUND BALANCES		\$ 33,215,823
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.		87,484,038
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		106,398
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	(56,031)	
Long-term debt	<u>(10,941,750)</u>	<u>(10,997,781)</u>
Total net position		<u><u>\$ 109,808,478</u></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, 2023

	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:					
Intergovernmental	\$ 132,914	\$ -	\$ -	\$ -	\$ 132,914
Property taxes	-	-	-	4,932,846	4,932,846
Charges for services	3,399	105,368	-	-	108,767
Interest	20,537	89,242	20,917	472,697	603,393
Miscellaneous	6,866	-	465,980	675	473,521
Total revenues	<u>163,716</u>	<u>194,610</u>	<u>486,897</u>	<u>5,406,218</u>	<u>6,251,441</u>
EXPENDITURES:					
Public ways and facilities					
Materials and services	133,759	268,204	643,320	-	1,045,283
Capital outlay	476,163	174,853	3,193,422	-	3,844,438
Debt service:					
Principal	-	-	-	1,053,250	1,053,250
Interest and fiscal charges	-	-	-	247,388	247,388
Total expenditures	<u>609,922</u>	<u>443,057</u>	<u>3,836,742</u>	<u>1,300,638</u>	<u>6,190,359</u>
Revenues over (under) expenditures	<u>(446,206)</u>	<u>(248,447)</u>	<u>(3,349,845)</u>	<u>4,105,580</u>	<u>61,082</u>
OTHER FINANCING SOURCES (USES):					
Issuance of debt	-	-	-	9,955,500	9,955,500
Land sales proceeds	864,740	-	137,220	-	1,001,960
Transfers in	-	-	4,000,000	-	4,000,000
Transfers out	-	-	-	(4,000,000)	(4,000,000)
Total other financing sources (uses)	<u>864,740</u>	<u>-</u>	<u>4,137,220</u>	<u>5,955,500</u>	<u>10,957,460</u>
Net change in fund balances	418,534	(248,447)	787,375	10,061,080	11,018,542
FUND BALANCE, BEGINNING	<u>4,010,575</u>	<u>9,456,586</u>	<u>2,070,361</u>	<u>6,659,759</u>	<u>22,197,281</u>
FUND BALANCE, ENDING	<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>

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, 2023

Amounts reported in the statement of activities are different because:

Net change in fund balance		\$ 11,018,542
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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	(4,039,547)	
Cost of property sold or disposed in current year	(642,381)	
Capital assets transferred to available for sale	(334,202)	
Capital asset additions	<u>3,517,499</u>	(1,498,631)

Some revenue reported in the statement of activities do not provide current financial resources in the governmental funds.		(15,963)
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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.		(15,798)
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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		1,053,250
Interest and fiscal charges	(44,500)	
Loan proceeds	<u>(9,955,500)</u>	<u>(10,000,000)</u>

Changes in net position		<u>\$ 541,400</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, 2023**

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, 2023

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
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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. 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
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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 land held for resale or 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, 2023 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	\$ -	\$ -	\$ -	\$ 10,941,750	\$ 10,941,750
Public ways and facilities	4,429,109	9,208,139	2,857,736	5,779,089	22,274,073
Total fund balances	<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>

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
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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, 2023.

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 \$5,000 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, 2023

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.

New Accounting Pronouncements

GASB Statement No. 96 – Subscription Based Information Technology Agreements became effective for fiscal year 2022-2023. The Agency has no material agreements in excess of one year and there was no effect on the financial statements due to the implementation of GASB Statement No. 96.

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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

Cash and investments are comprised of the following:

Cash and cash equivalents with the County Treasurer	\$ 125,313
Investments with the County Treasurer	17,171,144
State of Oregon Treasurer's Local Government Investment Pool	10,734,335
Cash and investments	<u>\$ 28,030,792</u>

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 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, 2023, 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

CLACKAMAS COUNTY DEVELOPMENT AGENCY
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

3. CASH AND INVESTMENTS (Continued)

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, 2023 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 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.

