

Clackamas County Development Agency

(A Component Unit of Clackamas County, Oregon)



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

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

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

Prepared by:

Clackamas County Department of Finance
Marc S. Gonzales, Director of Finance
Christa Bosserman Wolfe, Assistant Finance Director, CPA
David Bodway, Finance Manager

**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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REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH OREGON MINIMUM AUDIT STANDARDS	60
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INTRODUCTORY SECTION



DAN JOHNSON
MANAGER

DEVELOPMENT AGENCY

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

November 15, 2016

To the Citizens of Clackamas County:

The Comprehensive Annual Financial Report of the Clackamas County Development Agency (the Agency), an Urban Renewal Agency, for the fiscal year ending June 30, 2016 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 four urban renewal districts in unincorporated Clackamas County. These districts are the Clackamas Town Center Development Area, the North Clackamas Revitalization Area, the Clackamas Industrial Development Area and the Government Camp Village Revitalization 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, 2016. 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 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 four urban renewal areas through fiscal year 2016. Three of 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 programmed over the upcoming years to complete remaining projects within the plan area.

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 is bordered by the County line to the north, the city of Milwaukie to the west, Monroe Street on 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 have focused on expanded sewer service and accessibility to these services in the area, future projects and programs will emphasize improving housing, reducing crime, upgrading the transportation system and generally increasing livability for current residents.

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, control flooding and 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.

The **Government Camp Village Revitalization Area**, in the village of Government Camp on Mt. Hood in far eastern Clackamas County, straddles U.S. Highway 26, the major roadway from the Portland metropolitan area to central and eastern Oregon, and is surrounded by Mt. Hood National

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Forest. The objective of the Government Camp Plan was to target public investment to revitalize this mountain community into a recreation destination and to encourage private developments such as resorts, hotels, condominiums, retail, restaurants, recreational facilities and single-family homes. Government Camp now has a wide range of year-round recreational opportunities (including close proximity to the only year-round Alpine skiing in the lower 48 states) and scenic vistas. As a result of urban renewal investments, Government Camp has become the retail and recreational center of Mt. Hood. With most major projects completed, the Agency terminated the tax levy in Government Camp in 2009. During fiscal year 2015-16, remaining projects were completed with carryover funds that remained in the district's budget. These are the Area's final financial statements.

Local Economy

As a whole, Clackamas County has experienced steady growth in population and development. County population increased from 313,000 in 1997 to an estimated 397,000 in 2015.

- In the **Clackamas Town Center Area**, assessed values were \$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 over the life of the plan an additional \$704 million of assessed value to the tax rolls. (The area of the plan was reduced in 1988 adding \$90 million to the tax rolls, and in 2005, adding \$48 million back. The final assessed value of \$584 combined with the value of the plan reduction areas totals \$704 million).
- The **North Clackamas Revitalization Area** was valued at \$539 million in 2015, up from \$397.7 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 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 added \$253.5 million to the general tax rolls and reduced the size of the district by 50 percent. In 2006 when the tax levy was ended, the assessed value of the remaining district was \$323 million.
- Assessed property values in the **Government Camp Area** have increased greatly, from \$24 million when the urban renewal plan was adopted in 1989 to \$160 million when the tax levy was terminated in 2009. Improved infrastructure and support for façade improvements and private development have resulted in the community becoming a popular year-round vacation destination.

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 three of the four urban renewal areas, the majority of this assessed value has been added back to the tax rolls to assist overlapping taxing districts in the provision of services to the citizens of Clackamas County.

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

Along with the rest of the country, Oregon has been experiencing significant recovery since the recession of 2008 and currently ranks fourth in the nation for job growth. Over the past year the job growth rate has risen to 3.5%, adding 50,000 jobs (Oregon State Office of Economic Analysis). The industries that are currently seeing the most growth are healthcare, leisure and hospitality, financial services and manufacturing (Oregon Employment Department).

The Portland area and Clackamas County have exceeded the rest of the state in terms of job growth. In terms of unemployment, Oregon ranked eighteenth highest in the nation with a rate of 5.2%, at the end of the fiscal year (U.S. Dept. of Labor). Clackamas County's rate fell from 5.9% at the end of the last fiscal year, to a rate of 5.3% in Sept. 2016. Portland's rate was just slightly higher at 5.4%, and both were just slightly higher than the National average of 4.9%.

The housing market is booming due to a shortage in supply but high demand. Median home prices in the County are approximately \$352,000. Home values continue to climb with an increase of approximately 12% over the past 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 commercial and industrial development is needed to restore the balance, and Agency activities have and are continued to expect 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 in new jobs and to promote a positive image, with resulting increases in assessed values that also support infrastructure development. Over the long run, urban renewal accomplishes what other funding streams cannot because it provides a framework for planning, sequencing and implementing long-term projects that provides for community-wide 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 or correct 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 originally 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.

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- The **NCRA Plan** addresses improved public health and safety in a mix of affordable housing types and mixed-use neighborhoods that provide retail, economic, educational, transportation and recreational opportunities.
- Goals established in the **CIA Plan** called for the reduction of traffic congestion, improved drainage, flood control, economic development and creation of new jobs.
- The **Government Camp Village Revitalization Plan** called for enlivening the mountain community through enhancement of infrastructure and overall appearance, especially in the retail core, diversification of recreational uses, improved local access and circulation, and increased winter parking.

Major Initiatives

The Agency encourages high quality development and economic prosperity in the County and administers its four 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.
- Government Camp Village Revitalization Area - a mountain residential and tourist community with historical significance and numerous recreation opportunities.

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 are formed to revitalize “blighted areas” as defined in 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:

- 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

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the Clackamas Town Center Area was terminated, adding \$566 million to the tax rolls, and \$704 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.

Clackamas Regional Center Working Group: Prior to the June 2013 termination of the Clackamas Town Center levy, there was an intensive assessment of the remaining needs of the community. In May 2012 the Clackamas Regional Center Working Group was formed to discuss and identify the local community's priorities and recommend the projects to be implemented with the remaining funds available to the district. The Working Group was comprised of representatives from area businesses, community organizations, local service districts, neighboring jurisdictions and residents. The effort included open house events and web-based surveys to vet the findings and project recommendations with the community. Projects were identified, and the Committee worked with staff to develop a final work program for the Board of County Commissioners that identified the highest priority projects to benefit the community and promote economic growth in the area. This work program was designed to provide staff with a more refined focus to assist with future budgeting and scheduling of construction activity within the district. The work program was presented to the Board of County Commissioners for consideration. The following projects were prioritized by the Board for design or construction:

Monterey Extension (82nd to Fuller): The construction of a westerly extension of Monterey Avenue that will continue from 82nd Avenue to Fuller Road began in May 2015. This project will provide much-needed east-west connectivity, which is a priority of the Clackamas Regional Center Working Group. Construction was completed in December of 2015.

Sunnyside/Stevens Intersection: The intersection currently experiences frequent queuing and congestion issues, and serves as the primary access to Kaiser Hospital. The project will include lane and signal modifications that may include additional turn lanes, extensions or realignments. Design is scheduled to be completed by spring 2017, with construction to begin shortly thereafter.

Boyer Drive Extension: Design is complete on an extension of Boyer Drive from 82nd Avenue to Fuller Road in order to provide improved east-west connections in the area. The intersection at Fuller/King will also be modified to address safety issues as part of this project. Construction is scheduled to begin in spring 2017.

Otty Street Realignment: Currently, the intersection of Otty at 82nd Avenue is offset, creating safety and circulation issues. Construction is underway that will realign Otty west of 82nd to the existing intersection of Otty to the east of 82nd. The project is expected to be complete by December 2016.

Public Partnerships: This project will focus on implementing remaining goals of the Clackamas Town Center Plan and will be completed in partnership with other public entities in the Clackamas Regional Center Area.

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November 15, 2016

Disposition and Development Agreements: The Agency owns a number of properties throughout the Town Center area that were primarily acquired for right-of-way. The Agency continues to actively market these sites for development.

CLACKAMAS INDUSTRIAL AREA (CIA)

Adding Back: As in the Clackamas Town Center Area, in the Clackamas Industrial Area the Agency remains focused on the needs of our overlapping taxing partners. In 2001, when most of the projects in the area had been completed, a major amendment reduced the total area of the district by 50 percent and allowed property with an assessed value of \$263 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 \$436 million of additional assessed value to the general rolls. 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 Area is working on the following projects:

Sunrise Corridor Construction: With the passing of House Bill 2001 by the Oregon Legislature in 2009, construction funding became available for the early phases of the Sunrise Project, also known as the Sunrise Mainline Project. Over the past decade the Agency has been instrumental in moving this project from concept to construction. Through advanced right-of-way acquisition, the Agency placed the first building blocks to realize construction of a regional asset of this nature. Over the following year, the Agency coordinated with the Oregon Department of Transportation (ODOT) during construction and conveyed of real property assets to ODOT for right-of-way purposes. The Sunrise Corridor opened July 1, 2016.

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 and the Oregon Department of Transportation are continuing negotiation for the conveyance of sizable portions of the site for the construction of Minuteman Way, a local connection between Mather and Lawnfield Road, and Phase 1 of the Sunrise. While these transactions will reduce the Agency's overall real property interest in the site, the Agency continues to monitor the soil remediation program implemented by the federal Environmental Protection Agency (EPA).

