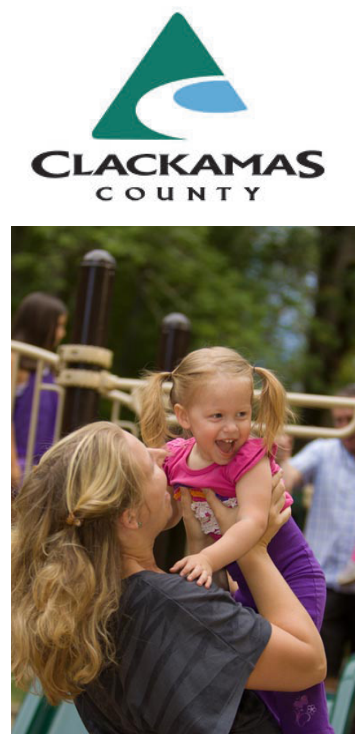




COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018



NCPRD IS A SERVICE DISTRICT OF **CLACKAMAS COUNTY**, OREGON

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

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

Prepared by:

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

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

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

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ACCORDANCE WITH OREGON MINIMUM AUDIT STANDARDS**

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INTRODUCTORY SECTION

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NORTH CLACKAMAS

PARKS & RECREATION DISTRICT

Administration

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

October 31, 2018

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

State law requires that every local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ending June 30, 2018.

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

Moss Adams, LLP Certified Public Accountants, have issued an unmodified opinion on NCPRD's financial statements for the year ended June 30, 2018. The Independent Auditor's Report is located at the front of the financial section of this report.

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

Profile of the Government

NCPRD (the District), created November 21, 1990, is located in the urbanized northwest portion of Clackamas County (the County), one of Oregon's fastest growing regions. The District includes the Cities of Milwaukie and Happy Valley and a large unincorporated area of urban Clackamas County. It does not include the bordering cities of Gladstone or Johnson City. Of the District's 122,000 residents, approximately 2/3 live in the unincorporated area, and 1/3 live in the incorporated cities of Milwaukie and Happy Valley. The District is bounded on the east by SE 177th Avenue, on the west by the Willamette River, by the Multnomah/Clackamas County boundary to the north, and by the Clackamas River to the south. The District includes key areas of economic activity within the County, including one of the State's largest commercial concentrations at Clackamas Town Center and the Clackamas Promenade shopping center, both thriving retail centers. Another strong area of economic activity is the industrial/commercial corridor along Highway 212/224.

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

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

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

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

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

Local Economy

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

According to Mark Zandi, Chief Economist for Moody's Analytics, the U.S. economy is entering into a "boom phase" of the business cycle, characterized by strong growth, tight markets, rising wages and rising prices.¹ Risks from escalating tariffs on trade, increased prices of imported goods and added inflationary pressures may make it difficult for the Federal Reserve to continue to successfully steer policy in the coming years.

A more immediate danger for the Fed is the continued need for higher short-term interest rates despite subdued long-term growth expectations. Key determinants of economic growth rates include the inflation rate, number of workers and levels of productivity. Inflation remains lower

¹ <https://www.oregon.gov/das/OEA/Documents/forecast0918.pdf>, p. 2.

than it has been, even falling some in recent years, with expectations for growth remaining relatively static. On a national scale, productivity is currently running at its lowest growth rate in 40 years, with no indication that it will increase. Lastly, demographics will play a role in long-term growth, especially in the number of workers. These factors will keep economic growth rates stagnant over the next two decades.

They do not rule out a year or more of stronger gains, however. Encouraging signs such as new business formation and increased research and development spending could have an effect on productivity in the future. Another potential factor is the tightening labor market. As labor becomes more expensive, businesses invest more in technology to offset those costs. Overall, the economy continues to expand and remain healthy. Growth prospects remain bright, fueled by the federal fiscal stimulus. In addition to the unwinding of the fiscal policy and tighter monetary policy, the impacts of an aging population, and a tight labor market will continue to impact medium- and longer-run growth forecasts.²

Oregon's expansion continues to outperform other states with an industrial structure and ability to attract and retain young, working-age households. Job growth has been slow, but strong enough to keep up with population gains and to absorb workers returning to the labor market. The slowing in Oregon's economy appears to have stabilized in the past year and as a result, income growth and withholdings from Oregonian paychecks have revived. "New research from the Oregon Employment Department shows that the median hourly wage increase for Oregon workers since 2014 has been 3.1 percent annually for the past three years," compared to the national wage growth which is just now approaching 3 percent.³

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

In the second quarter of 2018, total nonfarm employment increased 1.9 percent over the past year, reflecting an increase in growth in the private sector of 2.3 percent as well as the public sector declining 0.3 percent.⁴ These rates are more than needed to keep pace with current population, however, they are slower than seen in years past.

Jobs in large service sector industries have generally led job growth in terms of the number of jobs added and with above-average job growth. These include jobs in professional and business services, health services, and leisure and hospitality industries. These industries gained 15,400 jobs in the past year and account for 44 percent of all job gains across Oregon.⁵

The industries related to housing, such as wood products, construction, mining and logging, and financial services (mostly in real estate) have been hardest hit by the Great Recession. These

² <https://www.oregon.gov/das/OEA/Documents/forecast0918.pdf>, p. 3.

³ <https://www.oregon.gov/das/OEA/Documents/forecast0918.pdf>, p. 5.

⁴ <https://www.oregon.gov/das/OEA/Documents/forecast0918.pdf>, p. 8.

⁵ <https://www.oregon.gov/das/OEA/Documents/forecast0918.pdf>, p. 8.

industries are slowly recovering, but are still in need of significant growth to achieve pre-recession numbers. Oregon's manufacturing sector is currently returning to growth following declines a year ago. Typically, Oregon manufacturers outperform those in other states, because the state focuses primarily on newer technologies such as aerospace and semiconductors, and is not reliant on old auto makers or textile mills.

As of the drafting of this letter, ten of Oregon's major industries are experiencing all-time highs in job growth. Jobs in construction, manufacturing, retail services, transportation, warehouse and utilities, financial, professional and business, education, health services, and other services account for 68 percent of all statewide jobs, and public sector jobs account for an additional 16 percent of all jobs.

Clackamas County is similar to the State when looking at its major industries and other economic indicators. The County has added back over 26,000 jobs or 141% of the 18,400 jobs lost since the start of the recession. Most of these jobs were added in the County's largest industries which are Health Care and Social Assistance, Professional and Business Services, Retail Trade, Manufacturing, Food Services, Wholesale Trade, and Construction. These seven industries in Clackamas County provided 70 percent of all jobs. Since 2009, the industries with the highest growth rate included Professional and Business Services, Health Care, and Construction. The unemployment rate in Clackamas County remains low and between June 2017 and June 2018 decreased from 3.9 to 3.7. Clackamas County gained 2,700 new jobs in 2017; primarily in the educational and health services and construction industry. In construction, the County has added 4,750 jobs since 2010; with two-thirds of this job growth in specialty trade contractors who perform specific activities like plumbing, painting, and electrical work.⁶

NCPRD is directly impacted by the construction industry and housing market with regards to the collection of Parks System Development Charges (PSDCs). The data shows that while permit activity remains strong, it is not as robust as the past couple of years. During fiscal year 2017/2018, Clackamas County issued 132 residential and commercial permits for new construction in the unincorporated portion of the District. This is an increase from 84 permits issued in fiscal year 2016/2017. Due to the attempted withdrawal of the City of Happy Valley from NCPRD, effective January 1, 2018, the City discontinued collecting SDCs on behalf of NCPRD from that portion of the District. Between July 1, 2017 and December 31, 2017, Happy Valley issued 55 residential and commercial permits for new construction, which generated revenues for NCPRD. During the fiscal year 2017/2018 the City of Milwaukie issued 13 commercial and residential permits for new construction, a decrease from 21 in fiscal year 2016/2017. Oregon and Clackamas County are expected to see continued growth in the construction industry in 2018 and 2019, although it is not expected to be as high as in past years.

As economic and revenue outlook are never certain, it is important to identify and monitor potential economic threats and risks. Oregon is currently facing several economic risks. Housing affordability has become an issue because the new supply entering the market has not kept up with the demand for either new households or investors, which has impacted both rental and

⁶ <https://www.qualityinfo.org/documents/10182/96541/Clackamas+Economic+Indicators?version=1.54>

ownership markets. This has caused a rapid increase in prices and so is becoming a much larger risk to the outlook of the economy.

Another large risk is federal fiscal policy. Oregon ranks 29th in terms of federal grants as a share of state revenue. Oregon also ranks 48th in terms of federal procurement share of the economy. However, Oregon ranks 19th highest among all states in terms of direct federal employment. Transportation funding is another large concern in terms of federal policy. Finally, it is important to reference the Federal timber policy. Even with the temporary reinstatement of payments, it is clear that federal policy makers will not reinstate the program to the same levels as before. We are hopeful that the ongoing negotiations for more sustainable timber harvest will ultimately result in increased revenue to Oregon counties.⁷

Despite these risks, IHS Economics projects Oregon's economy to fare well relative to the rest of the country in the coming years. The state's Real Gross State Product is projected to be the seventh fastest among all states across the country in terms of growth with gains averaging 2.5 percent through 2023. Total employment is expected to be the eighth strongest among all states at an annualized 1.3 percent, while manufacturing employment will be the second fastest in the country at 1.1 percent. Total personal income growth is expected to be 4.7 percent per year, the tenth fastest among all states.

Long-term Financial Planning

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

The General Fund ending fund balance at June 30, 2017 was \$4.7 million and increased to \$5.3 million at the end of fiscal year 2017/2018. This increase can be largely attributed to an increase in property tax revenue during the fiscal year.

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

District staff completed their annual analysis update of the capital assets inventory which is used to determine the dollars needed each year for the replacement and repair of the District's aging assets. This analysis and annual update help to ensure that funds are systematically set aside

⁷ <https://www.oregon.gov/das/OEA/Documents/forecast0918.pdf>, p. 14.

each year to make certain capital assets are replaced as needed and remain in good repair. The analysis and information have also been incorporated into the District's Five-Year Forecast.

Over the past several years, the District has had an ambitious long-term capital improvement projects plan. Although the District's capital improvement plan has been somewhat curtailed by limited capital funding, the District has continued to move forward with the planning of several future District parks, work on Milwaukie Bay Park, Wichita Park, and Hidden Falls Park as well as the acquisition of three new sites: Clackamas, Concord and Wichita Elementary Schools.

Milwaukie Bay Park

NCPRD staff is working in partnership with the City of Milwaukie to complete the final and most ambitious phase of Milwaukie Bay Park (previously known as Riverfront Park). The proposed elements in the final phase include a children's play area, event space, interactive fountain, pathways for pedestrians, and alignment of the Trolley Trail connection through the park. NCPRD will solicit bids for design and engineering services for the work in winter 2019. NCPRD has identified completion of the park in the adopted 2007 System Development Charges Capital Improvement Plan (SDC CIP) and allocated \$25,000 in the Adopted Budget for FY 2018/2019 to further the project.