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

3. CASH AND INVESTMENTS (Continued)

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, 2023. 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, 2023, including the applicable allowance for uncollectible accounts are as follows:

	Gross			
	Notes and Loans	Uncollectible	Uncollectible	Notes and Loans
	Receivable	Allowance Rate	Allowance	Receivable, net
Notes and Loans receivable:				
Owner-Occupied rehab loans receivable	\$ 731,140	85%	\$ 621,469	\$ 109,671
Homebuyer Assistance Program loans receivable	24,197	35%	8,469	15,728
Rental rehab loans receivable	25,000	0%	-	25,000
Total notes and loans receivable	<u>\$ 780,337</u>		<u>\$ 629,938</u>	<u>\$ 150,399</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
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

5. PROPERTY HELD FOR SALE

Property held for sale activity for the year ending June 30, 2023, is as follows:

	<u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>
Clackamas Town Center Development Area Fund	\$ 3,355,187	\$ -	\$ (328,687)	\$ 3,026,500
Clackamas Industrial Development Area Fund	3,092,235	-	(165,680)	2,926,555
North Clackamas Revitalization Area	-	406,715	(72,513)	334,202
	<u>\$ 6,447,422</u>	<u>\$ 406,715</u>	<u>\$ (566,880)</u>	<u>\$ 6,287,257</u>

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Balance June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2023</u>
Capital assets not being depreciated:					
Land & right of way	\$ 30,649,296	\$ -	\$ (714,476)	\$ -	\$ 29,934,820
Construction in progress	1,934,360	3,517,499	-	-	5,451,859
Total capital assets not being depreciated	<u>32,583,656</u>	<u>3,517,499</u>	<u>(714,476)</u>	<u>-</u>	<u>35,386,679</u>
Capital assets being depreciated and amortized:					
Building & Improvements	26,001,525	-	-	-	26,001,525
Road network	53,755,487	-	(308,412)	-	53,447,075
Easements	592,633	-	-	-	592,633
Total capital assets being depreciated and amortized	<u>80,349,645</u>	<u>-</u>	<u>(308,412)</u>	<u>-</u>	<u>80,041,233</u>
Less accumulated depreciation and amortization for:					
Buildings & Improvements	(18,636,401)	(1,334,890)	-	-	(19,971,291)
Road network	(4,903,708)	(2,675,878)	46,307	-	(7,533,279)
Easements	(410,525)	(28,779)	-	-	(439,304)
Total accumulated depreciation and amortization	<u>(23,950,634)</u>	<u>(4,039,547)</u>	<u>46,307</u>	<u>-</u>	<u>(27,943,874)</u>
Total capital assets being depreciated and amortized, net	<u>56,399,011</u>	<u>(4,039,547)</u>	<u>(262,105)</u>	<u>-</u>	<u>52,097,359</u>
Total capital assets, net	<u>\$ 88,982,667</u>	<u>\$ (522,048)</u>	<u>\$ (976,581)</u>	<u>\$ -</u>	<u>\$ 87,484,038</u>

Depreciation expense of \$4,039,547 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
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YEAR ENDED JUNE 30, 2023

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 will be used for infrastructure improvements according to the North Clackamas Revitalization Area Urban Renewal Plan. Repayments will be sourced from property tax increment revenues and interest earnings. Debt issuance costs are included in current year interest and fiscal charges.

Bonds payable transactions for the year are as follows:

	<u>Original Amount</u>	<u>Outstanding June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding June 30, 2023</u>
Urban Renewal Bonds, Series 2011, Interest 4.40%	\$ 6,000,000	\$ 1,995,000	\$ -	\$ (465,000)	\$ 1,530,000
Urban Renewal Bonds, Series 2022, Interest 3.21%	10,000,000	-	10,000,000	(588,250)	9,411,750
	<u>\$ 16,000,000</u>	<u>\$ 1,995,000</u>	<u>\$ 10,000,000</u>	<u>\$ (1,053,250)</u>	<u>\$ 10,941,750</u>
Current portion					(931,201)
Non-current portion					<u>\$ 10,010,549</u>

Future maturities of bond principal and interest at June 30, 2023, 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>
2024	\$ 490,000	\$ 67,320	\$ 441,201	\$ 302,117	\$ 931,201	\$ 369,437
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
2029-2033	-	-	5,920,993	582,197	5,920,993	582,197
	1,530,000	<u>\$ 136,400</u>	9,411,750	<u>\$ 1,928,232</u>	10,941,750	<u>\$ 2,064,632</u>
Less: Current portion	490,000		441,201		931,201	
Non-current portion	<u>\$ 1,040,000</u>		<u>\$ 8,970,549</u>		<u>\$ 10,010,549</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
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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 with an outside insurer for workers' compensation claims. There have been no significant reductions in insurance coverage from the prior year for any category of risk and settled claims have not reached the level of commercial coverage for any of the past three fiscal years.