Clackamas Industrial Area Opportunity Site: The Agency has been actively marketing a 70-acre industrial site in the Capps Road area south of Highway 212. The Agency is targeting sustainable industries that will provide family wage jobs and increase the tax base in the area. A master plan for the site was completed in fiscal year 2010-11 and the site received certification from the State of Oregon that it is "shovel-ready" to support industrial development. The Agency completed construction of an extension of SE 120th Avenue in the fall of 2015.

NORTH CLACKAMAS REVITALIZATION AREA (NCRA)

Added value: The North Clackamas Revitalization Area project has increased assessed property value from \$392 million in 2006 to \$539 million in fiscal year 2014-15, a \$141 million growth in value. Projects like local transportation and sewer improvements have improved economic vitality in the area and are expected to increase the value of the tax rolls.

Street Improvements: The Agency held several open houses last fiscal year to receive input from NCRA residents to help establish priorities for street improvement projects. Discussions have included projects to improve streets by repairing the road base, repaving, installing sidewalks and bicycle lanes, adding safety and storm water facilities, and landscaping. Several high priority projects were pinpointed to be carried out in the near term:

Bell Avenue Improvements: Previously bicycle lanes and sidewalks were only available on a portion of Bell Avenue. This project will provide complete sidewalks and bicycle lanes the entire length of Bell between SE King Road and Johnson Creek. Local drainage improvements will also be part of the project. Phase 1 of the project was completed in 2015. Phase 2 began in Spring of 2016 and will provide pedestrian and safety improvements, as well as storm water facilities between Sandview and SE Brehaut.

Sewer and Street Improvements: Annexation of the portions of the NCRA without sewer service into Clackamas County Service District No.1, the first step toward providing sanitary sewer service to all residents in this community, was approved in 2008. Design for the sewer system began in fall 2008, construction began in fall 2009, and all three phases of construction were completed by fall 2012. The Agency supported these efforts by providing capital funding in the amount of \$2,200 per eligible property to residents to help offset the cost of connecting to sewer, and providing an additional contribution toward sewer construction costs to reduce assessments by \$1,250 per eligible property. The Agency also implemented a grant program in 2013 to assist eligible residents in the area by paying the principal on their annual sewer assessment fees. The program will be run on an annual basis and will continue through the 20-year assessment installment payment period.

Housing Assistance: Housing rehabilitation and down payment assistance loan programs have been established. The first owner-occupied rehabilitation loan was awarded and completed in 2008. Since the program's inception, a total of thirteen home buyer down-payment assistance loans, twenty-five owner occupied rehabilitation loans, and one rental rehabilitation loan have been granted.

GOVERNMENT CAMP VILLAGE REVITALIZATION AREA

Adding Back: As in the Clackamas Town Center Area and Clackamas Industrial Area, the Agency was proactive in terminating the district and adding value to the tax rolls. In 2009, the Government Camp levy was terminated, which added approximately \$136 million to the tax rolls. This is the final financial report for the Area.

Fire Safety Improvements: The Agency is partnered with the Hoodland Fire District to complete a remodel of the Fire Station in Government Camp. The Agency provided funds

To the Citizens of Clackamas County
November 15, 2016

for design and construction. The Fire District will manage all aspects of the project and the improvements are the assets of the District.

Awards and Acknowledgements

For the 22nd 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 Comprehensive Annual Financial Report for the fiscal year ending June 30, 2015. In order to receive this award, a government must publish an easily readable and efficiently organized comprehensive annual 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 Comprehensive Annual 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 Comprehensive Annual Financial Report on a timely basis was made possible by the assistance of the staff of the Clackamas County Department of Finance, Division of Financial Management. Each member of the Financial Accounting and Reporting team has our sincere appreciation for the contributions made in the preparation of this report.

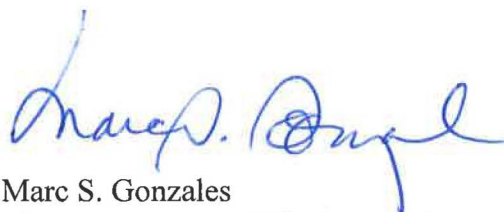
Grateful acknowledgment is also made to the Board of County Commissioners and the County Administrator, whose leadership and support made the preparation of this report possible.

Sincerely,

CLACKAMAS COUNTY DEVELOPMENT AGENCY



Dan Johnson
Assistant Director of Development Services



Marc S. Gonzales
Finance Director of Clackamas County



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

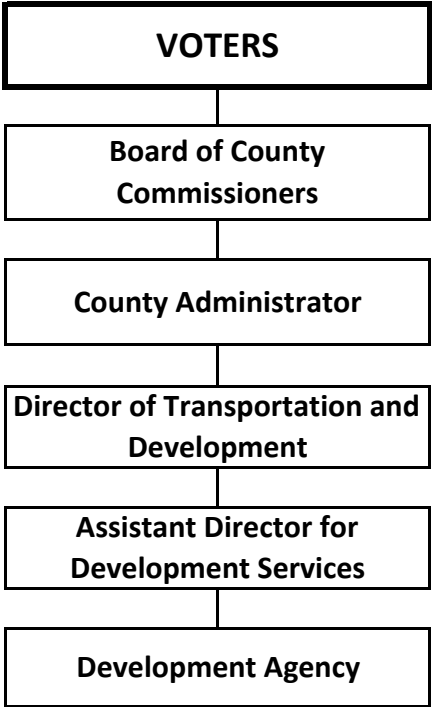
Clackamas County Development Agency
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

**Department of Transportation & Development
Development Agency
FY 2015-2016**



**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, 2016

<u>Name</u>	<u>Term Expires</u>
John Ludlow, Chair Public Services Building	December 31, 2016
Jim Bernard, Commissioner Public Services Building	December 31, 2018
Paul Savas, Commissioner Public Services Building	December 31, 2018
Martha Schrader, Commissioner Public Services Building	December 31, 2016
Tootie Smith, Commissioner Public Services Building	December 31, 2016

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 Financial Statements

We have audited the accompanying 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, 2016, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

MOSS ADAMS_{LLP}

Opinions

In our opinion, the 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, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The individual fund schedules on pages 28 through 33 and schedule of property tax transactions on page 34 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

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

MOSS ADAMS_{LLP}

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

Reports of Other Legal and Regulatory Requirements***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2016 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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 issued our report dated November 15, 2016, on our consideration of the Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Eugene, Oregon
November 15, 2016

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, 2016**

This discussion and analysis of Clackamas County Development Agency offers readers a narrative overview of financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements, and the notes to the basic financial statements.

FINANCIAL HIGHLIGHTS

- Assets of the Agency exceeded liabilities at the close of the fiscal year by \$119,131,766. Of this amount, \$50,046,070 is available to meet the Agency's ongoing obligations. The remainder is invested in capital assets.
- Overall, the Agency reported a decrease in net position of \$1,363,809, or 1.1%, for the year. General revenues for the year were \$4,851,686, an increase of 9.5%, due to an increase in the property taxes and earnings on investments. Public ways and facilities reports \$6,166,297 as program-specific expenses in excess of direct program revenues.
- The governmental funds reported a combined ending fund balance of \$53,764,837. The ending fund balance also includes a decrease from operations of \$8,583,171, which is primarily due to the Agency working on projects that were budgeted for and using the existing fund balance since they have terminated three of four tax levies.
- Total assets entity-wide decreased \$2,300,468, or 1.8%, over the prior year. The net decrease is due primarily to the spending of cash on projects.

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 government-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 (Continued)
YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position of the Agency decreased 1.1%, from the prior year due to increased spending on projects for the urban renewal areas. Decreases arise from the excess of expenses over revenues in the Statement of Activities and flows to the Statement of Net Position. This decrease in net position is directly related to a significant drop in charges for services due to the termination of three of four tax levies.

Statement of Net Position

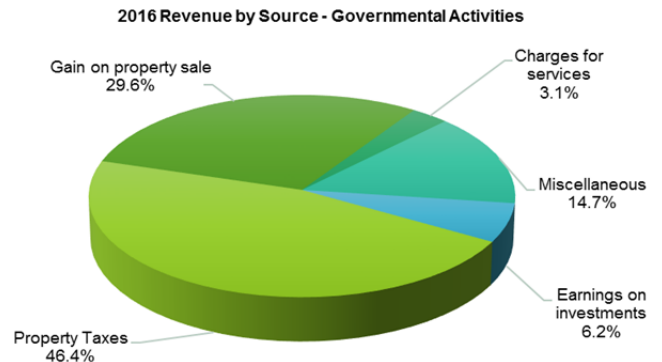
A condensed version of the Statement of Net Position for fiscal years ended June 30, 2016 and 2015 follows:

	2016	2015
Assets:		
Current assets	\$ 47,906,624	\$ 54,217,528
Property held for sale	7,596,782	9,756,958
Capital assets	69,085,696	62,915,084
Total assets	124,589,102	126,889,570
Liabilities		
Current liabilities	1,402,336	1,978,995
Liabilities due after one year	4,055,000	4,415,000
Total liabilities	5,457,336	6,393,995
Net position:		
Investment in capital assets	69,085,696	62,915,084
Restricted for public ways and facilities	50,046,070	57,580,491
Total net position	\$ 119,131,766	\$ 120,495,575

Current assets decreased \$6,310,904, or 11.6%, during the year, due primarily to a decrease in cash of \$8,696,951, or 16.1% over the prior year. The significant decrease in cash was spending on capital projects. Capital assets increased by \$6,170,612 or 9.8%. The total change in net position is discussed in the financial highlights section.

Statement of Activities

Total general revenues increased \$420,362, or 9.5%, during fiscal year 2016, primarily due to the increase in property taxes charges for services and earnings on investments.