Hidden Falls

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

Wichita Park

NCPRD, in partnership with the City of Milwaukie, received \$265,000 in grant funding from the Oregon Parks and Recreation Department for improvements to Wichita Park. These funds, along with funds from NCPRD and \$10,000 from the Linwood Neighborhood District Association, will provide for improvements to a one-acre neighborhood park site located in the Linwood neighborhood in Milwaukie. Construction for the project has begun and is expected to be completed by Spring 2019.

Concord Master Plan

NCPRD acquired three new facilities in FY 2017/2018 in a strategic partnership with North Clackamas School District, including Concord Elementary School, located on SE Concord near McLoughlin Blvd. The acquisition of the Concord School was a high priority because of its potential uses as a park, community center, and library, as well as the high level of community interest in preservation of the school building itself. Now, NCPRD and the community need to complete a master plan for the land and the building to determine a roadmap of how best to redevelop the property.

Major Initiatives

Master Plan/Governance

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

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

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

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

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

Happy Valley Withdrawal

In June 2017, the City of Happy Valley passed an Ordinance to withdraw from NCPRD. The City relied upon Oregon Revised Statute (ORS) 222 to guide its path of withdrawal from the District. NCPRD maintains that the City, in its use of ORS 222 to withdraw, did not follow the correct statute. Rather, NCPRD believes that ORS 198 is the correct statute for this process. This matter is subject to a Circuit Court decision which is pending at the time of writing this letter. Further explanation of this matter is contained in the "Subsequent Events" attachment.

North Clackamas School District Strategic Partnership

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

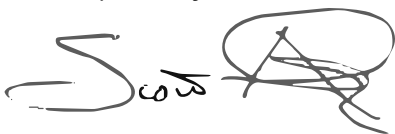
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the North Clackamas Parks and Recreation District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the twenty-second consecutive year the District received the award. In order to be awarded such a Certificate, the District had to publish an easily-readable, efficiently-organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Scott Archer
Director
North Clackamas Parks and Recreation District



Elizabeth Gomez
Financial Operations Manager
North Clackamas Parks and Recreation District



Government Finance Officers Association

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

Presented to

**North Clackamas Parks
and Recreation District
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

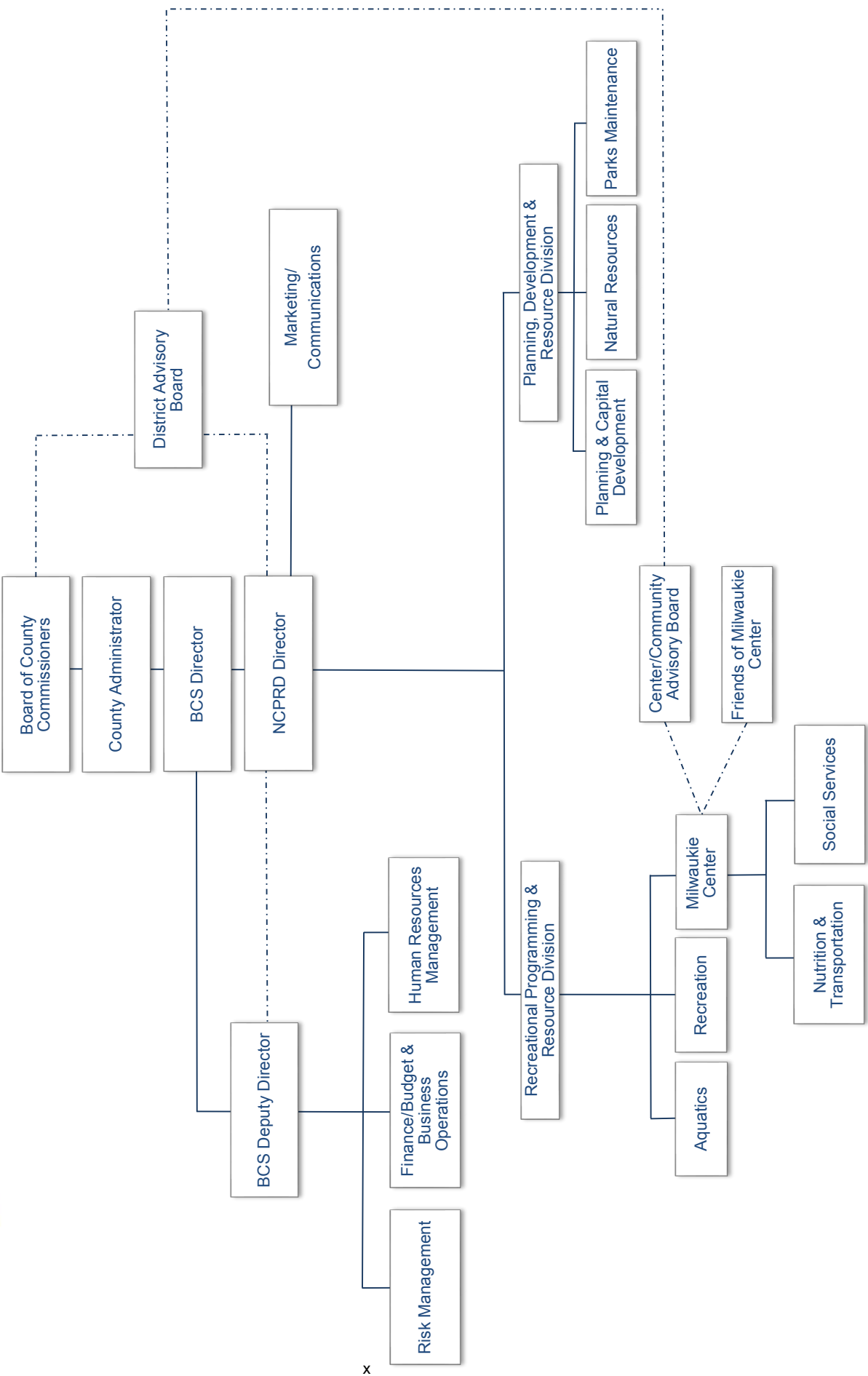
Christopher P. Morill

Executive Director/CEO

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North Clackamas Parks and Recreation District
Organization Chart
Fiscal Year 2017-2018



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

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

Public Services Building
2051 Kaen Road
Oregon City, Oregon 97045

COMMISSIONERS AS OF JUNE 30, 2018

<u>Name</u>	<u>Term Expires</u>
Jim Bernard, Chair Public Services Building	December 31, 2020
Sonya Fischer, Commissioner Public Services Building	December 31, 2018
Ken Humberston, Commissioner Public Services Building	December 31, 2020
Paul Savas, Commissioner Public Services Building	December 31, 2018
Martha Schrader, Commissioner Public Services Building	December 31, 2020

DIRECTOR
Scott Archer

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

LEGAL COUNSEL AND REGISTERED AGENT
Stephen Madkour
2051 Kaen Road
Oregon City, Oregon 97045

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITORS

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Report of Independent Auditors

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, Nutrition and Transportation Fund, and System Development Charges Zone 3 Fund of North Clackamas Parks and Recreation District (the District), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, Nutrition and Transportation Fund, and System Development Charges Zone 3 Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules on pages 37-44 and schedule of property tax transactions on page 45 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

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

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

Reports of Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

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

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 31, 2018, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink, reading "James C. Lavarotto". The signature is written in a cursive, flowing style.

For Moss Adams, LLP
Eugene, Oregon
October 31, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

This discussion and analysis of the North Clackamas Parks and Recreation District's financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- Assets of the District exceeded liabilities at the close of the fiscal year by \$65,030,793. Of this amount, \$10,354,456 may be used to meet ongoing obligations.
- Net position increased by \$7,008,449. The increase is due to the excess of program and general revenues over program expenses and a gain on the disposal of a capital asset as seen in the Statement of Activities.
- Governmental funds reported a combined ending fund balance of \$37,448,254 an increase of \$11,430,367 from the prior year. Please see the Reconciliation of Statement of Revenues, Expenditures, Other Financing Sources (Uses) and Changes in Fund Balances to Statement of Activities on page 18 which reconciles the increase in fund balances to the increase in net position in detail.
- The District's total debt decreased by \$5,530,000 due to payments on existing debt principal.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Statement of Net Position

A condensed version of the Statement of Net Position for fiscal years ended June 30, 2018 and June 30, 2017 follows:

	2018	2017
Assets:		
Current assets	\$ 38,773,242	\$ 27,434,703
Capital assets	30,360,857	40,199,117
Total assets	<u>69,134,099</u>	<u>67,633,820</u>
Deferred Outflows of Resources	<u>57,827</u>	<u>86,740</u>
Liabilities:		
Current liabilities	1,500,806	1,857,603
Liabilities due after one year	2,660,327	7,840,613
Total liabilities	<u>4,161,133</u>	<u>9,698,216</u>
Net position:		
Net investment in capital assets	27,320,530	31,608,504
Restricted for debt service	1,500,000	1,611,355
Restricted for acquisition and development	25,855,807	15,681,999
Unrestricted	10,354,456	9,120,486
Total net position	<u>\$ 65,030,793</u>	<u>\$ 58,022,344</u>

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Total net position from governmental activities increased by \$7,008,449 or 12.1%. Net investment in capital assets decreased by \$4,287,974 or 13.5%. This decrease can be attributed to payment of principal on the debt in the amount of \$5,530,000 and the net effect of capital asset additions, deletions and depreciation expenses during the fiscal year. The most significant capital asset deletion was the sale of Hood View Park to North Clackamas School District in exchange for the addition of three capital assets: Clackamas, Concord and Wichita Elementary School. Net position restricted for debt service decreased \$111,355 or 6.9%. Net position restricted for acquisition and development increased by \$10,173,808 or 64.9%. These restricted assets are primarily system development charge revenues which are generated by commercial and residential development activity.

Statement of Activities: The Statement of Activities for fiscal years ended June 30, 2018 and 2017 follows:

	2018	2017
Revenues		
Program revenues:		
Charges for services	\$ 2,341,408	\$ 2,221,899
Operating grants and contributions	693,063	707,111
Capital grants and contributions	2,338,138	3,925,943
Total program revenues	<u>5,372,609</u>	<u>6,854,953</u>
General revenues:		
Property taxes	7,199,471	6,870,480
Earnings on investments	499,910	261,026
Miscellaneous	64,912	2,665
Total general revenues	<u>7,764,293</u>	<u>7,134,171</u>
Total revenues	<u>13,136,902</u>	<u>13,989,124</u>
Expenses		
Culture and recreation	8,198,709	6,913,776
Health and welfare	1,992,348	2,512,913
Interest on long-term debt	287,707	347,282
Total expenses	<u>10,478,764</u>	<u>9,773,971</u>
Changes in net position before special item	2,658,138	4,215,153
Special Item		
Gain on capital asset disposal	4,350,311	-
Changes in net position	7,008,449	4,215,153
Net position, beginning of year	58,022,344	53,807,191
Net position, end of year	<u>\$ 65,030,793</u>	<u>\$ 58,022,344</u>

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

District program revenues decreased by \$1,482,344 or 21.6%. The decrease can be attributed to a reduction in the Capital Grants and Contributions portion of program revenues to which System Development Charges (SDCs) are classified. Effective December 31, 2017, the City of Happy Valley passed Ordinance 522 to withdraw from NCPRD. Subsequently, no further SDCs were collected by NCPRD from the City of Happy Valley (Zone 3) after that date.