9. TRANSFERS TO/FROM OTHER FUNDS

During fiscal year 2023, the following transfers were made:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
North Clackamas Revitalization Area Fund	\$ 4,000,000	\$ -
North Clackamas Revitalization Area Tax Increment Fund	-	(4,000,000)
Total Transfers	<u>\$ 4,000,000</u>	<u>\$ (4,000,000)</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, 2023 are comprised of the following:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Clackamas Town Center Development Area Fund	\$ 606	\$ -
North Clackamas Revitalization Area Fund	955	7,948
North Clackamas Revitalization Area Tax Incremental Fund	7,342	955
Total Due From / To	<u>\$ 8,903</u>	<u>\$ 8,903</u>

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

CLACKAMAS COUNTY DEVELOPMENT AGENCY
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YEAR ENDED JUNE 30, 2023

11. RELATED-PARTY TRANSACTIONS

Amounts totaling \$852,622 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, 2023, the Agency owed the County and its component units \$219,880 for such services. At June 30, 2023, the Agency was owed \$456,784 from the County and its component units. The Agency received \$132,914 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 \$7,450,485 at June 30, 2023.

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, 2023.

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). 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

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

13. TAX ABATEMENTS (Continued)

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 2023
Clackamas County Development Agency:	
E-Zone	\$ 16,876
NPLTE	408
Total	\$ 17,284