**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Statement of Activities (Continued)

During the year, program expenses for public ways and facilities decreased by \$5,520,624, or 47.7%. The decrease can be attributed to slightly less activity in capital projects. Overall, the decrease in program expenses along with a large drop in total revenues contributed to the decrease in net position of \$1,363,809, or 1.1%, during fiscal year 2016.

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

	2016	2015
Revenues:		
Program revenues:		
Charges for services	\$ 153,285	\$ 1,139,716
Operating grants and contributions	-	23,812
	153,285	1,163,528
Total program revenues		
General revenues:		
Property taxes levied for debt service	2,320,685	1,942,513
Earnings on investments	312,338	269,025
Gain on property sale	1,483,198	2,170,383
Miscellaneous	735,465	49,403
	4,851,686	4,431,324
Total general revenues		
Total revenues		
	5,004,971	5,594,852
Expenses:		
Public ways and facilities	6,166,297	11,563,486
Interest and fiscal charges	202,483	217,304
	6,368,780	11,780,790
Total expenses		
Change in net position	(1,363,809)	(6,185,938)
Net position , beginning of year	120,495,575	126,681,513
Net position , end of year	\$ 119,131,766	\$ 120,495,575

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 supplemental 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 \$53,764,837. Approximately 86% of this total (or \$46,168,055) constitutes restricted fund balance, which is available for all approved projects within each of the Agency's four urban renewal districts. The remaining 14% of total fund balance (or \$7,596,782) is reported as non-spendable fund balance. This represents items not spendable in form, such as property held for sale (also known as redevelopment properties).

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2016**

FUND ANALYSIS (Continued)

The Clackamas Town Center Development Area Fund balance decreased by \$6,203,688, or 37.8%, mainly due to ongoing capital projects expenditures during this fiscal year. However, the Fund has sufficient operating reserves remaining in fund balance to complete the projects identified by the Board.

The Clackamas Industrial Development Area Fund reports a decrease in fund balance of \$1,828,936, or 18.3%, mainly due to sales of land parcels 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 Fund balance decreased by \$2,220,210, or 67.3%, mainly due to ongoing capital projects expenditures during this fiscal year. However, the Fund has sufficient operating reserves remaining in fund balance to complete the projects identified by the Board.

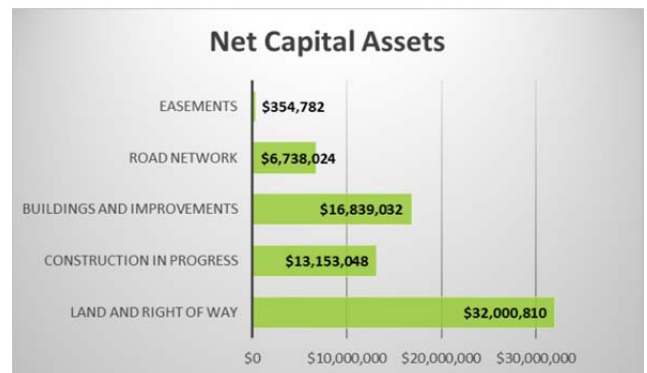
The Government Camp Development Area Fund balance decreased by \$292,107, or 100%, mainly due to program expenses for fire safety improvements and has no remaining fund balance. This is the final financial report for the Government Camp Development Area as the urban renewal area has completed its lifecycle.

The Clackamas Town Center Tax Increment Fund balance increased by \$202,230, or 0.6%, due to interest earnings. The fund holds significant operating reserves for the Agency.

The North Clackamas Revitalization Area Tax Increment Fund reports an increase in fund balance of \$1,759,540, or 576.2%, mainly due to property tax revenues in excess of debt payments.

CAPITAL ASSETS

As of June 30, 2016, the Agency had \$69,085,696 in capital assets net of depreciation. Net capital assets increased by \$6,170,612 due to the addition of assets and depreciation as seen in the notes to the basic financial statements. Please see Notes 1 and 7 to the notes to the basic financial statements for the Agency's capital asset policies and activity.



DEBT ADMINISTRATION



In 2012, new Urban Renewal Bonds were issued to finance sewer 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, 2016 for bonds payable was \$4,415,000. Please see Note 8 in the notes to basic financial statements for more detail.

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2016**

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 four urban renewal tax increment financing (TIF) districts: Clackamas Town Center Development Area (CTC), Clackamas Industrial Development Area (CIA), Government Camp Development Area (GC) and the North Clackamas Revitalization Area (NCRA). Each TIF district levies a property tax on the new growth (or incremental assessed value) within the District since its formation. The levy is comprised of the total consolidated tax rate of all overlapping taxing districts times the incremental assessed value in thousands. Tax revenues are pledged to developing and completing projects contained in each area plan. Projects are designed to remove or resolve the influences that inhibit or slow growth in the plan area. For those levies that have terminated (CTC in 2013, GC in 2009, 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 as approved by the Board are being completed.

In December 2001, the Oregon Supreme Court issued its *Shilo v. Multnomah County et. al.* decision. The effect of the decision was that all revenues received by TIF programs are considered "Other Government" revenues regardless of levy origin and are subject to compression testing under Measure 5 at \$10 per \$1,000 of taxable assessed valuation. Impacts vary from one jurisdiction to the next depending on the local government tax rate and amount of TIF collections. To date, there is no material compression loss to Agency TIF revenues due to the *Shilo* decision.

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 decreased 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

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
ASSETS:	
Cash and investments	\$ 45,309,958
Property taxes receivable	117,999
Grants receivable	743
Accounts receivable	2,347,100
Loans receivable	130,824
Property held for sale	7,596,782
Capital assets:	
Capital assets not being depreciated	45,153,858
Capital assets being depreciated, net	23,931,838
TOTAL ASSETS	124,589,102
LIABILITIES:	
Accounts payable	759,070
Accrued interest payable	89,036
Due to Clackamas County	174,944
Deposits	19,286
Noncurrent liabilities	
Bonds payable within one year	360,000
Bonds payable after one year	4,055,000
TOTAL LIABILITIES	5,457,336
NET POSITION:	
Investment in capital assets	69,085,696
Restricted for public ways and facilities	50,046,070
TOTAL NET POSITION	\$ 119,131,766

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

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

ACTIVITIES	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Change in Net Position
Public ways and facilities	\$ 6,166,297	\$ 153,285	\$ (6,013,012)
Interest and fiscal charges	202,483	-	(202,483)
 Total	\$ 6,368,780	\$ 153,285	(6,215,495)
 GENERAL REVENUES:			
Property taxes levied for debt service			2,320,685
Earnings on investments			312,338
Gain on property sales			1,483,198
Miscellaneous			735,465
TOTAL GENERAL REVENUES			4,851,686
 CHANGE IN NET POSITION			 (1,363,809)
 NET POSITION, July 1, 2015			 120,495,575
NET POSITION, June 30, 2016			\$ 119,131,766

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

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	Capital Projects Funds				Debt Service Funds		Total
	Clackamas Town Center Development Area Fund	Clackamas Industrial Development Area Fund	North Clackamas Revitalization Area Fund	Government Camp Development Area Fund	Clackamas Town Center Tax Increment Fund	North Clackamas Revitalization Area Tax Increment Fund	
ASSETS:							
Cash and investments	\$ 6,973,510	\$ 2,324,229	\$ 1,671,370	\$ 38,982	\$ 32,248,038	\$ 2,053,829	\$ 45,309,958
Property taxes receivable	-	-	-	-	-	117,999	117,999
Accounts receivable	2,347,100	-	-	-	-	-	2,347,100
Grants receivable	743	-	-	-	-	-	743
Note and loans receivable, net	-	-	130,824	-	-	-	130,824
Due from other funds	182,751	-	-	-	-	-	182,751
Property held for sale	1,706,993	5,889,789	-	-	-	-	7,596,782
TOTAL ASSETS	\$ 11,211,097	\$ 8,214,018	\$ 1,802,194	\$ 38,982	\$ 32,248,038	\$ 2,171,828	\$ 55,686,157
LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:							
LIABILITIES:							
Accounts payable	\$ 282,767	\$ 6,218	\$ 431,103	\$ 38,982	\$ -	\$ -	\$ 759,070
Due to other funds	-	-	182,751	-	-	-	182,751
Due to Clackamas County	51,199	15,921	107,824	-	-	-	174,944
Deposits	7,500	11,786	-	-	-	-	19,286
TOTAL LIABILITIES	341,466	33,925	721,678	38,982	-	-	1,136,051
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenue - property sale	678,312	-	-	-	-	-	678,312
Unavailable revenue - property taxes	-	-	-	-	-	106,957	106,957
TOTAL DEFERRED INFLOWS OF RESOURCES	678,312	-	-	-	-	106,957	785,269
FUND BALANCES:							
Nonspendable	1,706,993	5,889,789	-	-	-	-	7,596,782
Restricted	8,484,326	2,290,304	1,080,516	-	32,248,038	2,064,871	46,168,055
TOTAL FUND BALANCES	10,191,319	8,180,093	1,080,516	-	32,248,038	2,064,871	53,764,837
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:	\$ 11,211,097	\$ 8,214,018	\$ 1,802,194	\$ 38,982	\$ 32,248,038	\$ 2,171,828	\$ 55,686,157