District general revenues increased by \$630,122 or 8.8%, in part due to increased property tax receipts of over \$328,000. Miscellaneous income increased by \$62,247 largely due to the lease of Clackamas Elementary School to Cascade Heights Charter School, pursuant to the purchase and sale agreement with North Clackamas School District. Finally, earnings on investments increased by \$238,884 due to a higher cash balance throughout the fiscal year and slightly higher interest rates.

Program specific expenses increased by \$704,793 or 7.2%, due to an expansion of culture and recreation program offerings. Increases in wages and benefits contributed to the overall escalation of program expenses. The District continues to put forth a strong effort to provide services in the most cost effective manner possible.

Program-specific expenses exceeded program revenues in 2018 by \$5,106,155 as compared to \$2,919,018 in prior year. The change is reflective of the decrease in Capital Grants and Contributions due to the lack of SDCs received from the City of Happy Valley (Zone 3). It is also affected by the increase in wages and benefits mentioned above, as well as an expansion of Culture and Recreation program offerings. In addition, capital expenses and depreciation expenses increased compared to the prior year.

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

FUND ANALYSIS

The primary fund of the District, the General Fund, ended the year with a fund balance of \$5,476,818 - an increase of nearly \$800,000 from the prior year. A key factor contributing to this increase is the increase in property tax revenue of over \$328,000 from prior year.

The Nutrition and Transportation Fund ended the year with a fund balance of \$275,112, down \$24,986 from fiscal year 2017/2018. The decrease is primarily due to ongoing expenditures that exceed ongoing revenues. To help offset a portion of the difference between revenues and expenditures, the General Fund transfers \$150,000 each year to subsidize program expenditures.

The System Development Charges Fund (Zone 3) ended the year with an ending fund balance of \$11,687,911, a decrease of \$612,442 from the prior year. As referenced above, this decrease is primarily due to reduced revenue collection as NCPRD hasn't received SDCs from the City of Happy Valley since December 31, 2017.

The Capital Projects Fund ended the year with an ending fund balance of \$9,715,640, an increase of \$9,194,893 from the prior year. This increase can primarily be attributed to the proceeds from the sale of Hood View Park.

The Capital Asset Replacement Fund ended the year with an ending fund balance of \$4,193,490, an increase of \$574,585 from the prior year. This increase can be attributed the General Fund transfer to the Capital Asset Replacement Fund of \$900,000 and expenditures of slightly over \$420,000. The remaining fund balance will carry forward for future repair and replacement needs.

General Fund Budgetary Highlights

When comparing the final budget to actual revenues, total actual General Fund revenues are higher than budgeted by \$590,285. This variance is due to the property taxes revenue category, which exceeded the anticipated amount by \$245,724, as well as the fees and charges revenue category, which exceeded the budget by \$232,642. Total expenditures (excluding contingency) in the General Fund Programs were under budget by \$1,523,203. This is primarily due to an intentional staff effort to examine and reduce expenditures where possible and also reflects several vacant positions during fiscal year 2017/2018. To ensure that we optimize the use of taxpayer dollars while continuing to provide a high level of service to the citizens of the District, NCPRD management continued a comprehensive review of District operations, capital assets and staffing levels.

The General Fund and Nutrition & Transportation Fund budgets were amended during fiscal year 2017/2018 in various divisions to account for additional expenditures and to recognize additional beginning fund balances.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

CAPITAL ASSETS

As of June 30 of 2018 and 2017, the District had invested \$30,360,857 and \$40,199,117 respectively in capital assets, net of depreciation as reflected in the following table:

	2018	2017
Land	\$ 13,911,267	\$ 19,022,933
Construction in progress	1,287,171	190,966
Buildings	2,227,075	1,443,784
Office equipment	299,244	352,418
Improvements	12,478,084	19,070,356
Vehicles	158,016	118,660
	<u>\$ 30,360,857</u>	<u>\$ 40,199,117</u>

Overall, investment in capital assets decreased \$9,838,260 during the year. This decrease is due to the combination of depreciation expense on current assets as well as the deletion of *Land* in fiscal year 2017/2018 for the sale of Hood View Park. Increases were realized in *Buildings* and *Construction in Progress* for the purchase of Clackamas, Concord and Wichita Elementary Schools, and the construction on Hidden Falls Park, respectively. Please refer to Notes to Basic Financial Statements - Note 1 for capital asset policy, and Note 5 for a detailed summary of activity.

DEBT ADMINISTRATION

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

Oregon Full Faith and Credit bonds were issued in 2008 to acquire and develop approximately 35 acres of land in the City of Happy Valley for District facilities. In FY 2009-10, the District completed Phase I of this 35-acre sports complex which includes four full-size, all-weather turf softball/baseball fields with lights, one overlaid multipurpose field, a gravel walking trail, parking areas, utilities, landscaping and a concessions building. The Full Faith and Credit Obligations have a term of twenty years and a variable interest rate of 3.25 to 4.00% per annum. In May 2018, this debt was paid in full as part of a strategic partnership with North Clackamas School District. NCPRD exchanged Hood View Park for Clackamas, Concord, and Wichita Elementary Schools, as well as additional cash for development of future capital projects.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

DEBT ADMINISTRATION (Continued)

The following condensed schedule compares year end balances for 2018 and 2017. Please refer to Notes to Basic Financial Statements - Note 9 for additional detail.

	<u>2018</u>	<u>2017</u>
Full Faith and Credit Obligations	<u>\$ 2,970,000</u>	<u>\$ 8,500,000</u>
	<u>\$ 2,970,000</u>	<u>\$ 8,500,000</u>

ECONOMIC FACTORS

Property taxes represent a significant revenue source for the District's governmental funds, 54.8% and 49.1% of total revenues in 2018 and 2017, respectively. This increase in the percentage of property taxes in relation to total revenues in fiscal year 2017/2018 is reflective of a decrease in capital grants and contributions due to the reduction in SDC collection from the City of Happy Valley. Property tax revenue increased by over \$328,000 from the prior year due in part to an increase in the assessed value of property within the District. All program areas are dependent upon property taxes; therefore, it is appropriate in this section to discuss the continued effect Measure 50 is having on the District.

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

The District is also dependent on System Development Charge (SDC) revenue, which is generated through new residential and commercial development throughout the District. These resources are used to fund growth-related capital projects within the District. In fiscal year 2016/2017, SDC revenue was \$3,425,943 and decreased to \$2,338,138 in fiscal year 2017/2018. This reduction is largely due to the decrease in collection of SDCs from the City of Happy Valley, as mentioned previously. Since SDCs are one of the only revenue sources available to construct new capital assets, staff must monitor and forecast this revenue on a consistent basis to ensure projections reflect the economic climate of the County and surrounding Portland Metro area.

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

FINANCIAL CONTACT

The District's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact the Financial Operations Manager at 150 Beavercreek Road, Oregon City, Oregon 97045. The District's telephone number is (503)742-4352. You can also reach us through our web page at www.ncprd.com.

BASIC FINANCIAL STATEMENTS

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS:	
Cash and investments	\$ 10,939,400
Property taxes receivable	444,112
Accounts receivable	96,796
Grants receivable	30,542
Prepaid expense	12,591
Restricted cash and investments	27,249,801
Capital assets	
Capital assets not being depreciated	15,198,438
Capital assets being depreciated, net	15,162,419
TOTAL ASSETS	69,134,099
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charge on debt refunding	57,827
LIABILITIES:	
Accounts payable	248,397
Accrued interest payable	38,308
Due to Clackamas County	834,101
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	380,000
Portion due or payable after one year:	
Bonds payable	2,660,327
TOTAL LIABILITIES	4,161,133
NET POSITION:	
Net investment in capital assets	27,320,530
Restricted for debt service	1,500,000
Restricted for acquisition and development	25,855,807
Unrestricted	10,354,456
TOTAL NET POSITION	\$ 65,030,793

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Culture, education and recreation	\$ 8,198,709	\$ 2,013,611	\$ 357,715	\$ 2,338,138	\$ (3,489,245)
Health and welfare	1,992,348	327,797	335,348	-	(1,329,203)
Interest on long-term debt	287,707	-	-	-	(287,707)
Total	10,478,764	2,341,408	693,063	2,338,138	(5,106,155)
GENERAL REVENUES					
Property taxes levied for general purposes					7,199,471
Earnings on investments					499,910
Miscellaneous					64,912
TOTAL GENERAL REVENUES					<u>7,764,293</u>
SPECIAL ITEM					
Gain on capital asset disposal					<u>4,350,311</u>
CHANGE IN NET POSITION					7,008,449
NET POSITION, July 1, 2017					<u>58,022,344</u>
NET POSITION, June 30, 2018					<u><u>\$ 65,030,793</u></u>

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds			Capital Projects Funds			
	General Fund	Nutrition and Transportation Fund	System Development Charges Zone 3 Fund	Capital Projects Fund	Capital Asset Replacement Fund	Other Governmental Funds	Total
ASSETS							
Cash and investments	\$ 6,220,617	\$ 350,174	\$ -	\$ -	\$ 4,221,582	\$ 147,027	\$ 10,939,400
Taxes receivable	444,112	-	-	-	-	-	444,112
Accounts receivable	78,209	18,587	-	-	-	-	96,796
Grants receivable	-	-	-	30,542	-	-	30,542
Due from other funds	-	814	-	-	-	-	814
Due from Clackamas County	-	-	36,870	-	-	73,784	110,654
Prepaid items	12,591	-	-	-	-	-	12,591
Restricted cash and investments	-	-	11,651,041	9,695,419	-	5,903,341	27,249,801
TOTAL ASSETS	<u>\$ 6,755,529</u>	<u>\$ 369,575</u>	<u>\$ 11,687,911</u>	<u>\$ 9,725,961</u>	<u>\$ 4,221,582</u>	<u>\$ 6,124,152</u>	<u>\$ 38,884,710</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 204,208	\$ 10,537	\$ -	\$ 5,560	\$ 28,092	\$ -	\$ 248,397
Due to other funds	814	-	-	-	-	-	814
Due to Clackamas County	831,199	83,926	-	4,761	-	24,869	944,755
TOTAL LIABILITIES	<u>1,036,221</u>	<u>94,463</u>	<u>-</u>	<u>10,321</u>	<u>28,092</u>	<u>24,869</u>	<u>1,193,966</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	242,490	-	-	-	-	-	242,490
FUND BALANCES							
Nonspendable	12,591	-	-	-	-	-	12,591
Restricted	-	-	11,687,911	9,715,640	-	5,952,256	27,355,807
Assigned	-	275,112	-	-	4,193,490	147,027	4,615,629
Unassigned	5,464,227	-	-	-	-	-	5,464,227
TOTAL FUND BALANCES	<u>5,476,818</u>	<u>275,112</u>	<u>11,687,911</u>	<u>9,715,640</u>	<u>4,193,490</u>	<u>6,099,283</u>	<u>37,448,254</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 6,755,529</u>	<u>\$ 369,575</u>	<u>\$ 11,687,911</u>	<u>\$ 9,725,961</u>	<u>\$ 4,221,582</u>	<u>\$ 6,124,152</u>	<u>\$ 38,884,710</u>