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, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 294,000	\$ 294,000	\$ 132,914	\$ (161,086)
Charges for services	5,000	5,000	3,399	(1,601)
Interest	10,000	10,000	20,537	10,537
Miscellaneous	-	-	6,866	6,866
Total revenues	<u>309,000</u>	<u>309,000</u>	<u>163,716</u>	<u>(145,284)</u>
EXPENDITURES:				
Current:				
Public ways and facilities	199,040	799,040	281,235	517,805
Contingency	1,674,522	1,424,522	-	1,424,522
Total expenditures	<u>1,873,562</u>	<u>2,223,562</u>	<u>281,235</u>	<u>1,942,327</u>
Revenues over (under) expenditures	<u>(1,564,562)</u>	<u>(1,914,562)</u>	<u>(117,519)</u>	<u>1,797,043</u>
OTHER FINANCING SOURCES (USES):				
Land sales proceeds	<u>870,000</u>	<u>870,000</u>	<u>864,740</u>	<u>(5,260)</u>
Total other financing sources (uses)	<u>870,000</u>	<u>870,000</u>	<u>864,740</u>	<u>(5,260)</u>
Net change in fund balances	<u>(694,562)</u>	<u>(1,044,562)</u>	<u>747,221</u>	<u>1,791,783</u>
FUND BALANCES, BEGINNING	<u>694,562</u>	<u>1,044,562</u>	<u>655,388</u>	<u>(389,174)</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>1,402,609</u>	<u>\$ 1,402,609</u>
ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS):				
Property held for sale			<u>3,026,500</u>	
FUND BALANCES (US GAAP BASIS), ENDING			<u>\$ 4,429,109</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, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 67,500	\$ 67,500	\$ 105,368	\$ 37,868
Interest	35,000	35,000	89,242	54,242
Total revenues	102,500	102,500	194,610	92,110
EXPENDITURES:				
Current:				
Public ways and facilities	3,465,581	3,465,581	277,377	3,188,204
Contingency	1,000,000	1,000,000	-	1,000,000
Total expenditures	4,465,581	4,465,581	277,377	4,188,204
Revenues over (under) expenditures	(4,363,081)	(4,363,081)	(82,767)	4,280,314
Net changes in fund balances	(4,363,081)	(4,363,081)	(82,767)	4,280,314
FUND BALANCES, BEGINNING	6,270,557	6,270,557	6,364,351	93,794
FUND BALANCES, ENDING	<u>\$ 1,907,476</u>	<u>\$ 1,907,476</u>	6,281,584	<u>\$ 4,374,108</u>
ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS):				
Property held for sale			<u>2,926,555</u>	
FUND BALANCES (US GAAP BASIS), ENDING			<u>\$ 9,208,139</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, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Interest	20,000	20,000	20,917	917
Miscellaneous	-	-	465,980	465,980
Total revenues	<u>70,000</u>	<u>70,000</u>	<u>486,897</u>	<u>416,897</u>
EXPENDITURES:				
Current:				
Public ways and facilities	7,696,644	7,696,644	4,176,342	3,520,302
Special payments	80,000	80,000	-	80,000
Contingency	1,410,037	1,410,037	-	1,410,037
Total expenditures	<u>9,186,681</u>	<u>9,186,681</u>	<u>4,176,342</u>	<u>5,010,339</u>
Revenues over (under) expenditures	<u>(9,116,681)</u>	<u>(9,116,681)</u>	<u>(3,689,445)</u>	<u>5,427,236</u>
OTHER FINANCING SOURCES (USES):				
Land sales proceeds	135,000	135,000	137,220	2,220
Transfers in	6,000,000	6,000,000	4,000,000	(2,000,000)
Total other financing sources (uses)	<u>6,135,000</u>	<u>6,135,000</u>	<u>4,137,220</u>	<u>(1,997,780)</u>
Net changes in fund balances	<u>(2,981,681)</u>	<u>(2,981,681)</u>	<u>447,775</u>	<u>3,429,456</u>
FUND BALANCES, BEGINNING	<u>2,981,681</u>	<u>2,981,681</u>	<u>1,925,360</u>	<u>(1,056,321)</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>2,373,135</u>	<u>\$ 2,373,135</u>
ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS):				
Notes and loans receivable			150,399	
Property held for sale			334,202	
FUND BALANCES (US GAAP BASIS), ENDING			<u>\$ 2,857,736</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, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 3,735,000	\$ 3,735,000	\$ 4,932,029	\$ 1,197,029
Interest	50,000	50,000	472,697	422,697
Miscellaneous	500	500	675	175
Total revenues	<u>3,785,500</u>	<u>3,785,500</u>	<u>5,405,401</u>	<u>1,619,901</u>
EXPENDITURES:				
Current:				
Debt service:				
Principal	2,000,000	2,000,000	1,053,250	946,750
Interest and fiscal charges	650,000	650,000	247,388	402,612
Contingency	8,350,392	8,350,392	-	8,350,392
Total expenditures	<u>11,000,392</u>	<u>11,000,392</u>	<u>1,300,638</u>	<u>9,699,754</u>
Revenues over (under) expenditures	<u>(7,214,892)</u>	<u>(7,214,892)</u>	<u>4,104,763</u>	<u>11,319,655</u>
OTHER FINANCING SOURCES (USES):				
Bond sale proceeds	12,000,000	12,000,000	9,955,500	(2,044,500)
Transfers out	(6,000,000)	(6,000,000)	(4,000,000)	2,000,000
Total other financing sources (uses)	<u>6,000,000</u>	<u>6,000,000</u>	<u>5,955,500</u>	<u>(44,500)</u>
Net change in fund balances	(1,214,892)	(1,214,892)	10,060,263	11,275,155
FUND BALANCE, BEGINNING	<u>3,214,892</u>	<u>3,214,892</u>	<u>6,646,075</u>	<u>3,431,183</u>
FUND BALANCE, ENDING	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>16,706,338</u>	<u>\$ 14,706,338</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 basis			<u>14,501</u>	
FUND BALANCES (US GAAP BASIS), ENDING			<u>\$ 16,720,839</u>	

OTHER FINANCIAL SCHEDULES

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2023

Fiscal Year	Uncollected June 30, 2022	Levy as Extended by Assessor	Discounts	Interest	Adjustments	Collections	Uncollected June 30, 2023
2022-2023	\$ -	\$ 5,061,128	\$ (676)	\$ 1,390	\$ (141,097)	\$ (4,846,426)	\$ 74,319
2021-2022	85,486	-	(587)	2,512	(6,329)	(54,520)	26,561
2020-2021	28,470	-	2	1,840	(2,431)	(15,967)	11,914
2019-2020	15,066	-	-	1,719	(636)	(11,769)	4,380
2018-2019	3,467	-	-	829	(378)	(2,517)	1,401
2017-2018	1,331	-	-	210	(71)	(520)	950
2016-2017 & Prior	2,226	-	-	(85)	(459)	(309)	1,373
	<u>\$ 136,047</u>	<u>\$ 5,061,128</u>	<u>\$ (1,261)</u>	<u>\$ 8,415</u>	<u>\$ (151,401)</u>	<u>\$ (4,932,029)</u>	<u>\$ 120,899</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 Comprehensive Annual Financial Reports 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>
2014	\$ 61,305,020	\$ 65,376,493	\$ 126,681,513
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	22,324,440	107,140,594