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

**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, 2016**

TOTAL FUND BALANCES		\$ 53,764,837
Total net position in the Statement of Net Position is different because:		
Capital assets, net of depreciation, are not resources for budgetary purposes and therefore are not reported in the governmental funds.		69,085,696
Long-term liabilities, are not reported as governmental fund liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expense when it is due. These non-governmental fund liabilities consist of:		
Accrued interest	\$ (89,036)	
Bonds payable	<u>(4,415,000)</u>	
		(4,504,036)
The Agency's sale proceeds are collected after year-end, but are not collected soon enough to be available as financial resources for the current year. The revenues related to these receivables are deferred and not reported in the governmental funds.		678,312
A portion of the Agency's property taxes are collected after year-end, but are not collected soon enough to be available as financial resources for the current year. The revenues related to these receivables are deferred and not reported in the governmental funds.		<u>106,957</u>
TOTAL NET POSITION		<u><u>\$ 119,131,766</u></u>

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

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	Capital Projects Funds				Debt Service Funds		Total
	Clackamas Town Center Development Area Fund	Clackamas Industrial Development Area Fund	North Clackamas Revitalization Area Fund	Government Camp Development Area Fund	Clackamas Town Center Tax Increment Fund	North Clackamas Revitalization Area Tax Increment Fund	
REVENUES:							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,302,204	\$ 2,302,204
Charges for services	153,285	-	-	-	-	-	153,285
Interest	59,799	18,938	18,402	1,193	202,230	11,776	312,338
Miscellaneous	488,410	144,592	102,451	12	-	-	735,465
TOTAL REVENUES	701,494	163,530	120,853	1,205	202,230	2,313,980	3,503,292
EXPENDITURES:							
Public ways and facilities:							
Materials and services	487,007	249,484	471,631	14,088	-	-	1,222,210
Expenditures for urban renewal	343	7,795	26,438	240,242	-	-	274,818
Capital outlay	4,875,655	1,735,187	1,753,068	-	-	-	8,363,910
Special payments	2,347,063	-	89,926	38,982	-	-	2,475,971
Debt service:							
Principal	-	-	-	-	-	345,000	345,000
Interest and fiscal charges	-	-	-	-	-	209,440	209,440
TOTAL EXPENDITURES	7,710,068	1,992,466	2,341,063	293,312	-	554,440	12,891,349
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,008,574)	(1,828,936)	(2,220,210)	(292,107)	202,230	1,759,540	(9,388,057)
OTHER FINANCING SOURCES:							
Gain on property sales	804,886	-	-	-	-	-	804,886
TOTAL OTHER FINANCING SOURCES (USES):	804,886	-	-	-	-	-	804,886
NET CHANGE IN FUND BALANCES	(6,203,688)	(1,828,936)	(2,220,210)	(292,107)	202,230	1,759,540	(8,583,171)
FUND BALANCE, June 30, 2015	16,395,007	10,009,029	3,300,726	292,107	32,045,808	305,331	62,348,008
FUND BALANCE, June 30, 2016	\$ 10,191,319	\$ 8,180,093	\$ 1,080,516	\$ -	\$ 32,248,038	\$ 2,064,871	\$ 53,764,837

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

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

NET CHANGE IN FUND BALANCES	\$ (8,583,171)
The change in net position reported in the Statement of Activities is different because:	
Government funds report capital outlay as an expenditure. However, in the Statement of Activities the cost of those assets are capitalized. Their value is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation	\$ (1,837,341)
Capital asset additions	8,363,910
Loss on disposal of assets	<u>(355,957)</u>
	6,170,612
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities they are recognized as revenue when levied or earned.	
	18,481
Receivables that do not meet the "measurable and available" criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities they are recognized as revenue when levied or earned.	
	678,312
Long-term debt principal payments are recorded as expenditures in the governmental funds and issuance of long-term debt is recorded as an other financing source. In the Statement of Activities issuance of long-term debt reduces net assets and the payment of long-term debt principal increases net assets.	
Payment of long-term debt principal	345,000
Interest expense is accrued on long-term debt, whereas in the governmental fund, it is recorded as an interest expenditure when due.	
	<u>6,957</u>
CHANGE IN NET POSITION	<u><u>\$ (1,363,809)</u></u>

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

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, 2016**

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 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, 2016**

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 Project 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.
- Government Camp Development Area Fund – Accounts for project related capital outlay and the Public Ways and Facilities Program in the Government Camp Area Urban Renewal District.

Debt Service Funds:

- Clackamas Town Center Tax Increment Fund – This fund accounts for property tax increment revenues for the Clackamas Town Center Urban Renewal District. When debt is outstanding this fund records the payment of principal and interest on long-term indebtedness for the District.
- 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 District.

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation, Measurement Focus, and Basis of Accounting

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 District 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 District's policy to first apply restricted resources to such programs and then unrestricted resources.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough to pay the liabilities of the current period. For this purpose, the 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.

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances and Net Position (Continued)

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 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.

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.

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances and Net Position (Continued)

Fund balances by classification for the year ended June 30, 2016 were as follows:

	<u>Clackamas Town Center Development Area Fund</u>	<u>Clackamas Industrial Development Area Fund</u>	<u>North Clackamas Revitalization Area Fund</u>	<u>Clackamas Town Center Tax Increment Fund</u>	<u>North Clackamas Revitalization Area Tax Increment Fund</u>	<u>Total</u>
Nonspendable:						
Property held for sale	\$ 1,706,993	\$ 5,889,789	\$ -	\$ -	\$ -	\$ 7,596,782
Restricted for:						
Public ways and facilities	8,484,326	2,290,304	1,080,516	-	-	11,855,146
Debt service reserve	-	-	-	32,248,038	2,064,871	34,312,909
Total fund balances	<u>\$10,191,319</u>	<u>\$8,180,093</u>	<u>\$ 1,080,516</u>	<u>\$ 32,248,038</u>	<u>\$ 2,064,871</u>	<u>\$53,764,837</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.

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 and No.72 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 Comprehensive Annual Financial Report for the year ended June 30, 2016.

Receivables

All accounts receivable are shown net of an allowance for uncollectable accounts.

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.

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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. Expenditures for furniture and equipment, real property acquisitions, improvements and infrastructure are recorded as capital outlay. Donated assets are recorded at their fair market value at the date of donation. Maintenance and repairs of a routine nature are charged to expenses/expenditures as incurred and are not capitalized.

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 position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

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

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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. The Board adopted one supplemental budget during the year. Appropriations lapse as of year-end.

Excess of Expenditures over Appropriations

The Government Camp Development Area Fund had \$38,982 of excess special payment expenditures over appropriations for the fiscal year-end.

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

3. CASH AND INVESTMENTS

Cash and investments are comprised of the following:

Cash and cash equivalents with the County Treasurer	\$	22,334
Investments with the County Treasurer		31,433,147
State of Oregon Treasurer's Local Government Investment Pool		13,854,477
	\$	45,309,958

Investments with the County Treasurer represent the Agency's equity in pooled accounts maintained by the County Treasurer. Investments with a remaining maturity of more than one year, at the time of purchase, are stated at fair value, which approximates cost. Fair value is determined by the quoted market price, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. State statutes authorize the Agency to invest in general obligations of the U.S. Government and in its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements and bankers' acceptances, among others. Reference should be made to the June 30, 2016 Comprehensive Annual Financial Report of Clackamas County for compliance with these statutes.

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

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

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

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

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

3. CASH AND INVESTMENTS (Continued)

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

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

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

4. ACCOUNTS RECEIVABLE

Accounts receivable in the amount of \$2,347,100 consists of proceeds from the sale of property to a developer during the year held in an escrow account at year end. The provisions of the underlying Disposition and Development Agreement (DDA) as amended, provided for the distribution of the sale proceeds to the developer to assist the Agency in meeting its objectives for the ultimate development of the property. The DDA contained several conditions the developer had to meet and the dates those conditions had to be satisfied before distribution of the escrow account balance would be made, or the sale proceeds would retained by the Agency. The deadline for those conditions to be met had lapsed prior to year end, however, the Agency had not yet requested the sale proceeds from the escrow account pursuant to the terms of the DDA.

5. NOTES AND LOANS RECEIVABLE

Notes and loans receivable at June 30, 2016, including the applicable allowance for uncollectible accounts are as follows:

	Gross Notes and Loans Receivable	Uncollectible Allowance Rate	Uncollectible Allowance	Notes and Loans Receivable, net
Governmental Activities:				
Owner-Occupied rehab loans receivable	\$ 489,608	89%	\$ 435,751	\$ 53,857
Homebuyer Assistance Program loans receivable	125,571	59%	73,604	51,967
Rental rehab loans receivable	25,000	0%	-	25,000
Total notes and loans receivable	<u>\$ 640,179</u>		<u>\$ 509,355</u>	<u>\$ 130,824</u>

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

5. NOTES AND LOANS RECEIVABLE (Continued)

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.