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

TOTAL FUND BALANCE			\$ 37,448,254
Total net position shown in the Statement of Net Position and the Statement of Activities are different because:			
Capital assets are not financial resources for fund reporting purposes and therefore are not reported in the governmental funds.			
			30,360,857
A portion of the District's receivables are collected after year-end; but they are not collected soon enough to be available as financial resources for the current year. The revenues related to these receivables are deferred and not reported in the governmental funds.			
			242,490
Long-term assets, such as bond discounts, are not reported as governmental fund assets and liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when it is due. These long-term assets and liabilities consist of:			
Deferred charge on debt refunding	57,827		
Accrued interest payable	(38,308)		
Bonds payable, net of bond premium	(3,040,327)		
Total effect of long-term assets and liabilities			(3,020,808)
TOTAL NET POSITION			\$ 65,030,793

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds			Capital Projects Funds			
			System Development Charges Zone 3 Fund		Capital Asset Replacement Fund	Other Governmental Funds	Total
	General Fund	Nutrition and Transportation Fund		Capital Projects Fund			
REVENUES:							
Property taxes	\$ 7,324,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,324,250
Licenses and permits	-	-	623,490	-	-	1,714,648	2,338,138
Interest	104,304	5,456	187,149	52,543	62,477	87,981	499,910
Intergovernmental	134,645	305,392	5,612	25,713	-	33,848	505,210
Charges for services	2,310,930	30,478	-	-	-	-	2,341,408
Interfund services provided	130,668	-	-	-	-	-	130,668
Donations	29,604	158,249	-	-	-	-	187,853
Miscellaneous	29,824	-	-	-	35,088	-	64,912
TOTAL REVENUES	10,064,225	499,575	816,251	78,256	97,565	1,836,477	13,392,349
EXPENDITURES:							
Current:							
Culture, education and recreation	6,667,201	-	44,878	-	270	115,685	6,828,034
Health and welfare	1,085,358	674,561	-	-	-	-	1,759,919
Capital outlay	-	-	-	1,162,491	422,710	-	1,585,201
Debt service:							
Principal	-	-	-	-	-	5,530,000	5,530,000
Interest and fiscal charges	-	-	-	-	-	298,828	298,828
TOTAL EXPENDITURES	7,752,559	674,561	44,878	1,162,491	422,980	5,944,513	16,001,982
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,311,666	(174,986)	771,373	(1,084,235)	(325,415)	(4,108,036)	(2,609,633)
OTHER FINANCING SOURCES (USES):							
Transfers in	-	150,000	-	1,136,778	900,000	850,963	3,037,741
Transfers out	(1,559,837)	-	(1,383,815)	-	-	(94,089)	(3,037,741)
TOTAL OTHER FINANCING SOURCES (USES)	(1,559,837)	150,000	(1,383,815)	1,136,778	900,000	756,874	-
SPECIAL ITEM:							
Land sale proceeds	41,135	-	-	9,142,350	-	4,856,515	14,040,000
NET CHANGE IN FUND BALANCE	792,964	(24,986)	(612,442)	9,194,893	574,585	1,505,353	11,430,367
FUND BALANCE, JUNE 30, 2017	4,683,854	300,098	12,300,353	520,747	3,618,905	4,593,930	26,017,887
FUND BALANCE, JUNE 30, 2018	\$ 5,476,818	\$ 275,112	\$ 11,687,911	\$ 9,715,640	\$ 4,193,490	\$ 6,099,283	\$ 37,448,254

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

NET CHANGE IN FUND BALANCES		\$ 11,430,367
The change in net position reported in the Statement of Activities is different because:		
Government funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is capitalized. Their value is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	1,402,047	
Depreciation	<u>(1,550,618)</u>	(148,571)
Governmental funds report sales of capital assets as a resource when assets are sold. However, in the Statement of Activities a gain or loss on the sale of capital assets is calculated.		
Land sale proceeds	(14,040,000)	
Gain on sale of land	4,350,311	(9,689,689)
Long-term debt principal payments are recorded as expenditures in the governmental funds and issuance of long-term debt is recorded as an other financing source. In the Statement of Activities issuance of long-term debt reduces net position and the payment of long-term debt principal increases net position.		
Amortization of bond premium		20,286
Amortization of deferred refunding		(28,913)
Payment of long-term debt principal		5,530,000
In the Statement of Activities interest is accrued on long-term debt and the expense reduces net position. In the governmental funds interest expense is only recognized when it is due.		
		19,748
Receivables that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities they are recognized as revenue when levied or earned.		
		<u>(124,779)</u>
CHANGE IN NET POSITION		<u><u>\$ 7,008,449</u></u>

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES:				
Property taxes	\$ 6,912,152	\$ 6,912,152	\$ 7,157,876	\$ 245,724
Fees and charges	2,078,288	2,078,288	2,310,930	232,642
Intergovernmental	137,958	137,958	134,645	(3,313)
Donations	29,000	29,000	29,604	604
Interest	14,000	14,000	104,304	90,304
Miscellaneous	5,500	5,500	29,824	24,324
TOTAL REVENUES	9,176,898	9,176,898	9,767,183	590,285
EXPENDITURES:				
Current:				
Administration	736,346	836,346	813,768	22,578
Park services	1,773,627	1,773,627	1,481,728	291,899
Program services	540,934	540,934	424,539	116,395
Sports	1,342,724	1,342,724	1,234,873	107,851
Milwaukie Center	705,099	705,099	694,916	10,183
Aquatic Park	2,110,975	2,110,975	1,866,349	244,626
Marketing and communications	480,311	606,311	458,160	148,151
Planning and development	561,060	586,060	298,782	287,278
Natural Resources	492,009	492,009	343,606	148,403
Special Payments	281,677	281,677	135,838	145,839
Contingency	2,093,490	2,744,490	-	2,744,490
TOTAL EXPENDITURES	11,118,252	12,020,252	7,752,559	4,267,693
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,941,354)	(2,843,354)	2,014,624	4,857,978
OTHER FINANCING SOURCES (USES):				
Transfers in	322,674	322,674	130,668	(192,006)
Transfers out	(1,838,697)	(1,838,697)	(1,559,837)	278,860
TOTAL OTHER FINANCING SOURCES (USES)	(1,516,023)	(1,516,023)	(1,429,169)	86,854
SPECIAL ITEM:				
Land sale proceeds	-	-	41,135	41,135
NET CHANGE IN FUND BALANCE	(3,457,377)	(4,359,377)	626,590	4,985,967
FUND BALANCE, JUNE 30, 2017	3,457,377	4,359,377	4,648,606	289,229
FUND BALANCE, JUNE 30, 2018	\$ -	\$ -	\$ 5,275,196	\$ 5,275,196
ADJUSTMENT TO ACCOUNTING PRINCIPLES				
GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (U.S. GAAP BASIS):				
Property taxes susceptible to accrual recognized as revenue on the U.S. GAAP basis			201,622	
FUND BALANCE (U.S. GAAP BASIS) - June 30, 2018			\$ 5,476,818	
Revenue/Other Financing Sources reconciliation:				
Revenues, budgetary basis			9,767,183	
Property tax accrual adjustment (U.S. GAAP basis)			166,374	
Interfund services provided (U.S. GAAP Basis)			130,668	
Revenues (U.S. GAAP Basis)			<u>10,064,225</u>	
Other financing sources, budgetary basis			130,668	
Interfund services provided			<u>(130,668)</u>	
Other financing sources (U.S. GAAP Basis)			<u>-</u>	

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NUTRITION AND TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Charges for services	\$ 23,500	\$ 23,500	\$ 30,478	\$ 6,978
Intergovernmental	316,895	316,895	305,392	(11,503)
Interest	1,000	1,000	5,456	4,456
Donations	144,000	144,000	158,249	14,249
TOTAL REVENUES	485,395	485,395	499,575	14,180
EXPENDITURES:				
Current:				
Health and welfare				
Nutrition Division	527,005	527,005	496,199	30,806
Transportation Division	171,187	171,187	168,062	3,125
Special payments	5,000	5,000	-	5,000
Contingency	135,346	205,346	-	205,346
TOTAL EXPENDITURES	838,538	908,538	664,261	244,277
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(353,143)	(423,143)	(164,686)	258,457
OTHER FINANCING SOURCES (USES):				
Transfers in	150,000	150,000	150,000	-
Transfers out	(10,300)	(10,300)	(10,300)	-
TOTAL OTHER FINANCING				
SOURCES (USES)	139,700	139,700	139,700	-
NET CHANGE IN FUND BALANCE	(213,443)	(283,443)	(24,986)	258,457
FUND BALANCE, JUNE 30, 2017	213,443	283,443	300,098	16,655
FUND BALANCE, JUNE 30, 2018	\$ -	\$ -	\$ 275,112	\$ 275,112
Expenditures/Other Financing Uses reconciliation:				
Expenditures, budgetary basis			\$ 664,261	
Interfund services (U.S. GAAP Basis)			10,300	
Expenditures (U.S. GAAP Basis)			<u>\$ 674,561</u>	
Other financing uses, budgetary basis			\$ (10,300)	
Interfund services			10,300	
Other financing uses (U.S. GAAP Basis)			<u>\$ -</u>	

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SYSTEM DEVELOPMENT CHARGES ZONE 3 FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Licenses and permits	\$ 2,714,414	\$ 2,714,414	\$ 623,490	\$ (2,090,924)
Intergovernmental	3,500	3,500	5,612	2,112
Interest	62,000	62,000	187,149	125,149
TOTAL REVENUES	2,779,914	2,779,914	816,251	(1,963,663)
EXPENDITURES:				
Current:				
Materials and services	12,000	15,000	5,612	9,388
Capital outlay	6,833,097	6,830,097	-	6,830,097
TOTAL EXPENDITURES	6,845,097	6,845,097	5,612	6,839,485
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,065,183)	(4,065,183)	810,639	4,875,822
OTHER FINANCING SOURCES (USES):				
Transfers out	(7,304,438)	(7,307,438)	(1,423,081)	5,884,357
TOTAL OTHER FINANCING SOURCES (USES)	(7,304,438)	(7,307,438)	(1,423,081)	5,884,357
NET CHANGE IN FUND BALANCE	(11,369,621)	(11,372,621)	(612,442)	10,760,179
FUND BALANCE, JUNE 30, 2017	11,369,621	11,369,621	12,300,353	930,732
FUND BALANCE, JUNE 30, 2018	\$ -	\$ (3,000)	\$ 11,687,911	\$ 11,690,911
Expenditures/Other Financing Uses reconciliation:				
Expenditures, budgetary basis			\$ 5,612	
Interfund services (U.S. GAAP Basis)			39,266	
Expenditures (U.S. GAAP Basis)			<u>\$ 44,878</u>	
Other financing uses, budgetary basis			\$ (1,423,081)	
Interfund services			39,266	
Other financing uses (U.S. GAAP Basis)			<u>\$ (1,383,815)</u>	