Source:
Clackamas County Finance Department

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			
	2014	2015	2016	2017
Expenses:				
Public ways and facilities	\$ 4,843,852	\$ 11,563,486	\$ 6,042,862	\$ 5,783,100
Interest and fiscal charges	231,467	217,304	202,483	187,000
Total Expenses	<u>5,075,319</u>	<u>11,780,790</u>	<u>6,245,345</u>	<u>5,970,100</u>
Program Revenues				
Charges for services	693,417	1,139,716	29,850	-
Operating grants and contributions	109,002	23,812	-	-
Total program revenues	<u>802,419</u>	<u>1,163,528</u>	<u>29,850</u>	<u>-</u>
Net (Expense)/Revenue	<u>(4,272,900)</u>	<u>(10,617,262)</u>	<u>(6,215,495)</u>	<u>(5,970,100)</u>
General Revenues:				
Property taxes levied for debt service	867,290	1,942,513	2,320,685	2,736,120
Earnings on investments	228,499	269,025	312,338	464,172
Gain (loss) on sales of property	-	-	-	-
Miscellaneous	324,733	2,219,786	2,218,663	98,957
Total general revenues	<u>1,420,522</u>	<u>4,431,324</u>	<u>4,851,686</u>	<u>3,299,249</u>
Total Change In Net Position	<u>\$ (2,852,378)</u>	<u>\$ (6,185,938)</u>	<u>\$ (1,363,809)</u>	<u>\$ (2,670,851)</u>

Source:
Clackamas County Finance Department

Fiscal Year

	2018	2019	2020	2021	2022	2023
	\$ 3,518,392	\$ 4,932,333	\$ 6,467,106	\$ 3,829,392	\$ 15,641,335	\$ 5,987,152
	170,857	168,667	86,580	152,808	98,505	307,686
	<u>3,689,249</u>	<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>
	424,455	446,378	483,257	281,013	136,175	108,767
		-	-	-	1,185,834	132,914
	<u>424,455</u>	<u>446,378</u>	<u>483,257</u>	<u>281,013</u>	<u>1,322,009</u>	<u>241,681</u>
	<u>(3,264,794)</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>
	3,077,547	3,222,864	3,518,922	3,747,277	4,174,007	4,916,883
	541,884	834,304	963,193	285,782	111,912	603,393
	-	1,966,548	711,514	-	-	600,760
	<u>779,617</u>	<u>32,857</u>	<u>150,678</u>	<u>517,774</u>	<u>278,346</u>	<u>473,521</u>
	<u>4,399,048</u>	<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>\$ 1,134,254</u>	<u>\$ 1,401,951</u>	<u>\$ (726,122)</u>	<u>\$ 849,646</u>	<u>\$ (9,853,566)</u>	<u>\$ 541,400</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			
	2014	2015	2016	2017
Restricted for:				
Debt service	\$ -	\$ -	\$ -	\$ -
Public ways and facilities	70,489,723	62,348,008	53,764,837	45,867,915
Total	\$ 70,489,723	\$ 62,348,008	\$ 53,764,837	\$ 45,867,915

Source:
Clackamas County Finance Department

Fiscal Year

2018	2019	2020	2021	2022	2023
\$ -	\$ 28,692,360	\$ 18,292,234	\$ 2,445,000	\$ 1,995,000	\$ 10,941,750
43,871,575	16,554,625	17,559,755	21,356,346	20,202,281	22,274,073
<u>\$ 43,871,575</u>	<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>