6. PROPERTY HELD FOR SALE

Property held for sale activity for the year ending June 30, 2016, is as follows:

	June 30, 2015	Increases	Decreases	June 30, 2016
Clackamas Town Center Development Area Fund	\$ 3,867,169	\$ -	\$ (2,160,176)	\$ 1,706,993
Clackamas Industrial Development Area Fund	5,889,789	-	-	5,889,789
	<u>\$ 9,756,958</u>	<u>\$ -</u>	<u>\$ (2,160,176)</u>	<u>\$ 7,596,782</u>

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Increases	Decreases	Transfers	Balance June 30, 2016
Capital assets not being depreciated:					
Land & right of way	\$ 32,164,183	\$ -	\$ (163,373)	\$ -	\$ 32,000,810
Construction in progress	4,789,138	8,363,910	-	-	13,153,048
Total capital assets not being depreciated	<u>36,953,321</u>	<u>8,363,910</u>	<u>(163,373)</u>	<u>-</u>	<u>45,153,858</u>
Capital assets being depreciated and amortized:					
Building & Improvements	28,156,563	-	(196,009)	-	27,960,554
Road network	8,012,210	-	-	-	8,012,210
Easements	592,633	-	-	-	592,633
Total capital assets being depreciated and amortized	<u>36,761,406</u>	<u>-</u>	<u>(196,009)</u>	<u>-</u>	<u>36,565,397</u>
Less accumulated depreciation and amortization for:					
Buildings & Improvements	(9,716,997)	(1,407,950)	3,425	-	(11,121,522)
Road network	(873,574)	(400,612)	-	-	(1,274,186)
Easements	(209,072)	(28,779)	-	-	(237,851)
Total accumulated depreciation and amortization	<u>(10,799,643)</u>	<u>(1,837,341)</u>	<u>3,425</u>	<u>-</u>	<u>(12,633,559)</u>
Total capital assets being depreciated and amortized, net	<u>25,961,763</u>	<u>(1,837,341)</u>	<u>(192,584)</u>	<u>-</u>	<u>23,931,838</u>
Total capital assets, net	<u>\$ 62,915,084</u>	<u>\$ 6,526,569</u>	<u>\$ (355,957)</u>	<u>\$ -</u>	<u>\$ 69,085,696</u>

Depreciation expense of \$1,837,341 was charged to public ways and facilities.

8. LONG-TERM DEBT

Bonds Payable

In 2011, the Agency issued \$6,000,000 of urban renewal bonds with an interest rate of 4.40% to finance sewers from the main lines through the trunk lines, laterals, connectors, and on to the hookups to the homes, businesses, and other establishments, including the related road restoration and repaving, and road projects.

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

8. LONG-TERM DEBT (Continued)

Bonds Payable

Bonds payable transactions for the year are as follows:

	Original Amount	Outstanding June 30, 2015	Increases	Decreases	Outstanding June 30, 2016
Urban Renewal Bonds, Series 2011, Interest 4.40%	\$ 6,000,000	\$ 4,760,000	\$ -	\$ (345,000)	\$ 4,415,000
	<u>\$ 6,000,000</u>	<u>\$ 4,760,000</u>	<u>\$ -</u>	<u>\$ (345,000)</u>	4,415,000
Current portion					(360,000)
Non-current portion					<u>\$ 4,055,000</u>

Future maturities of bond principal and interest at June 30, 2016, are as follows:

<u>Year Ending June 30,</u>	<u>Urban Renewal Bonds Series 2011</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 360,000	\$ 194,260
2018	375,000	178,420
2019	395,000	161,920
2020	410,000	144,540
2021	430,000	126,500
2022-2026	<u>2,445,000</u>	<u>331,760</u>
	4,415,000	<u>\$ 1,137,400</u>
Less current portion	360,000	
Non-current portion	<u>\$ 4,055,000</u>	

9. 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.

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. General liability claims are limited by state statute at \$500,000 per occurrence. The County carries coverage in excess of \$1,000,000 with an outside insurer for workers' compensation claims. There have been no significant reductions in insurance coverage from the prior year for any category of risk and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

10. DUE TO/FROM OTHER FUNDS AND TRANSFERS TO/FROM OTHER FUNDS

Interfund due to/from balances at June 30, 2016 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	\$ 182,751	\$ -
North Clackamas Revitalization Area Fund	-	182,751
Total Due From / To	<u>\$ 182,751</u>	<u>\$ 182,751</u>

Interfund balances are due to timing differences. Cash is owed to the Clackamas Town Center Development Area Fund for temporary borrowings from North Clackamas Revitalization Area Fund for materials and services at June 30, 2016. This is a temporary, interest free loan, with a due date of October 31, 2016.

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.

During fiscal year 2016, there were no routine, nor non-routine, transfers made.

11. RELATED-PARTY TRANSACTIONS

Amounts totaling \$782,665 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, 2016, the Agency owed the County \$174,944 for such services. The Agency received \$123,435 in fees charged to various County departments and component units for services. Internal County department 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 \$3,255,600 at June 30, 2016.

13. SUBSEQUENT EVENTS

The interfund balance of \$182,751 due to Clackamas Town Center Development Area Fund was repaid in full on September 1, 2016.

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.

Government Camp Development Area Fund – This fund accounts for the acquisition and rehabilitation of blighted and deteriorated areas within the designated Government Camp urban renewal area. The primary funding sources are transfers of revenues from other funds and interest on investments. With its projects completed, this fund closed during fiscal year ending June 30, 2016.

Debt Service Funds

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

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, 2016**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Charges for services	115,000	115,000	153,285	38,285
Interest	25,000	25,000	59,799	34,799
Miscellaneous	177,000	177,000	488,410	311,410
TOTAL REVENUES	327,000	327,000	701,494	374,494
EXPENDITURES:				
Current:				
Materials and services	1,086,683	1,086,683	487,007	599,676
Capital outlay	10,570,000	10,570,000	4,875,998	5,694,002
Special payments	5,190,000	5,190,000	2,347,063	2,842,937
Contingency	527,302	527,302	-	527,302
TOTAL EXPENDITURES	17,373,985	17,373,985	7,710,068	9,663,917
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,046,985)	(17,046,985)	(7,008,574)	10,038,411
OTHER FINANCING SOURCES (USES)				
Land sale proceeds	1,300,000	1,300,000	1,296,938	(3,062)
Transfers in	5,200,000	5,200,000	-	(5,200,000)
TOTAL OTHER FINANCING SOURCES (USES)	6,500,000	6,500,000	1,296,938	(5,203,062)
NET CHANGE IN FUND BALANCE	(10,546,985)	(10,546,985)	(5,711,636)	4,835,349
FUND BALANCE, June 30, 2015	10,546,985	10,546,985	12,527,838	1,980,853
FUND BALANCE, June 30, 2016	\$ -	\$ -	6,816,202	\$ 6,816,202
ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS)				
Accounts receivable for funds in escrow			2,346,436	
Property held for sale			1,706,993	
Unavailable revenue - property sales			(678,312)	
FUND BALANCE (US GAAP BASIS), June 30, 2016			\$ 10,191,319	

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, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)
Interest	10,000	10,000	18,938	8,938
Miscellaneous	3,049,960	3,049,960	144,592	(2,905,368)
TOTAL REVENUES	3,559,960	3,559,960	163,530	(3,396,430)
EXPENDITURES:				
Current:				
Materials and services	374,173	374,173	249,484	124,689
Capital outlay	4,793,460	4,793,460	1,742,982	3,050,478
Special payments	650,000	650,000	-	650,000
Contingency	738,266	738,266	-	738,266
TOTAL EXPENDITURES	6,555,899	6,555,899	1,992,466	4,563,433
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,995,939)	(2,995,939)	(1,828,936)	(1,167,003)
NET CHANGE IN FUND BALANCE	(2,995,939)	(2,995,939)	(1,828,936)	1,167,003
FUND BALANCE, June 30, 2015	2,995,939	2,995,939	4,119,240	1,123,301
FUND BALANCE, June 30, 2016	\$ -	\$ -	2,290,304	\$ 2,290,304
ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS)				
Property held for sale			5,889,789	
FUND BALANCE (US GAAP BASIS), June 30, 2016			\$ 8,180,093	

**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, 2016**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest	\$ 1,000	\$ 1,000	\$ 18,402	\$ 17,402
Miscellaneous	-	-	48,675	48,675
TOTAL REVENUES	<u>1,000</u>	<u>1,000</u>	<u>67,077</u>	<u>66,077</u>
EXPENDITURES:				
Current:				
Materials and services	709,705	709,705	471,631	238,074
Capital outlay	3,225,000	2,875,000	1,779,506	1,095,494
Special payments	-	350,000	89,926	260,074
Contingency	606,885	606,885	-	606,885
TOTAL EXPENDITURES	<u>4,541,590</u>	<u>4,541,590</u>	<u>2,341,063</u>	<u>2,200,527</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,540,590)</u>	<u>(4,540,590)</u>	<u>(2,273,986)</u>	<u>2,266,604</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,400,000	1,400,000	-	(1,400,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,400,000</u>	<u>1,400,000</u>	<u>-</u>	<u>(1,400,000)</u>
NET CHANGE IN FUND BALANCE	(3,140,590)	(3,140,590)	(2,273,986)	866,604
FUND BALANCE, June 30, 2015	<u>3,140,590</u>	<u>3,140,590</u>	<u>3,223,678</u>	<u>83,088</u>
FUND BALANCE, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	949,692	<u>\$ 949,692</u>
ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS)				
Notes and loans receivable			<u>130,824</u>	
FUND BALANCE (US GAAP BASIS), June 30, 2016			<u>\$ 1,080,516</u>	

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
GOVERNMENT CAMP DEVELOPMENT AREA FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest	\$ 100	\$ 2,500	\$ 1,193	\$ (1,307)
Miscellaneous	12	12	12	-
TOTAL REVENUES	112	2,512	1,205	(1,307)
EXPENDITURES:				
Current:				
Materials and services	15,748	54,357	14,088	40,269
Capital outlay	286,321	240,263	240,242	21
Special payments	-	-	38,982	(38,982)
TOTAL EXPENDITURES	302,069	294,620	293,312	1,308
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(301,957)	(292,108)	(292,107)	1
NET CHANGE IN FUND BALANCE	(301,957)	(292,108)	(292,107)	1
FUND BALANCE, June 30, 2015	301,957	292,108	292,107	(1)
FUND BALANCE, June 30, 2016	\$ -	\$ -	\$ -	\$ -