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

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NOTES TO BASIC FINANCIAL STATEMENTS

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District

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

Basis of Presentation, Measurement Focus, and Basis of Accounting

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements (Continued)

The District reports the following major funds:

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

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

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

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

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

The District reports the following fund types:

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

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

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

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Measurement Focus and Basis of Accounting

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

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

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

Fund Balances

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

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

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

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Continued)

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

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

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

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

Fund balances by classification for the year ended June 30, 2018 were as follows:

	General Fund	Nutrition and Transportation Fund	System Development Charges Zone 3 Fund	Capital Projects Fund	Capital Asset Replacement Fund	Other Governmental Fund	Total
Nonspendable:							
Prepays	\$ 12,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,591
Restricted for:							
Debt service reserve	-	-	-	-	-	1,500,000	1,500,000
Acquisition and development	-	-	11,687,911	9,715,640	-	4,452,256	25,855,807
Assigned to:							
Health and welfare	-	275,112	-	-	-	-	275,112
Debt service reserve	-	-	-	-	-	147,027	147,027
Acquisition and development	-	-	-	-	4,193,490	-	4,193,490
Unassigned:	5,464,227	-	-	-	-	-	5,464,227
Total fund balances	<u>\$ 5,476,818</u>	<u>\$ 275,112</u>	<u>\$ 11,687,911</u>	<u>\$ 9,715,640</u>	<u>\$ 4,193,490</u>	<u>\$ 6,099,283</u>	<u>\$ 37,448,254</u>

Use of Estimates

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

ORS 294.035 authorizes the District to invest in general obligations of the United States and its agencies, debt obligations of the state of Oregon, California, Idaho, and Washington and their political subdivisions, banker's acceptances, corporate indebtedness, commercial paper, repurchase agreements, time certificates of deposit, fixed or variable life insurance contracts, and the State Treasurer's Local Government Investment Pool (LGIP). Cash and investments comprise funds held and invested by the County Treasurer and the LGIP. Authority to manage the investment program is granted to the publicly elected County Treasurer, and the District may not engage in an investment transaction without approval of the Treasurer. All bank deposits shall be held in qualified Oregon depositories in accordance with ORS Chapter 295. Financial information required by Governmental Accounting Standards Board Statements (GASB) No. 3, No. 31, No. 40, and No. 72 regarding the accounting and financial reporting for the District's pooled cash and investments, held by the County Treasurer, has been disclosed in the County's Comprehensive Annual Financial Report for the year ended June 30, 2018.

Property Taxes Receivable

Real and personal property taxes are assessed and become a lien against the property as of July 1 each year, and are payable in three installments on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 15 are considered delinquent. All property taxes receivable are due from property owners within the District.

Accounts Receivable

Accounts receivable consists of charges for services and outstanding system development charges generated from new residential and commercial development throughout the District. All accounts receivable are shown net of an allowance for uncollectible accounts. As of June 30, 2018, the District believes all accounts receivable are fully collectible and an allowance for uncollectible accounts is not warranted.

Deferred Outflows/Inflows of Resources

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

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

Pension Plan

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY [BUDGET]

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

- Property taxes susceptible to accrual are recognized on a cash basis.
- Interfund services provided are recorded as transfers in and out rather than revenues and expenditures.

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

3. CASH AND INVESTMENTS

Cash and investments are comprised of the following:

Petty cash/change fund	\$ 3,550
Cash and cash equivalents with the County Treasurer	1,315,536
State of Oregon Treasurer's Local Government Investment Pool	<u>36,870,115</u>
	<u>\$ 38,189,201</u>

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

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

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

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

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

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

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

State statutes authorize the District to invest in general obligations of the U.S. Government and in its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements and bankers' acceptances, among others. Reference should be made to the June 30, 2018 Comprehensive Annual Financial Report of Clackamas County for compliance with these statutes.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

3. CASH AND INVESTMENTS (CONTINUED)

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

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018, are as follows:

Accounts receivable	General Fund	Nutrition and Transportation Fund	Total
Charges for services	\$ 78,209	\$ 18,587	\$ 96,796
Less: allowance for uncollectibles	-	-	-
Net total accounts receivable	<u>\$ 78,209</u>	<u>\$ 18,587</u>	<u>\$ 96,796</u>

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Increases	Transfers	Deletions	Balance June 30, 2018
Capital assets not being depreciated:					
Land	\$ 19,022,933	\$ 3,049,914	\$ -	\$ (8,161,580)	\$ 13,911,267
Construction in progress	190,966	1,109,555	(13,350)	-	1,287,171
Total capital assets not being depreciated	19,213,899	4,159,469	(13,350)	(8,161,580)	15,198,438
Capital assets being depreciated:					
Buildings	12,534,253	1,610,086	-	(1,065,884)	13,078,455
Office equipment	1,022,360	-	-	(59,175)	963,185
Improvements	26,966,142	215,150	13,350	(9,049,783)	18,144,859
Vehicles	592,318	77,342	-	(26,306)	643,354
Total capital assets being depreciated	41,115,073	1,902,578	13,350	(10,201,148)	32,829,853
Less accumulated depreciation for:					
Buildings	(11,090,469)	(128,279)	-	367,368	(10,851,380)
Office equipment	(669,942)	(42,152)	-	48,153	(663,941)
Improvements	(7,895,786)	(1,342,201)	-	3,571,212	(5,666,775)
Vehicles	(473,658)	(37,986)	-	26,306	(485,338)
Total accumulated depreciation	(20,129,855)	(1,550,618)	-	4,013,039	(17,667,434)
Total capital assets being depreciated, net	20,985,218	351,960	13,350	(6,188,109)	15,162,419
Total capital assets, net	\$ 40,199,117	\$ 4,511,429	\$ -	\$(14,349,689)	\$ 30,360,857

Depreciation expense was charged as follows:

Culture and recreation	\$ 1,333,531
Health and welfare	217,087
	<u>\$ 1,550,618</u>

6. DUE TO/FROM CLACKAMAS COUNTY

\$834,101 is due to Clackamas County as of June 30, 2018 related to services received.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

7. TRANSFERS TO/FROM OTHER FUNDS

Transfers to/from other funds for the year ended June 30, 2018, consisted of the following:

Amount	Description
\$ 496,025	From the General Fund to Other Governmental Funds for bond payments.
900,000	From the General Fund to the Capital Asset Replacement Fund for capital asset repair, replacement and acquisition.
150,000	From the General Fund to the Nutrition and Transportation Fund to support the Nutrition and Transportation programs.
13,811	From the General Fund to the Capital Projects Fund for capital construction and acquisition.
14,639	From the System Development Charges Zone 1 Fund to other governmental funds for bond payments.
35,175	From the System Development Charges Zone 1 Fund to the Capital Projects Fund for capital asset construction and acquisition.
39,878	From the System Development Charges Zone 2 Fund to other governmental funds for bond payments.
4,398	From the System Development Charges Zone 2 Fund to the Capital Projects Fund for capital asset construction and acquisition.
300,421	From the System Development Charges Zone 3 Fund to other governmental funds for bond payments.
1,083,394	From the System Development Charges Zone 3 Fund to the Capital Projects Fund for capital asset construction and acquisition.
<u>\$ 3,037,741</u>	

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to errors and omissions; automobile; damage to and destruction of assets; and bodily injury for which the District participates in the County's self-insurance program. The District makes payments to the County's self-insurance internal service funds based on historical cost information estimates of the amounts needed to pay prior year and current year claims, claim reserves, premiums, and administrative costs of the program.

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

9. LONG-TERM DEBT

In 2008 the District issued Full Faith and Credit Obligations in the amount of \$8,000,000 to fund the creation of a new District park. The remaining annual principal and semi-annual interest payments were approximately \$574,000 per year; the final payment was scheduled on December 1, 2027. During fiscal year 2017-2018, the District sold property and used part of the proceeds to pay off the balance of the bonds in the amount of \$5,160,000.

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

Changes in long-term debt for the year ended June 30, 2018, are as follows:

	Interest Rates	Original Amount	Outstanding June 30, 2017	Increases	Decreases	Outstanding June 30, 2018
Full Faith and Credit Obligations						
Series 2008	3.25% - 4.00%	\$ 8,000,000	\$ 5,160,000	\$ -	\$ (5,160,000)	\$ -
Full Faith and Credit Refunding Bonds						
Series 2010	2.50% - 4.00%	5,660,000	3,340,000	-	(370,000)	2,970,000
			8,500,000	-	(5,530,000)	2,970,000
Premiums			90,613	-	(20,286)	70,327
			8,590,613	\$ -	\$ (5,550,286)	3,040,327
Current Portion						(380,000)
						<u>\$ 2,660,327</u>

Future maturities are as follows:

Fiscal Year	Full Faith and Credit Refunding Bonds Series 2010	
	Principal	Interest
2019	\$ 380,000	\$ 114,925
2020	395,000	101,625
2021	405,000	87,800
2022	420,000	71,600
2023	440,000	54,800
2024-2025	930,000	56,200
	<u>\$ 2,970,000</u>	<u>\$ 486,950</u>

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

10. TAX ABATEMENTS

The District has entered into no tax abatement programs. There is one tax abatement program entered into by another government reducing the District's property tax revenues for the year ended June 30, 2018.

Enterprise Zone:

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

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

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated during the Fiscal Year 2018</u>
Enterprise Zone	\$ 15,453

11. GROUND LEASE

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

12. RELATED-PARTY TRANSACTIONS

Labor and fringe benefit costs, administrative expenses for accounting, risk management, human resource management, technology services, public and government affairs, records management and other professional services totaling \$6,489,169 were paid to various County departments. At June 30, 2018, the District owed the County \$834,101 for such services. Internal County departments allocate their expenses to all county departments including the District. Labor and fringe benefit costs for the District are based on actual costs and all other administrative costs are based on historical actual costs and allocated based on an activity-based costing methodology.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

13. COMMITMENTS

The District has commitments under various contracts for approximately \$738,212 at June 30, 2018.

14. SPECIAL ITEM

On May 4, 2018, North Clackamas Parks & Recreation District sold Hood View Park, with a book value of \$14,349,689, to North Clackamas School District, in exchange for three properties and cash. The three properties received in exchange totaled \$4,660,000 and cash of \$14,040,000. The resulting gain from the transaction was \$4,350,311. The cash was used to pay off the debt for Hood View Park and the remaining cash is restricted.

15. SUBSEQUENT EVENT

On October 9, 2017, the City of Happy Valley filed a lawsuit in the Circuit Court of the State of Oregon against Clackamas County on behalf of North Clackamas Parks & Recreation District (District). The Claim for relief is \$13,385,848 plus interest and other assets to be determined.