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			
	2014	2015	2016	2017
Revenues:				
Property taxes	\$ 1,656,850	\$ 1,933,455	\$ 2,302,204	\$ 2,723,261
Charges for services	693,417	1,139,716	153,285	412,598
Intergovernmental	109,002	23,812	-	500,000
Interest	228,499	269,025	312,338	464,172
Other revenues	119,044	2,219,786	735,465	98,957
Total revenues	<u>2,806,812</u>	<u>5,585,794</u>	<u>3,503,292</u>	<u>4,198,988</u>
Expenditures:				
Public ways and facilities				
Materials and services	1,304,859	5,764,456	1,222,210	1,181,495
Capital expenditures for urban renewal	822,249	3,271,273	274,818	2,925,766
Capital outlay	650,201	4,137,821	8,363,910	4,685,282
Special payments	-	-	2,475,971	3,427,419
Debt service:				
Principal	315,000	330,000	345,000	360,000
Interest	237,820	223,960	209,440	194,260
Total expenditures	<u>3,330,129</u>	<u>13,727,510</u>	<u>12,891,349</u>	<u>12,774,222</u>
Excess (deficiency) of revenues over expenditures	<u>(523,317)</u>	<u>(8,141,716)</u>	<u>(9,388,057)</u>	<u>(8,575,234)</u>
Other financing sources (uses):				
Issuance of debt	-	-	-	-
Land sales proceeds	205,659	-	804,886	678,312
Total other financing sources (uses)	<u>205,659</u>	<u>-</u>	<u>804,886</u>	<u>678,312</u>
Net change in fund balances	<u>\$ (317,658)</u>	<u>\$ (8,141,716)</u>	<u>\$ (8,583,171)</u>	<u>\$ (7,896,922)</u>
Debt service as a percentage of noncapital expenditures	29.8%	8.8%	13.0%	10.7%

Source:
Clackamas County Finance Department

Fiscal Year

	2018	2019	2020	2021	2022	2023
\$	3,106,085	\$ 3,241,778	\$ 3,511,674	\$ 3,741,471	\$ 4,137,062	\$ 4,932,846
	424,455	446,378	483,257	281,013	136,175	108,767
	-	-	-	-	1,185,834	132,914
	541,884	834,304	963,193	285,782	111,912	603,393
	779,617	32,857	150,678	517,774	278,346	473,521
	<u>4,852,041</u>	<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>
	1,078,000	1,031,200	963,788	1,013,030	1,008,616	1,045,283
	49,903	90,694	-	-	-	-
	5,157,840	3,467,641	13,671,584	15,307,153	5,887,198	3,844,438
	9,218	-	25,400	-	-	-
	375,000	395,000	410,000	430,000	450,000	1,053,250
	178,420	161,920	144,540	126,500	107,580	247,388
	<u>6,848,381</u>	<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>(1,996,340)</u>	<u>(591,138)</u>	<u>(10,106,510)</u>	<u>(12,050,643)</u>	<u>(1,604,065)</u>	<u>61,082</u>
	-	-	-	-	-	9,955,500
	-	1,966,548	711,514	-	-	1,001,960
	-	1,966,548	711,514	-	-	10,957,460
\$	<u>(1,996,340)</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>
	33.7%	35.1%	35.9%	35.5%	35.6%	55.4%

**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
2014	\$ 534,489,027	\$ 534,489,027	\$ 16,818,635	\$ 517,670,392	0.11	\$ 627,214,181	82.53 %
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

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		
2014 ⁽²⁾	\$ -	\$ -	\$ 0.11	\$ 0.11	\$ 2.97	\$ 1.31	\$ 2.19	\$ 7.03	\$ 1.07	\$ 2.09	\$ 0.77	\$ 17.53	
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	

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.
- (2) The urban renewal levy within the Clackamas Town Center was terminated in June 2013, adding assessed value back to the tax rolls.