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
CLACKAMAS TOWN CENTER TAX INCREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest	\$ 75,000	\$ 75,000	\$ 202,230	\$ 127,230
TOTAL REVENUES	<u>75,000</u>	<u>75,000</u>	<u>202,230</u>	<u>127,230</u>
EXPENDITURES:				
Contingency	1,545,279	1,545,279	-	1,545,279
TOTAL EXPENDITURES	<u>1,545,279</u>	<u>1,545,279</u>	<u>-</u>	<u>1,545,279</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,470,279)</u>	<u>(1,470,279)</u>	<u>202,230</u>	<u>1,672,509</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,200,000)	(5,200,000)	-	5,200,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,200,000)</u>	<u>(5,200,000)</u>	<u>-</u>	<u>5,200,000</u>
NET CHANGE IN FUND BALANCE	<u>(6,670,279)</u>	<u>(6,670,279)</u>	<u>202,230</u>	<u>6,872,509</u>
FUND BALANCE, June 30, 2015	<u>6,670,279</u>	<u>6,670,279</u>	<u>32,045,808</u>	<u>25,375,529</u>
FUND BALANCE, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,248,038</u>	<u>\$ 32,248,038</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, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 1,935,000	\$ 1,935,000	\$ 2,303,809	\$ 368,809
Interest	5,000	5,000	11,776	6,776
TOTAL REVENUES	<u>1,940,000</u>	<u>1,940,000</u>	<u>2,315,585</u>	<u>375,585</u>
EXPENDITURES:				
Debt service:				
Principal	345,000	345,000	345,000	-
Interest and fiscal charges	209,440	209,440	209,440	-
TOTAL EXPENDITURES	<u>554,440</u>	<u>554,440</u>	<u>554,440</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,385,560</u>	<u>1,385,560</u>	<u>1,761,145</u>	<u>375,585</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,400,000)	(1,400,000)	-	1,400,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,400,000)</u>	<u>(1,400,000)</u>	<u>-</u>	<u>1,400,000</u>
NET CHANGE IN FUND BALANCE	(14,440)	(14,440)	1,761,145	1,775,585
FUND BALANCE, June 30, 2015	<u>14,440</u>	<u>14,440</u>	<u>292,684</u>	<u>278,244</u>
FUND BALANCE, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	2,053,829	<u>\$ 2,053,829</u>
ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS)				
Property taxes			<u>11,042</u>	
FUND BALANCE (US GAAP BASIS), June 30, 2016			<u>\$ 2,064,871</u>	

OTHER FINANCIAL SCHEDULE

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2016

Tax Year	Uncollected June 30, 2015	Levy as Extended by Assessor	Discounts	Interest	Adjustments	Collections	Uncollected June 30, 2016
2015-16	\$ -	\$ 2,377,317	\$ (61,075)	\$ 848	\$ (3,400)	\$ (2,261,644)	\$ 52,046
2014-15	46,406	-	12	1,659	(820)	(22,598)	24,659
2013-14	21,439	-	2	1,445	(127)	(8,083)	14,676
2012-13	13,613	-	16	1,741	(94)	(6,811)	8,465
2011-12	8,596	-	2	971	(34)	(3,290)	6,246
2010-11	6,232	-	2	216	(31)	(619)	5,800
2009-10 and prior	4,837	-	-	339	1,695	(764)	6,107
	<u>\$ 101,123</u>	<u>\$ 2,377,317</u>	<u>\$ (61,041)</u>	<u>\$ 7,220</u>	<u>\$ (2,811)</u>	<u>\$ (2,303,809)</u>	<u>\$ 117,999</u>

STATISTICAL SECTION

Statistical Section

This part of the Agency's Comprehensive Annual 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)

Fiscal Year Ended June 30,	Net Investment in Capital Assets	Restricted	Total Governmental Activities Net Position
2007 ⁽¹⁾	\$ 103,265,725	\$ 44,365,337	\$ 147,631,062
2008 ⁽²⁾ (restated)	108,382,724	41,575,079	149,957,803
2009	109,450,923	47,272,353	156,723,276
2010	112,673,168	49,663,032	162,336,200
2011 ⁽³⁾ (restated)	66,023,114	45,713,741	111,736,855
2012 ⁽⁴⁾ (restated)	64,934,116	56,136,145	121,070,261
2013	63,344,867	66,189,024	129,533,891
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

Notes:

(1) Construction of the Tri-met Clackamas Green line and the Clackamas Town Center Redevelopment began in fiscal year 2007. These project costs were approximately \$55 million dollars and were financed both by net assets and urban renewal bonds.

(2) Net position was restated by \$1,194,015 to record property held for sale and rental income that was not previously reported.

(3) Net position was restated by \$46,097,493 for transfers and disposals of capital assets that were not previously recorded.

(4) Net position was restated by \$278,352 for the reclassification of assets to property held for sale and for land and rights of way owned by the Agency but not previously recorded as capital assets.

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			
	2007	(Restated) 2008 ⁽²⁾	2009	2010
Expenses:				
Public ways and facilities	\$ 40,165,157	\$ 10,990,999	\$ 5,802,458	\$ 7,766,476
Interest and fiscal charges	-	1,598,163	1,403,205	1,496,025
Total Expenses	40,165,157	12,589,162	7,205,663	9,262,501
Program Revenues				
Charges for services	335,635	178,604	187,298	15,575
Operating grants and contributions	1,701,092	180,202	426,024	456,127
Total program revenues	2,036,727	358,806	613,322	471,702
Net (Expense)/Revenue	(38,128,430)	(12,230,356)	(6,592,341)	(8,790,799)
General Revenues:				
Property taxes levied for debt service	9,640,220	9,801,576	11,493,853	13,109,932
Earnings on investments	4,167,421	3,271,279	1,551,376	700,625
Gain (loss) on disposition of assets	1,255,320	96,686	-	-
Miscellaneous	157,843	193,541	312,585	593,166
Total general revenues	15,220,804	13,363,082	13,357,814	14,403,723
Commulative effect of correction of error		1,194,015		
Change In Net Position	(22,907,626)	1,132,726	6,765,473	5,612,924
Total Change In Net Position	\$ (22,907,626)	\$ 2,326,741	\$ 6,765,473	\$ 5,612,924

Notes:

- (1) All detail reported for changes in net assets represents governmental activity, as the Agency engages in no business-type activities.
- (2) Net position was restated by \$1,194,015 to record property held for sale and rental income that was not previously reported.
- (3) Net position was restated by \$46,097,493 for transfers and disposals of capital assets that were not previously recorded.
- (4) Net position was restated by \$278,352 for the reclassification of assets to property held for sale and for land and rights of way owned by the Agency but not previously recorded as capital assets.

Source:

Clackamas County Finance Department

Fiscal Year					
(Restated) 2011 ⁽³⁾	(Restated) 2012 ⁽⁴⁾	2013	2014	2015	2016
\$ 18,521,355	\$ 4,819,574	\$ 5,135,196	\$ 4,843,852	\$ 11,563,486	\$ 6,166,297
621,057	844,855	530,974	231,467	217,304	202,483
<u>19,142,412</u>	<u>5,664,429</u>	<u>5,666,170</u>	<u>5,075,319</u>	<u>11,780,790</u>	<u>6,368,780</u>
-	-	84,073	693,417	1,139,716	153,285
126,321	1,015,970	65,110	109,002	23,812	-
<u>126,321</u>	<u>1,015,970</u>	<u>149,183</u>	<u>802,419</u>	<u>1,163,528</u>	<u>153,285</u>
<u>(19,016,091)</u>	<u>(4,648,459)</u>	<u>(5,516,987)</u>	<u>(4,272,900)</u>	<u>(10,617,262)</u>	<u>(6,215,495)</u>
13,508,355	12,851,079	13,242,827	867,290	1,942,513	2,320,685
400,568	344,132	302,819	228,499	269,025	312,338
-	-	(211,753)	-	-	1,483,198
605,316	529,102	625,924	324,733	2,219,786	735,465
<u>14,514,239</u>	<u>13,724,313</u>	<u>13,959,817</u>	<u>1,420,522</u>	<u>4,431,324</u>	<u>4,851,686</u>
(46,097,493)	278,352	8,442,830	(2,852,378)	(6,185,938)	(1,363,809)
<u>(4,501,852)</u>	<u>9,075,854</u>	<u>8,442,830</u>	<u>(2,852,378)</u>	<u>(6,185,938)</u>	<u>(1,363,809)</u>
<u>\$ (50,599,345)</u>	<u>\$ 9,354,206</u>	<u>\$ 8,442,830</u>	<u>\$ (2,852,378)</u>	<u>\$ (6,185,938)</u>	<u>\$ (1,363,809)</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			
	2007	(Restated) 2008	2009	2010
Reserved for land held for sale	\$ 13,699,841	\$ 13,348,012	\$ 12,370,848	\$ 12,370,848
Reserved for interfund loan receivable	4,450,000	450,000	414,205	335,247
Nonspendable for land held for sale (1)	-	-	-	-
Nonspendable for interfund loan receivable	-	-	-	-
Restricted for public ways and facilities	-	-	-	-
Unreserved, reported in ⁽²⁾ :				
Capital projects funds	10,608,935	20,709,569	22,651,574	25,294,802
Debt service funds	49,580,098	36,742,859	35,829,450	30,264,271
Total	\$ 78,338,874	\$ 71,250,440	\$ 71,266,077	\$ 68,265,168

Notes:

- (1) GASB 54 was implemented in fiscal year ending June 30, 2011. This changed the reporting of fund balance.
(2) The Agency is structured such that it reports only Capital Projects and Debt Service funds. No general fund is reported.