By way of background, in May 2017, the City of Happy Valley City Council passed an Ordinance to withdraw the territory within the City's boundaries from the North Clackamas Parks and Recreation District with an effective date of 12/31/17.

Initially, the State of Oregon Department of Revenue (DOR) approved the City's petition for withdrawal as of March 7, 2018. After further review, the DOR subsequently rescinded that approval, as communicated in a letter dated June 19, 2018. On September 28, 2018, the State of Oregon Tax Court ruled that the DOR exceeded its authority in rescinding approval of the boundary change sought by the City of Happy Valley. This decision invalidated the previous DOR decision in June rescinding the boundary approval and reinstated the boundary change. This decision by the Tax Court was limited in its ruling to just the tax assessment question. The Tax Court did not rule on the question of whether the City utilized the correct Oregon Revised Statute. NCPRD maintains that the City, in its use of ORS 222 to withdraw, did not follow the correct statute. Rather, NCPRD believes that ORS 198 is the correct statute for this process. This matter is subject to a pending Circuit Court decision. The immediate operational effect of the ruling meant that NCPRD would continue to own parks within Happy Valley, but could not collect the revenue needed to pay for operations or maintenance.

On October 12, 2018, a Clackamas County Circuit Court granted a partial summary judgment in favor of the City of Happy Valley, finding that the District breached its contract with the City. While this partial summary judgment is a setback, it is not a final ruling. Litigation is proceeding to trial on the City's other claims and on the District's counterclaim for breach of contract for the City's failure to maintain the parks as required while the District was providing funds to the city. At this time, an estimate of this potential loss cannot be made.

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SUPPLEMENTARY INFORMATION

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds		Debt Service Fund	
	System Development Charges Zone 1 Fund	System Development Charges Zone 2 Fund	Series 2010 Debt Service Fund	Total
<u>ASSETS:</u>				
Cash and investments	\$ -	\$ -	\$ 147,027	\$ 147,027
Due from Clackamas County	12,780	61,004	-	73,784
Restricted cash and investments	2,573,307	1,830,034	1,500,000	5,903,341
TOTAL ASSETS	\$ 2,586,087	\$ 1,891,038	\$ 1,647,027	\$ 6,124,152
<u>LIABILITIES:</u>				
Due to Clackamas County	\$ 24,869	\$ -	\$ -	\$ 24,869
<u>FUND BALANCES:</u>				
Restricted	2,561,218	1,891,038	1,500,000	5,952,256
Assigned	-	-	147,027	147,027
TOTAL FUND BALANCES	2,561,218	1,891,038	1,647,027	6,099,283
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,586,087	\$ 1,891,038	\$ 1,647,027	\$ 6,124,152

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds		Debt Service Funds		
	System Development Charges Zone 1 Fund	System Development Charges Zone 2 Fund	Series 2010 Debt Service Fund	Series 2008 Debt Service Fund	Total
REVENUES:					
Licenses and permits	\$ 1,351,729	\$ 362,919	\$ -	\$ -	\$ 1,714,648
Intergovernmental	26,573	7,275	-	-	33,848
Interest	25,059	26,841	25,701	10,380	87,981
TOTAL REVENUES	1,403,361	397,035	25,701	10,380	1,836,477
EXPENDITURES:					
Current:					
Culture and recreation	101,878	13,072	350	385	115,685
Debt service:					
Principal	-	-	370,000	380,000	750,000
Bond defeasance	-	-	-	4,780,000	4,780,000
Interest	-	-	126,025	172,803	298,828
TOTAL EXPENDITURES	101,878	13,072	496,375	5,333,188	5,944,513
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,301,483	383,963	(470,674)	(5,322,808)	(4,108,036)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	496,025	354,938	850,963
Transfers out	(49,813)	(44,276)	-	-	(94,089)
TOTAL OTHER FINANCING SOURCES (USES)	(49,813)	(44,276)	496,025	354,938	756,874
SPECIAL ITEM:					
Land sale proceeds	-	-	-	4,856,515	4,856,515
NET CHANGE IN FUND BALANCE	1,251,670	339,687	25,351	(111,355)	1,505,353
FUND BALANCE, JUNE 30, 2017	1,309,548	1,551,351	1,621,676	111,355	4,593,930
FUND BALANCE, JUNE 30, 2018	\$ 2,561,218	\$ 1,891,038	\$ 1,647,027	\$ -	\$ 6,099,283

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SYSTEM DEVELOPMENT CHARGES ZONE 1 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Licenses and permits	\$ 76,660	\$ 76,660	\$ 1,351,729	\$ 1,275,069
Intergovernmental	10,000	10,000	26,573	16,573
Interest	11,000	11,000	25,059	14,059
TOTAL REVENUES	97,660	97,660	1,403,361	1,305,701
EXPENDITURES:				
Current:				
Materials and services	20,000	30,000	26,573	3,427
Capital outlay	1,027,770	1,017,770	-	1,017,770
TOTAL EXPENDITURES	1,047,770	1,047,770	26,573	1,021,197
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(950,110)	(950,110)	1,376,788	2,326,898
OTHER FINANCING SOURCES (USES):				
Transfers out	(299,633)	(299,633)	(125,118)	174,515
NET CHANGE IN FUND BALANCE	(1,249,743)	(1,249,743)	1,251,670	2,501,413
FUND BALANCE, JUNE 30, 2017	1,249,743	1,249,743	1,309,548	59,805
FUND BALANCE, JUNE 30, 2018	\$ -	\$ -	\$ 2,561,218	\$ 2,561,218

Expenditures/Other Financing Uses reconciliation:

Expenditures, budgetary basis	\$ 26,573
Interfund services (U.S. GAAP Basis)	75,305
Expenditures (U.S. GAAP Basis)	<u>\$ 101,878</u>
Other financing uses, budgetary basis	\$ (125,118)
Interfund services	75,305
Other financing uses (U.S. GAAP Basis)	<u>\$ (49,813)</u>

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SYSTEM DEVELOPMENT CHARGES ZONE 2 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Licenses and permits	\$ 239,069	\$ 239,069	\$ 362,919	\$ 123,850
Intergovernmental	4,000	4,000	7,275	3,275
Interest	6,200	6,200	26,841	20,641
TOTAL REVENUES	249,269	249,269	397,035	147,766
EXPENDITURES:				
Current:				
Materials and services	6,000	10,000	7,275	2,725
Capital outlay	1,393,296	1,389,296	-	1,389,296
TOTAL EXPENDITURES	1,399,296	1,399,296	7,275	1,392,021
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,150,027)	(1,150,027)	389,760	1,539,787
OTHER FINANCING SOURCES (USES):				
Transfers out	(190,168)	(190,168)	(50,073)	140,095
NET CHANGE IN FUND BALANCE	(1,340,195)	(1,340,195)	339,687	1,679,882
FUND BALANCE, JUNE 30, 2017	1,340,195	1,340,195	1,551,351	211,156
FUND BALANCE, JUNE 30, 2018	\$ -	\$ -	\$ 1,891,038	\$ 1,891,038

Expenditures/Other Financing Uses reconciliation:

Expenditures, budgetary basis	\$ 7,275
Interfund services (U.S. GAAP Basis)	5,797
Expenditures (U.S. GAAP Basis)	<u>\$ 13,072</u>
Other financing uses, budgetary basis	\$ (50,073)
Interfund services	5,797
Other financing uses (U.S. GAAP Basis)	<u>\$ (44,276)</u>

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SERIES 2010 DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Land sale proceeds	\$ 1,980,030	\$ 1,980,030	\$ -	\$ (1,980,030)
Interest	200	200	25,701	25,501
TOTAL REVENUES	<u>1,980,230</u>	<u>1,980,230</u>	<u>25,701</u>	<u>(1,954,529)</u>
EXPENDITURES:				
Current:				
Materials and services	20,500	20,500	350	20,150
Debt Service:				
Bond defeasance	3,592,614	3,592,614	-	3,592,614
Principal	370,000	370,000	370,000	-
Interest and fiscal charges	126,100	126,100	126,025	75
TOTAL EXPENDITURES	<u>4,109,214</u>	<u>4,109,214</u>	<u>496,375</u>	<u>3,612,839</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,128,984)</u>	<u>(2,128,984)</u>	<u>(470,674)</u>	<u>1,658,310</u>
OTHER FINANCING SOURCE:				
Transfers in	505,000	505,000	496,025	(8,975)
NET CHANGE IN FUND BALANCE	<u>(1,623,984)</u>	<u>(1,623,984)</u>	<u>25,351</u>	<u>1,649,335</u>
FUND BALANCE, JUNE 30, 2017	<u>1,623,984</u>	<u>1,623,984</u>	<u>1,621,676</u>	<u>(2,308)</u>
FUND BALANCE, JUNE 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,647,027</u>	<u>\$ 1,647,027</u>

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SERIES 2008 DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest	\$ 200	\$ 200	\$ 10,380	\$ 10,180
EXPENDITURES:				
Current:				
Materials and services	12,500	12,500	385	12,115
Debt Service:				
Principal	380,000	380,000	380,000	-
Bond defeasance	5,247,903	5,247,903	4,780,000	467,903
Interest and fiscal charges	186,306	186,306	172,803	13,503
TOTAL EXPENDITURES	5,826,709	5,826,709	5,333,188	493,521
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,826,509)	(5,826,509)	(5,322,808)	503,701
OTHER FINANCING SOURCE:				
Transfers in	566,656	566,656	354,938	(211,718)
SPECIAL ITEM:				
Land sale proceeds	5,149,417	5,149,417	4,856,515	(292,902)
NET CHANGE IN FUND BALANCE	(110,436)	(110,436)	(111,355)	210,799
FUND BALANCE, JUNE 30, 2017	110,436	110,436	111,355	919
FUND BALANCE, JUNE 30, 2018	\$ -	\$ -	\$ -	\$ -

MAJOR FUND BUDGETARY SCHEDULES

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Intergovernmental	\$ 1,550,500	\$ 1,550,500	\$ 25,713	\$ (1,524,787)
Interest	-	-	52,543	52,543
Miscellaneous revenue	-	-	-	-
TOTAL REVENUES	<u>1,550,500</u>	<u>1,550,500</u>	<u>78,256</u>	<u>(1,472,244)</u>
EXPENDITURES:				
Capital outlay	<u>9,773,385</u>	<u>9,773,385</u>	<u>1,162,491</u>	<u>8,610,894</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,222,885)	(8,222,885)	(1,084,235)	7,138,650
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>6,732,565</u>	<u>6,732,565</u>	<u>1,136,778</u>	<u>(5,595,787)</u>
SPECIAL ITEM:				
Land sale proceeds	<u>975,760</u>	<u>975,760</u>	<u>9,142,350</u>	<u>8,166,590</u>
NET CHANGE IN FUND BALANCE	(514,560)	(514,560)	9,194,893	9,709,453
FUND BALANCE, JUNE 30, 2017	<u>514,560</u>	<u>514,560</u>	<u>520,747</u>	<u>6,187</u>
FUND BALANCE, JUNE 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,715,640</u>	<u>\$ 9,715,640</u>