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, 2023 AND NINE YEARS AGO

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
SRO Retail Portfolio I LLC	\$ 35,939,587	1	4.60 %	15,429,135	4	2.89 %
Fred Meyer Stores Inc	32,032,898	2	4.10	27,063,230	1	5.06
ROIC Oregon LLC	24,566,257	3	3.14			
Heirloom Investors LLC	22,757,451	4	2.91			
Clackamas Court-270 LLC	21,243,964	5	2.72	15763989	3	2.95
PCC Structurals Inc	19,015,737	6	2.43			
Portland General Electric	15,022,000	7	1.92			
WPC Crosswhite LLC	14,880,637	8	1.90	5,950,670	8	1.11
GEP XI Heatherbrae LLC	13,846,265	9	1.77			
Portland Paving Company Inc	12,608,155	10	1.61	9,663,103	6	1.81
Phillips Edison Co.				17,918,314	2	3.35
Guardian Management LLC				10,597,115	5	1.98
Mayes William E Trustee				8,252,509	7	1.54
Home Depot USA				5,779,877	9	1.08
Dicks Sporting Goods				5,712,879	10	1.07
Total	<u>\$ 211,912,951</u>		<u>27.10 %</u>	<u>\$ 122,130,821</u>		<u>22.84 %</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
2014 ⁽²⁾	\$ 1,696,068	\$ 1,607,597	94.78 %	\$ 33,833	\$ 1,641,430	96.78 %
2015	1,989,738	1,889,474	94.96	33,995	1,923,469	96.67
2016	2,377,317	2,260,795	95.10	35,575	2,296,370	96.60
2017	2,808,232	2,676,460	95.31	32,396	2,708,856	96.46
2018	3,163,666	3,012,293	95.22	19,028	3,031,321	95.82
2019	3,339,968	3,193,948	95.63	42,512	3,236,460	96.90
2020	3,617,635	3,457,091	95.56	49,064	3,506,155	96.92
2021	3,849,777	3,683,991	95.69	40,731	3,724,722	96.75
2022	4,296,898	4,085,429	95.08	52,009	4,137,437	96.29
2023	5,061,128	4,846,426	95.76	-	4,846,426	95.76

Notes:

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

(2) The urban renewal levy within the Clackamas Town Center was terminated in June 2013, adding assessed value back to the tax rolls.

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
2014	\$ 5,090,000	\$ -	0.56 %	271 %	0.98 %
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	-	N/A	93	0.22
2023	10,941,750	-	N/A	504	1.40

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, 2023

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Clackamas County	\$ 105,100,000	0.0003 %	\$ 315
Mt Hood Community College	73,420,000	0.0005	367
Clackamas County Education Service District	19,855,267	0.0004	60
Clackamas County School District #46 (Oregon Trail)	71,866,276	0.0004	3,018
Clackamas Soil & Water Conservation	5,416,000	0.0003	16
Other debt:			
Port of Portland	39,375,000	0.0001	39
Mt. Hood Community College	27,793,066	0.0005	139
Subtotal overlapping debt			3,954
Agency direct debt			<u>10,941,750</u>
Total direct and overlapping debt			<u>\$ 10,945,704</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit *	\$ 87,000,000	\$ 87,000,000	\$ 87,000,000	\$ 87,000,000
Total net debt applicable to limit	<u>5,090,000</u>	<u>4,760,000</u>	<u>4,415,000</u>	<u>4,055,000</u>
Legal debt margin	<u>\$ 81,910,000</u>	<u>\$ 82,240,000</u>	<u>\$ 82,585,000</u>	<u>\$ 82,945,000</u>
Total net debt applicable to the limit as a percentage of debt limit	5.85%	5.47%	5.07%	4.66%

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

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 87,000,000	\$ 87,000,000	\$ 87,000,000	\$ 87,000,000	\$ 87,000,000	\$ 87,000,000
<u>3,680,000</u>	<u>3,285,000</u>	<u>2,875,000</u>	<u>2,445,000</u>	<u>1,995,000</u>	<u>10,010,549</u>
<u>\$ 83,320,000</u>	<u>\$ 83,715,000</u>	<u>\$ 84,125,000</u>	<u>\$ 84,555,000</u>	<u>\$ 85,005,000</u>	<u>\$ 76,989,451</u>
4.23%	3.78%	3.30%	2.81%	2.29%	11.51%

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

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income (1)</u>	<u>Clackamas County Unemployment Rate (2)</u>
2014	18,778	\$ 914,732,714	\$ 48,713	6.6 %
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	1,522,320,160	71,504	6.9
2022	21,503	N/A	N/A	3.8
2023	21,718	N/A	N/A	3.9