Source:

Clackamas County Finance Department

Fiscal Year					
2011	(Restated) 2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
7,953,143	10,395,126	10,383,024	10,271,338	9,756,958	7,596,782
252,278	-	-	-	-	-
55,836,824	57,386,848	60,424,327	60,218,385	52,591,050	46,168,055
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 64,042,245</u>	<u>\$ 67,781,974</u>	<u>\$ 70,807,351</u>	<u>\$ 70,489,723</u>	<u>\$ 62,348,008</u>	<u>\$ 53,764,837</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			
	2007	2008	2009	2010
Revenues:				
Property taxes	\$ 9,819,028	\$ 9,693,299	\$ 11,310,127	\$ 13,097,986
Charges for services	844,608	31,884	16,000	-
Intergovernmental	1,701,092	806,592	1,021,841	859,092
Interest	4,167,421	3,271,279	1,551,376	700,625
Land sale proceeds	5,074,049	230,023	-	-
Other revenues	137,543	186,961	312,530	593,166
Total revenues	21,743,741	14,220,038	14,211,874	15,250,869
Expenditures:				
Public ways and facilities				
Materials and services	37,795,671	8,321,289	1,651,842	1,820,040
Capital expenditures for urban renewal	-	-	-	-
Capital outlay	37,677,335	7,283,607	4,630,017	9,554,312
Special payments	-	-	-	-
Debt service:				
Principal	37,961	5,315,526	5,569,599	5,738,508
Interest	1,597	1,582,065	1,367,615	1,138,918
Total expenditures	75,512,564	22,502,487	13,219,073	18,251,778
Excess (deficiency) of revenues over expenditures	(53,768,823)	(8,282,449)	992,801	(3,000,909)
Other financing sources (uses):				
Issuance of debt	35,333,000	-	-	-
Gain on property sales	-	-	(977,164)	-
Total other financing sources (uses)	35,333,000	-	(977,164)	-
Net change in fund balances	\$ (18,435,823)	\$ (8,282,449)	\$ 15,637	\$ (3,000,909)
Debt service as a percentage of noncapital expenditures	0.1%	45.3%	80.8%	79.1%

Source:
Clackamas County Finance Department

Fiscal Year

	2011	2012	2013	2014	2015	2016
\$	13,519,292	\$ 12,725,803	\$ 13,113,891	\$ 1,656,850	\$ 1,933,455	\$ 2,302,204
	-	-	65,110	693,417	1,139,716	153,285
	126,321	1,015,970	481,921	109,002	23,812	-
	400,568	344,132	302,819	228,499	269,025	312,338
	-	-	-	205,689	-	-
	938,523	873,159	625,924	119,044	2,219,786	735,465
	<u>14,984,704</u>	<u>14,959,064</u>	<u>14,589,665</u>	<u>3,012,501</u>	<u>5,585,794</u>	<u>3,503,292</u>
	3,762,568	1,741,820	2,517,919	1,304,859	5,764,456	1,222,210
	-	-	1,534,292	822,249	3,271,273	274,818
	14,537,673	4,252,673	99,524	650,201	4,137,821	8,363,910
	-	-	-	-	-	2,475,971
	5,999,610	6,562,592	6,862,995	315,000	330,000	345,000
	907,776	864,275	549,558	237,820	223,960	209,440
	<u>25,207,627</u>	<u>13,421,360</u>	<u>11,564,288</u>	<u>3,330,129</u>	<u>13,727,510</u>	<u>12,891,349</u>
	<u>(10,222,923)</u>	<u>1,537,704</u>	<u>3,025,377</u>	<u>(317,628)</u>	<u>(8,141,716)</u>	<u>(9,388,057)</u>
	6,000,000	-	-	-	-	-
	-	-	-	-	-	804,886
	<u>6,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>804,886</u>
\$	<u>(4,222,923)</u>	<u>\$ 1,537,704</u>	<u>\$ 3,025,377</u>	<u>\$ (317,628)</u>	<u>\$ (8,141,716)</u>	<u>(8,583,171)</u>
	64.7%	81.0%	64.7%	20.6%	5.8%	12.2%

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,	Clackamas Town Center Development Area	Clackamas Industrial Development Area	Government Camp Development Area	North Clackamas Revitalization Area	Total Taxable Assessed Value Before Exempt Property
2007 ⁽³⁾	\$ 529,014,380	\$ -	\$ 145,847,118	N/A	\$ 674,861,498
2008	556,110,506	-	154,436,109	437,892,734	1,148,439,349
2009	626,259,370	-	180,772,900	456,338,586	1,263,370,856
2010	637,286,403	-	-	475,179,133	1,112,465,536
2011	723,719,341	-	-	485,274,293	1,208,993,634
2012	694,098,768	-	-	503,999,445	1,198,098,213
2013	713,675,190	-	-	516,819,892	1,230,495,082
2014	-	-	-	534,489,027	534,489,027
2015	-	-	-	558,344,837	558,344,837
2016	-	-	-	587,672,926	587,672,926

Notes:

- (1) A property tax limitation measure became effective in fiscal year 1998. The measure limited taxes on each property by reducing the 1997-98 assessed value of each property to 90% of its 1995-96 value. The measure also limits growth of taxable value to 3% per year with certain exceptions, as well as establishing permanent tax rates for Oregon's local taxing districts, which replace the former tax base amounts of the districts. Because of the tax limitation, taxable assessed value is significantly below true cash value, which is the comparative measure tracked by the County and reported in this schedule.
- (2) Tax rates vary between tax codes and between the urban renewal areas which comprise the Agency for 2003 - 2009. Rates are lowest in the Government Camp Area and higher in the Clackamas Town Center and Industrial Areas.
- (3) 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.
- (4) The total direct rate is from the Direct and Overlapping Property Tax Rates

Source:

Clackamas County Department of Assessment and Taxation

Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (4)	Estimated Actual Market Value	Assessed Value as a Percentage of Market Value
\$ 105,025,599	\$ 569,835,899	\$ 0.69	\$ 1,003,031,858	56.81 %
117,483,752	1,030,955,597	0.69	1,981,961,268	52.02
125,931,981	1,137,438,875	0.74	2,199,346,692	51.72
104,379,693	1,008,085,843	0.84	1,765,617,801	57.10
103,994,405	1,104,999,229	0.85	1,364,126,347	81.00
140,529,045	1,057,569,168	0.80	1,417,412,597	74.61
144,900,842	1,085,594,240	0.79	1,396,001,589	77.76
16,818,635	517,670,392	0.11	627,214,181	82.53
18,894,028	539,450,809	0.12	687,680,813	78.44
20,345,877	567,327,049	0.12	785,056,834	72.27

**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		
2007	\$ -	\$ -	\$ 0.69	\$ 0.69	\$ 2.87	\$ 1.19	\$ -	\$ 5.75	\$ 1.09	\$ 2.39	\$ 0.53	\$ 14.51	
2008	-	-	0.69	0.69	3.11	1.18	-	6.59	1.10	2.38	0.71	15.76	
2009	-	-	0.74	0.74	3.09	1.18	-	6.52	1.10	2.37	0.63	15.63	
2010	-	-	0.84	0.84	3.11	1.61	-	6.51	1.08	2.37	0.66	16.18	
2011	-	-	0.85	0.85	3.11	1.61	-	6.58	1.06	2.36	0.62	16.19	
2012	-	-	0.80	0.80	3.12	1.61	-	7.22	1.04	2.36	0.51	16.66	
2013	-	-	0.79	0.79	3.11	1.61	-	6.78	1.06	2.36	0.55	16.26	
2014 ⁽³⁾	-	-	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	

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) Property tax levies may only be approved by a majority vote in elections in which a majority of voters cast a ballot. In November elections in even numbered years, a majority vote in favor of a tax levy is sufficient to enact a levy, regardless of voter turnout.
- (3) 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, 2016 AND NINE YEARS AGO

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Fred Meyer Stores Incorporated	\$ 30,622,758	1	5.21 %			
RIO Company	19,628,694	2	3.34	18,272,001	2	3.21
Clackamas Court-270 LLC	17,273,289	3	2.94			
Sterling Rlty Orgnztion Co	16,062,437	4	2.73			
Gibson Funn & Crutcher LLP	11,258,283	5	1.92			
Portland Paving Co Inc	10,251,586	6	1.74			
Portland General Electric	8,943,000	7	1.52			
Mayes William E Trustee	8,755,088	8	1.49			
PCC Structurals, Inc.	7,963,070	9	1.36			
Crosswhite Entrpr Inc	6,336,016	10	1.08			
CH Realty III/Clackamas LLC				37,432,583	1	6.57 %
EMC4 LLC				16,191,935	3	2.84
Costco Wholesale Corp				14,988,877	4	2.63
Cooper Mountain Trust Co.				14,390,335	5	2.53
Macy's Department Stores Inc.				14,284,112	6	2.51
Overlook Causey LP				13,649,374	7	2.40
Clark & White LLC				13,388,123	8	2.35
Berkshire MultiFamily Reit Inc.				12,020,321	9	2.11
RLK Co.				11,450,183	10	2.01
Total	<u>\$ 137,094,221</u>		<u>23.33 %</u>	<u>\$ 166,067,844</u>		<u>29.16 %</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
2007	\$ 10,083,641	\$ 9,553,560	94.74 %	\$ 268,040	\$ 9,821,600	97.40 %
2008	10,030,959	9,434,717	94.06	328,148	9,762,865	97.33
2009	11,772,933	10,967,549	93.16	420,750	11,388,299	96.73
2010	13,552,689	12,692,945	93.66	409,399	13,102,344	96.68
2011	13,941,942	13,046,454	93.58	325,656	13,372,110	95.91
2012	13,124,714	12,330,904	93.95	209,248	12,540,152	95.55
2013	13,581,806	12,803,001	94.27	33,682	12,836,683	94.51
2014 ⁽²⁾	1,696,068	1,607,597	94.78	27,076	1,634,673	96.38
2015	1,989,738	1,889,474	94.96	20,938	1,910,412	96.01
2016	2,377,317	2,260,795	95.10	-	2,260,795	95.10