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
CAPITAL ASSET REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Interest	\$ 10,000	\$ 10,000	\$ 62,477	\$ 52,477
Miscellaneous	-	-	35,088	35,088
TOTAL REVENUES	<u>10,000</u>	<u>10,000</u>	<u>97,565</u>	<u>87,565</u>
EXPENDITURES:				
Current:				
Materials and services	45,000	45,000	270	44,730
Special payments	5,000	5,000	-	5,000
Capital outlay	4,434,644	4,434,644	422,710	4,011,934
TOTAL EXPENDITURES	<u>4,484,644</u>	<u>4,484,644</u>	<u>422,980</u>	<u>4,061,664</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,474,644)</u>	<u>(4,474,644)</u>	<u>(325,415)</u>	<u>4,149,229</u>
OTHER FINANCING SOURCE:				
Transfers in	900,000	900,000	900,000	-
Transfers out	(5,000)	(5,000)	-	5,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>895,000</u>	<u>895,000</u>	<u>900,000</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCE	<u>(3,579,644)</u>	<u>(3,579,644)</u>	<u>574,585</u>	<u>4,154,229</u>
FUND BALANCE, JUNE 30, 2017	<u>3,579,644</u>	<u>3,579,644</u>	<u>3,618,905</u>	<u>39,261</u>
FUND BALANCE, JUNE 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,193,490</u>	<u>\$ 4,193,490</u>

OTHER FINANCIAL SCHEDULE

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2018

Tax Year	Uncollected June 30, 2017	Levy as Extended by Assessor	Discounts Allowed	Interest	Adjustments	Collections	Uncollected June 30, 2018
2017-18		7,398,202	(192,827)	2,416	(13,870)	(7,046,634)	147,287
2016-17	134,640		87	4,723	(6,300)	(58,274)	74,876
2015-16	78,088		13	4,291	(2,310)	(23,414)	56,668
2014-15	55,207		4	4,829	(1,363)	(18,559)	40,118
2013-14	36,106		(1)	2,482	(286)	(8,858)	29,443
2012-13	27,746		(1)	335	(260)	(970)	26,850
2011-2012 and prior	70,730		(2)	(357)	(334)	(1,167)	68,870
	\$ 402,517	\$ 7,398,202	\$ (192,727)	\$ 18,719	\$ (24,723)	\$ (7,157,876)	\$ 444,112

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STATISTICAL INFORMATION

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Statistical Section

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

<u>Contents</u>	<u>Page</u>
<i>Financial Trends</i>	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	44-47
<i>Revenue Capacity</i>	
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	48-51
<i>Debt Capacity</i>	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	52-55
<i>Demographic and Economic Information</i>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	56-58
<i>Operating Information</i>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	59-60

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

<u>Fiscal Year Ended June 30,</u>	<u>Net Investment in Capital Assets</u>	<u>Restricted for Debt Service</u>	<u>Restricted for Acquisition and Development</u>	<u>Unrestricted</u>	<u>Total Net Position</u>
2009	17,554,633	188,378	410,134	4,503,977	22,657,122
2010	19,206,774	83,072	811,687	4,855,999	24,957,532
2011 (Restated)	21,055,761	83,344	1,882,388	5,188,746	28,210,239
2012	21,277,204	196,938	3,554,234	5,412,404	30,440,780
2013	28,149,582	108,550	5,190,846	5,185,931	30,440,780
2014	28,695,599	108,503	5,888,077	7,111,677	41,803,856
2015	31,487,485	108,956	9,180,650	6,835,003	47,612,094
2016	31,573,020	1,609,806	12,675,699	7,948,666	53,807,191
2017	31,608,504	1,611,355	15,681,999	9,120,486	58,022,344
2018	27,320,530	1,500,000	25,855,807	10,354,456	65,030,793

Source: Clackamas County Finance Department

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

	Fiscal Year			
	2009	2010	2011 (Restated)	2012
Expenses:				
Culture, education and recreation	\$ 5,517,296	\$ 5,151,374	\$ 6,003,725	\$ 5,686,708
Health and welfare	2,162,530	2,185,918	2,429,902	2,282,523
Interest on long-term debt	638,719	603,945	475,573	430,037
Total expenses	<u>8,318,545</u>	<u>7,941,237</u>	<u>8,909,200</u>	<u>8,399,268</u>
Program Revenues:				
Charges for services:				
Culture, education and recreation	1,814,058	2,490,750	2,409,847	3,102,933
Health and welfare	815,012	1,119,032	1,082,685	1,206,696
Operating grants and contributions:				
Culture, education and recreation	919,061	811,586	780,870	383,558
Health and welfare	412,911	364,626	350,825	493,329
Capital grants and contributions:				
Culture, education and recreation	-	-	-	-
Total program revenues	<u>3,961,042</u>	<u>4,785,994</u>	<u>4,624,227</u>	<u>5,186,516</u>
Net Expense	<u>(4,357,503)</u>	<u>(3,155,243)</u>	<u>(4,284,973)</u>	<u>(3,212,752)</u>
General Revenues:				
Property taxes levied for general purposes	4,912,438	5,089,720	5,168,112	5,347,036
Earnings on investments	196,715	32,243	22,844	36,493
Interagency transfer in	2,000,000	-	-	-
Loss on disposal of capital assets	-	-	-	-
Miscellaneous	203,092	333,690	110,349	59,764
Total general revenues	<u>7,312,245</u>	<u>5,455,653</u>	<u>5,301,305</u>	<u>5,443,293</u>
Change In Net Position before Special Item	2,954,742	2,300,410	1,016,332	2,230,541
Special Item:				
Gain on capital asset disposal	-	-	-	-
Change In Net Position	2,954,742	2,300,410	1,016,332	2,230,541
Cumulative effect of correction of error	-	-	2,236,375	-
Total Change In Net Position	<u>\$ 2,954,742</u>	<u>\$ 2,300,410</u>	<u>\$ 3,252,707</u>	<u>\$ 2,230,541</u>

Notes:

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

Source: Clackamas County Finance Department

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 6,594,107	\$ 6,400,741	\$ 6,941,053	\$ 6,546,071	\$ 6,913,076	\$ 8,198,709
2,653,230	2,557,450	3,151,514	2,424,393	2,512,913	1,992,348
409,488	462,994	390,654	369,622	347,982	287,707
<u>9,656,825</u>	<u>9,421,185</u>	<u>10,483,221</u>	<u>9,340,086</u>	<u>9,773,971</u>	<u>10,478,764</u>
3,220,860	3,501,228	3,469,954	1,643,259	1,705,683	2,013,611
1,315,563	1,390,998	1,625,996	490,843	516,216	327,797
328,305	650,916	760,915	528,012	197,348	357,715
484,537	448,983	522,277	504,616	509,763	335,348
<u>6,892,951</u>	<u>508,379</u>	<u>3,590,561</u>	<u>3,847,875</u>	<u>3,925,943</u>	<u>2,338,138</u>
<u>12,242,216</u>	<u>6,500,504</u>	<u>9,969,703</u>	<u>7,014,605</u>	<u>6,854,953</u>	<u>5,372,609</u>
<u>2,585,391</u>	<u>(2,920,681)</u>	<u>(513,518)</u>	<u>(2,325,481)</u>	<u>(2,919,018)</u>	<u>(5,106,155)</u>
5,414,332	5,989,488	6,240,654	6,548,536	6,870,480	7,199,471
50,801	52,818	61,274	108,684	261,026	499,910
-	-	-	1,859,382	-	-
(10,782)	-	-	-	-	-
<u>154,387</u>	<u>47,322</u>	<u>19,828</u>	<u>3,976</u>	<u>2,665</u>	<u>64,912</u>
<u>5,608,738</u>	<u>6,089,628</u>	<u>6,321,756</u>	<u>8,520,578</u>	<u>7,134,171</u>	<u>7,764,293</u>
8,194,129	3,168,947	5,808,238	6,195,097	4,215,153	2,658,138
-	-	-	-	-	4,350,311
8,194,129	3,168,947	5,808,238	6,195,097	4,215,153	7,008,449
-	-	-	-	-	-
<u>\$ 8,194,129</u>	<u>\$ 3,168,947</u>	<u>\$ 5,808,238</u>	<u>\$ 6,195,097</u>	<u>\$ 4,215,153</u>	<u>\$ 7,008,449</u>

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

		Fiscal Year			
		2009	2010	2011	2012
General Fund:					
Reserved for prepaid items		\$ 53,375	\$ -	\$ -	\$ -
Unreserved		1,547,530	-	-	-
Nonspendable		-	7,167	840	1,640
Unassigned		-	2,857,900	3,369,492	2,719,137
Total General Fund		<u>\$ 1,600,905</u>	<u>\$ 2,865,067</u>	<u>\$ 3,370,332</u>	<u>\$ 2,720,777</u>
All Other Governmental Funds:					
Special revenue funds:					
Unreserved		\$ 954,203	\$ -	\$ -	\$ -
Nonspendable		-	-	-	99
Restricted		-	811,687	1,590,255	2,596,596
Assigned		-	673,843	763,252	763,156
Capital project funds:					
Unreserved		2,137,160	-	-	-
Nonspendable		-	-	-	-
Restricted		-	595,725	393,982	1,036,967
Assigned		-	321,766	572,292	1,424,499
Debt service funds:					
Unreserved		188,378	-	-	-
Restricted		-	249	251	196,938
Assigned		-	82,823	83,092	-
Total All Other Governmental Funds		<u>\$ 3,279,741</u>	<u>\$ 2,486,093</u>	<u>\$ 3,403,124</u>	<u>\$ 6,018,255</u>

Notes:

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

Source: Clackamas County Finance Department

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
12,530	1,582	18,362	9,636	14,375	12,591
2,993,589	3,397,971	3,541,816	4,369,031	4,669,479	5,464,227
<u>\$ 3,006,119</u>	<u>\$ 3,399,553</u>	<u>\$ 3,560,178</u>	<u>\$ 4,378,667</u>	<u>\$ 4,683,854</u>	<u>\$ 5,476,818</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	120	-	-	342	-
2,324,381	3,221,523	7,427,707	12,174,247	15,161,252	16,140,167
632,599	609,599	352,593	336,917	299,756	275,112
-	-	-	-	-	-
-	-	32,400	-	-	-
2,866,465	2,666,554	1,752,943	501,452	520,747	9,715,640
1,041,265	1,507,304	2,187,916	2,720,531	3,618,905	4,193,490
-	-	-	-	-	-
108,550	108,503	108,956	1,609,806	1,611,355	1,500,000
95,741	99,285	104,528	106,709	121,676	147,027
<u>\$ 7,069,001</u>	<u>\$ 8,212,888</u>	<u>\$ 11,967,043</u>	<u>\$ 17,449,662</u>	<u>\$ 21,334,033</u>	<u>\$ 31,971,436</u>