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, 2023 AND NINE YEARS AGO

Employer	2023			2014		
	Employees	Rank	Percentage of Total ⁽²⁾	Employees	Rank	Percentage of Total ⁽²⁾
Intel Corp.	22,328	1	.02 %	16,700	1	.01 %
Providence Health & Services	19,687	2	.01	14,132	2	.01
Oregon Health & Sciences University	18,497	3	.01	14,106	3	.01
Nike Inc.	15,125	4	.01	7,000	10	.01
Legacy Health	13,087	5	.01	9,835	7	.01
Kaiser Permanente	12,262	6	.01	9,896	6	.01
Fred Meyer	9,374	7	.01	10,176	5	.01
Portland Public Schools	6,814	8	.01			
City of Portland	6,483	9	.00	9,318	8	.01
Multnomah County	5,307	10	.00			
U.S. Federal Govt.				13,900	4	.01
State of Oregon				7,559	9	.01
Total	128,964		0.09 %	112,622		0.10 %

Sources:

(1) Statistics are the latest available data published in the Portland Business Journal *Book of Lists 2023*, 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>
2014	5.00
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

Source:
Clackamas County Finance Department

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

	2014	2015	2016	2017
Assessed value North Clackamas Revitalization Area ⁽²⁾	\$ 517,670,392	\$ 539,450,809	\$ 587,672,926	\$ 619,338,610
Change from prior year	15,844,318	21,780,417	48,222,117	31,665,684
Percentage change	3.16 %	4.21 %	8.94 %	5.39 %
Assessed value all areas	\$ 517,670,392	\$ 539,450,809	\$ 587,672,926	\$ 619,338,610
Change from prior year	(567,923,848)	21,780,417	48,222,117	31,665,684
Percentage change	(52.31) %	4.21 %	8.94 %	5.39 %

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

	2018	2019	2020	2021	2022	2023
	\$ 645,961,693	\$ 674,266,726	\$ 698,154,272	\$ 719,168,746	\$ 973,229,546	\$ 833,557,775
	26,623,083	28,305,033	23,887,546	21,014,474	254,060,800	(139,671,771)
	4.30 %	4.38 %	3.54 %	3.01 %	35.33 %	(14.35) %
	\$ 645,961,693	\$ 674,266,726	\$ 698,154,272	\$ 719,168,746	\$ 973,229,546	\$ 833,557,775
	26,623,083	28,305,033	23,887,546	21,014,474	254,060,800	(139,671,771)
	4.30 %	4.38 %	3.54 %	3.01 %	35.33 %	(14.35) %

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

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, 2023, 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 22, 2023.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weakness.

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*.

The Agency's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Agency's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Agency's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Portland, Oregon
December 22, 2023

Clackamas County Development Agency
(A Component Unit of Clackamas County, Oregon)
Schedule of Findings and Responses
Year Ended June 30, 2023

FINDING 2023-001—Reporting Property Held for Sale Transactions

Criteria – Governments occasionally acquire redevelopment properties. These properties held for sale are considered financial assets because they are intended to be sold, rather than used for the government’s operations.

Condition – The Agency had various property purchases, sales and transfers that were reported incorrectly in the financial statements. This resulted in material misstatements in the Agency’s North Clackamas Revitalization Area Fund financial statements, which is a major fund. Misstatements of less magnitude resulted in the financial statements of the Governmental Activities and Clackamas Industrial Development Area Fund.

Context – The North Clackamas Revitalization Area Fund has not had property held for sale for more than 20 years, and this year it had several transactions.

Effect – The North Clackamas Revitalization Area Fund financial statements as of June 30, 2023 understated property held for sale and overstated expenditures by \$334,202, and the Clackamas Industrial Development Area Fund financial statements overstated property held for sale and understated expenditures by \$165,680.

In addition, the Governmental Activities financial statements overstated capital assets by \$1,596,286, overstated gain from property held for sale by \$401,200, understated expenses by \$1,026,564, and understated property held for sale by \$168,522.

Cause – The Agency identified the property transactions. However, during the financial reporting process, there was confusion over which fund was carrying out the transaction and whether or not it was a transaction with capital assets or a property held for sale.

Recommendation – We recommend the County provide staff education and training over transactions occurring between capital assets and property held for sale, including how to value such assets.

Response – The County Finance Department acting on behalf of the Agency will update training procedures on transactions occurring between capital assets and property held for sale.

**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, 2023, 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 22, 2023.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weakness.

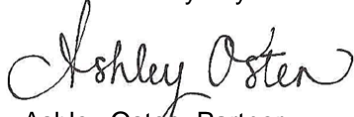
The Agency's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Agency's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Agency's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 22, 2023