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
2007	\$ 35,333,000	\$ 120,884	5.10 %	2,212 %	6.22 %
2008	30,057,474	80,884	4.15	1,831	2.92
2009	24,568,705	-	3.49	1,467	2.16
2010	18,830,197	-	2.65	1,125	1.87
2011	18,830,587	-	2.30	1,024	1.70
2012	12,267,995	-	1.36	640	1.16
2013	5,405,000	-	0.62	290	0.50
2014	5,090,000	-	0.56	271	0.98
2015	4,760,000	-	N/A	250	0.88
2016	4,415,000	-	N/A	225	0.78

Notes:

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

See pages 42 & 43 for property value data.

See page 51 for population data.

N/A - Not available

Sources:

Clackamas County Department of Assessment and Taxation

Department of Human Resources, State of Oregon, Employment Division

Population from 2006 Claritas Inc. Site Report, based on 2000 census and projections thereafter

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County Oregon)
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Clackamas County	\$ 101,775,136	1.4212 %	\$ 1,058,054
Clackamas County Rural Fire Protection District #1	16,700,000	2.5260	421,842
Clackamas County School District #12 (North Clackamas)	306,389,340	3.6065	11,049,932
Clackamas Community College	62,061,012	1.4204	881,577
Mt Hood Community College	23,735,000	0.0013	309
Metro	199,855,000	0.2548	509,231
Clackamas County Education Service District	425,637	1.0945	4,658
Clackamas County School District #46 (Oregon Trail)	105,330,487	0.0115	12,113
Other debt:			
Clackamas County	1,400,000	1.4212	14,554
North Clackamas Parks and Recreation District	9,220,000	3.5879	330,804
Clackamas County Rural Fire Protection District #1	17,645,340	2.5260	445,713
Clackamas Community College	26,930,000	1.4204	382,540
Port of Portland	63,760,760	0.2345	149,519
Metro	28,835,000	0.2548	73,471
Clackamas County Education Service District	22,535,000	1.0945	246,646
Mt. Hood Community College	39,107,792	0.0013	508
Subtotal overlapping debt			\$ 15,581,471
Agency direct debt			\$ 4,415,000
Total direct and overlapping debt			\$ 19,996,471

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit *	\$ 231,140,600	\$ 273,321,300	\$ 273,321,300	\$ 273,321,300
Total net debt applicable to limit	<u>160,442</u>	<u>35,453,884</u>	<u>30,138,358</u>	<u>24,568,705</u>
Legal debt margin	<u>\$ 230,980,158</u>	<u>\$ 237,867,416</u>	<u>\$ 243,182,942</u>	<u>\$ 248,752,595</u>
Total net debt applicable to the limit as a percentage of debt limit	0.07%	12.97%	11.03%	8.99%

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 273,321,300	\$ 273,321,300	\$ 273,321,300	\$ 87,000,000	\$ 87,000,000	\$ 87,000,000
<u>18,830,587</u>	<u>12,267,995</u>	<u>5,405,000</u>	<u>5,090,000</u>	<u>4,760,000</u>	<u>4,415,000</u>
<u>\$ 254,490,713</u>	<u>\$ 261,053,305</u>	<u>\$ 267,916,300</u>	<u>\$ 81,910,000</u>	<u>\$ 82,240,000</u>	<u>\$ 82,585,000</u>
6.89%	4.49%	1.98%	5.85%	5.47%	5.07%

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

Year	Population	Personal Income	Per Capita Personal Income (1)	Clackamas County Unemployment Rate (3)
2007 ⁽²⁾	16,025	\$ 694,507,475	\$ 43,339	4.6 %
2008	16,456	726,104,544	44,124	4.7
2009	16,743	703,306,458	42,006	8.4
2010	16,743	710,773,836	42,452	10.4
2011	18,384	817,720,320	44,480	9.5
2012	19,181	903,616,910	47,110	8.4
2013	18,633	876,738,549	47,053	7.5
2014	18,778	914,732,714	48,713	6.4
2015	19,025	N/A	N/A	5.6
2016	19,594	N/A	N/A	4.7

Notes:

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

(2) The North Clackamas Development Area was added in 2007.

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

PRINCIPAL EMPLOYERS ⁽¹⁾

JUNE 30, 2016 AND NINE YEARS AGO

Employer	2016			2007		
	Employees	Rank	Percentage of Total ⁽²⁾	Employees	Rank	Percentage of Total ⁽²⁾
Intel Corp.	18,600	1	.02 %	16,740	1	.02 %
Providence Health & Services	16,139	2	.01	14,639	2	.01
Oregon Health & Sciences University	14,963	3	.01	11,500	3	.01
Kaiser Permanente Northwest	11,898	4	.01	8,221	5	.01
Fred Meyer	10,813	5	.01	8,500	4	.01
Legacy Health System	8,700	6	.01	8,196	6	.01
Nike Inc.	8,500	7	.01	7,648	8	.01
Portland Public Schools	6,135	8	.01			
Multnomah County	5,995	9	.01			
City of Portland	5,481	10	.00	7,996	7	.01
State of Oregon				7,180	9	.01
Beaverton School District				5,000	10	.00
Total	<u>107,224</u>		<u>0.11 %</u>	<u>95,620</u>		<u>0.10 %</u>

Sources:

(1) Statistics are the latest available data published in the Portland Business Journal *Book of Lists 2016*, and *Book of Lists 2007*.

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>
2007	6.10
2008	6.50
2009	6.50
2010	6.50
2011	5.00
2012	5.00
2013	5.00
2014	5.00
2015	5.00
2016	5.00

Source:
Clackamas County Finance Department

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

	2007	2008	2009	2010
Assessed value Clackamas Town Center Development	\$ 471,591,571	\$ 539,232,358	\$ 532,829,346	\$ 546,838,520
Change from prior year	(3,840,138)	67,640,787	(6,403,012)	14,009,174
Percentage change	(0.81) %	14.34 %	(1.19) %	2.63 %
Assessed value Government Camp Development Area	\$ 133,929,445	\$ 160,228,796	\$ 159,612,783	-
Change from prior year	33,135,141	26,299,351	(616,013)	N/A
Percentage change	32.87 %	19.64 %	(0.38) %	N/A %
Assessed value North Clackamas Revitalization Area ⁽²⁾	-	\$ 446,425,950	\$ 444,996,746	\$ 461,247,323
Change from prior year	N/A	446,425,950	(1,429,204)	16,250,577
Percentage change	N/A	N/A	(0.32)	3.65 %
Assessed value all areas	\$ 605,521,016	\$ 1,145,887,104	\$ 1,137,438,875	\$ 1,008,085,843
Change from prior year	29,295,003	540,366,088	(8,448,229)	(129,353,032)
Percentage change	5.08 %	89.24 %	(0.74) %	(11.37) %

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

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

Capital projects in process during the year:	2007	2008	2009	2010
Clackamas Town Center Development Area:				
Property redevelopment	1	1	1	-
Street and highway improvements	-	-	-	-
Clackamas Industrial Development Area:				
Property redevelopment	-	-	-	-
Street and highway improvements	-	-	1	1
Government Camp Development Area (2):				
Cultural centers	1	1	1	1
Easements taken for redevelopment	1	1	1	1
Fire safety improvements	-	-	-	-
North Clackamas Revitalization Area (1) :				
Neighborhood parks	-	-	-	1
Street and highway improvements	-	-	-	-

Note:

(1) North Clackamas Revitalization Area created at the end of FY 2007

(2) Government Camp Development Area closed at end of FY 2016.

Source:

Clackamas County Finance Department

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
-	-	-	-	-	-
-	-	-	-	4	5
1	-	-	-	-	-
2	2	2	2	1	1
1	1	-	-	-	-
-	-	-	-	-	-
-	-	1	1	1	1
1	1	1	1	-	-
-	-	-	-	2	2

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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, 2016, and the related notes to the financial statements, which collectively comprise Agency's basic financial statements, and have issued our report thereon dated November 15, 2016.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

MOSS ADAMS_{LLP}

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Moss Adams, LLP

Eugene, Oregon
November 15, 2016

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

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

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

We have audited, the basic financial statements of Clackamas County Development Agency (the Agency) as of and for the year ended June 30, 2016, and have issued our report thereon dated November 15, 2016. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Oregon Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

Compliance

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

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2016 and 2017.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

MOSS ADAMS_{LLP}

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. Except as discussed below, the results of our test disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

Excess of Expenditures over Appropriations

As described in Note 2, *Stewardship, Compliance and Accountability*, the results of testing indicated one instance of non-compliance related to excess expenditures over appropriations.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of 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 the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Eugene, Oregon
November 15, 2016