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

	Fiscal Year			
	2009	2010	2011	2012
Revenues:				
Property taxes	\$ 4,850,010	\$ 5,076,968	\$ 5,190,484	\$ 5,292,033
Charges for services	1,752,008	2,628,682	1,403,186	1,733,102
Intergovernmental	570,109	759,979	22,844	749,943
Licenses and permits	877,062	981,100	891,019	2,576,527
Interest	196,715	32,243	2,089,346	36,493
Contributions	188,442	176,137	182,152	126,944
Grants	573,421	-	-	-
Miscellaneous	203,092	333,691	110,349	59,764
Total revenues	<u>9,210,859</u>	<u>9,988,800</u>	<u>9,889,380</u>	<u>10,574,806</u>
Expenditures:				
Culture and recreation	4,965,560	4,523,581	4,728,427	4,984,606
Health and welfare	1,916,666	1,947,534	1,945,635	2,008,466
Capital outlay	10,248,820	1,723,430	735,632	559,030
Debt service:				
Interest	713,054	564,755	457,391	427,128
Principal	600,000	700,000	600,000	630,000
Bond miscellaneous charges	-	167,987	-	-
Total expenditures	<u>18,444,100</u>	<u>9,627,287</u>	<u>8,467,085</u>	<u>8,609,230</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,233,241)</u>	<u>361,513</u>	<u>1,422,295</u>	<u>1,965,576</u>
Other Financing Sources:				
Bond sale proceeds	-	5,820,100	-	-
Interagency transfer in	2,000,000	-	-	-
Payment to the escrow account for refunding debt	-	(5,711,099)	-	-
Total other financing sources	<u>2,000,000</u>	<u>109,001</u>	<u>-</u>	<u>-</u>
Special Item:				
Land sale proceeds	-	-	-	-
Net Change in Fund Balances	<u>\$ (7,233,241)</u>	<u>\$ 470,514</u>	<u>\$ 1,422,295</u>	<u>\$ 1,965,576</u>
Debt service as a percentage of noncapital expenditures	16.0%	18.1%	13.7%	13.1%

Source: Clackamas County Finance Department

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 5,414,738	\$ 5,978,500	\$ 6,230,823	\$ 6,519,506	\$ 6,855,995	\$ 7,324,250
1,982,668	2,307,795	2,125,883	2,134,102	2,192,332	2,341,408
883,538	741,117	1,085,715	2,326,650	530,279	505,210
2,483,299	1,720,686	3,858,387	4,043,707	3,425,942	2,338,138
50,801	52,817	61,274	108,685	261,026	499,910
158,187	162,202	192,270	205,978	-	-
-	-	-	-	206,399	187,853
154,387	28,702	19,828	3,976	42,050	195,580
11,127,618	10,991,819	13,574,180	15,342,604	13,514,023	13,392,349
5,367,104	5,297,436	5,875,053	5,393,315	5,703,417	6,828,034
2,158,197	2,104,611	2,251,684	2,080,064	2,156,831	1,759,919
1,210,641	993,113	471,282	506,611	409,036	1,585,201
410,588	394,338	376,381	705,000	335,181	298,828
645,000	665,000	685,000	356,506	720,000	5,530,000
-	-	-	-	-	-
9,791,530	9,454,498	9,659,400	9,041,496	9,324,465	16,001,982
1,336,088	1,537,321	3,914,780	6,301,108	4,189,558	(2,609,633)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	14,040,000
\$ 1,336,088	\$ 1,537,321	\$ 3,914,780	\$ 6,301,108	\$ 4,189,558	\$ 11,430,367
12.3%	12.5%	11.6%	12.4%	11.8%	40.4%

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

<u>Fiscal Year Ended June 30,</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Manufactured Structures</u>	<u>Utilities</u>	<u>Less: Tax-Exempt Property</u>
2009	10,213,372,174	348,185,015	46,657,462	170,819,050	894,355,117
2010	10,663,564,256	438,992,435	44,405,581	246,059,663	1,073,825,814
2011	11,003,575,011	436,101,204	33,947,637	253,070,684	1,160,989,821
2012	11,354,569,712	386,090,839	32,711,207	247,419,694	1,241,400,122
2013	11,632,776,998	410,864,016	32,752,744	243,708,401	1,330,931,617
2014	12,148,737,452	412,784,559	31,933,209	253,752,914	1,400,266,009
2015	12,707,922,936	418,777,464	33,753,256	273,526,828	1,441,606,174
2016	13,370,875,216	416,757,236	36,633,306	296,184,300	1,495,786,659
2017	13,994,666,666	436,869,762	40,259,567	310,713,100	1,529,955,330
2018	14,685,919,772	447,170,936	46,090,839	324,431,754	1,561,948,261

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

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

Source: Clackamas County Department of Assessment and Taxation

Total Taxable Assessed Value	Total Direct Tax Rate	True Cash Value	Assessed Value as a Percentage of True Cash Value
9,884,678,584	0.51	16,512,824,110	59.86 %
10,319,196,121	0.50	14,799,900,037	69.72
10,565,704,715	0.50	13,285,445,756	79.53
10,779,391,330	0.51	12,527,289,343	86.05
10,989,170,542	0.51	13,497,590,811	81.42
11,446,942,125	0.53	12,850,318,591	89.08
11,992,374,310	0.50	14,260,099,520	84.10
12,624,663,399	0.54	15,927,771,309	79.26
13,252,553,765	0.53	18,260,306,778	72.58
13,941,665,040	0.53	20,286,725,848	68.72

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

North Clackamas Parks & Recreation District			Overlapping Rates ⁽³⁾								Total Direct & Overlapping Range	
Year	General Operations	Total Direct ⁽²⁾ Rate	Clackamas County	County Component Units	Cities	Schools	College/ ESD	Fire	Other Special	Total Direct & Overlapping		
2009	0.51	0.51	2.90	0.94	1.18	6.64	1.09	2.37	0.63	16.26	14.91-20.14	
2010	0.50	0.50	2.91	1.44	1.11	6.65	1.07	2.37	0.67	16.72	15.46-19.49	
2011	0.50	0.50	2.91	1.43	1.12	6.74	1.05	2.36	0.64	16.75	15.47-19.12	
2012	0.51	0.51	2.91	1.42	1.20	7.29	1.04	2.36	0.51	17.24	15.60-19.58	
2013	0.51	0.51	2.92	1.44	1.15	6.88	1.06	2.36	0.54	16.86	15.54-19.04	
2014	0.53	0.53	2.92	0.82	1.38	7.10	1.05	2.44	0.62	16.87	15.45-18.95	
2015	0.50	0.50	2.77	0.84	1.34	6.59	1.01	2.27	0.58	15.91	15.17-20.43	
2016	0.54	0.54	2.94	0.78	1.30	7.23	1.10	2.49	0.54	16.92	15.46-20.84	
2017	0.53	0.53	2.97	0.84	1.13	7.16	1.09	2.47	0.55	16.74	15.42-20.83	
2018	0.53	0.53	2.94	0.82	1.28	7.13	1.09	2.48	0.64	16.91	15.32-20.95	

Notes:

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

Source: Clackamas County Department of Assessment and Taxation

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
PRINCIPAL PROPERTY TAX PAYERS
JUNE 30, 2018 AND NINE YEARS AGO

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
General Growth Properties Inc.	\$ 256,586,253	1	1.84 %	\$ 212,640,545	1	2.15 %
Fred Meyer Store Inc #63	170,953,518	2	1.23	126,529,097	2	1.28
PCC Structurals Inc.	133,855,943	3	0.96	75,006,202	3	0.76
Portland General Electric Company	105,335,000	4	0.76	57,989,000	4	0.59
Marvin F Poer & Company	76,794,277	5	0.55	57,761,965	5	0.58
Kaiser Foundation Hospital	62,558,177	6	0.45	44,952,384	8	0.45
Northwest Natural Gas Company	60,093,000	7	0.43	46,096,000	7	0.47
ROIC Oregon LLC	58,226,242	8	0.42	42,146,390	9	0.43
Blount Inc.	57,870,021	9	0.42	41,760,826	10	0.42
CH Realty III/Clackamas LLC	53,328,706	10	0.38			
Forum Clackamas Distribution Center				51,562,804	6	0.52
Total	<u>\$ 1,035,601,137</u>		<u>7.43 %</u>	<u>\$ 756,445,213</u>		<u>7.65 %</u>

Source: Clackamas County Department of Assessment and Taxation

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	5,031,319	4,687,127	93.2	237,498	\$ 4,924,625	97.9 %
2010	5,211,357	4,883,899	93.7	198,395	5,082,294	97.5
2011	5,330,887	4,991,388	93.6	192,716	5,184,104	97.2
2012	5,460,383	5,132,683	94.0	181,738	5,314,421	97.3
2013	5,552,565	5,236,985	94.3	169,157	5,406,142	97.4
2014	6,097,777	5,782,712	94.8	139,141	5,921,853	97.1
2015	6,387,502	6,068,477	95.0	120,041	6,188,518	96.9
2016	6,707,093	6,381,404	95.1	96,229	6,477,633	96.6
2017	7,048,958	6,721,214	95.4	58,274	6,779,488	96.2
2018	7,398,202	7,046,634	95.2	-	7,046,634	95.2

Source: Clackamas County Department of Assessment and Taxation

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

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	Assessment Debt	Limited Tax Revenue Series 2000 Refunding Bonds	Full Faith & Credit Obligations Series 2008 Bonds	Full Faith & Credit Obligations Series 2010 Bonds			
2009	-	5,975,000	7,801,812	-	13,776,812	0.29 %	\$ 121.12
2010	-	-	7,505,912	5,705,248	13,211,160	0.27	116.02
2011	-	-	7,200,012	5,411,095	12,611,107	0.25	110.75
2012	-	-	6,889,112	5,091,942	11,981,054	0.22	104.80
2013	-	-	6,568,212	4,767,842	11,336,054	0.20	99.22
2014	-	-	6,237,312	4,498,074	10,735,386	0.19	92.15
2015	-	-	5,891,413	4,147,400	10,038,813	0.17	85.75
2016	-	-	5,535,513	3,786,673	9,322,186	0.15	76.01
2017	-	-	5,169,613	3,421,000	8,590,613	N/A	70.05
2018	-	-	-	3,040,327	3,040,327	N/A	24.92

Source: Clackamas County Finance Department

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

Fiscal Year	Limited Tax Revenue Refunding Bonds	Full Faith & Credit Obligation Bonds	Total General Bonded Debt	Less Amounts Restricted to Repaying Principal	Net General Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
2009	5,975,000	7,785,000	13,760,000	(188,378)	13,571,622	0.14	119.32
2010	-	13,150,000	13,150,000	(83,072)	13,066,928	0.13	114.75
2011	-	12,550,000	12,550,000	(83,344)	12,466,656	0.12	109.48
2012	-	11,920,000	11,920,000	(196,938)	11,723,062	0.11	102.55
2013	-	11,275,000	11,275,000	(108,550)	11,166,450	0.10	97.74
2014	-	10,735,386	10,735,386	(108,503)	10,626,883	0.09	91.21
2015	-	10,038,813	10,038,813	(108,956)	9,929,857	0.08	84.82
2016	-	9,322,186	9,322,186	(109,806)	9,212,380	0.07	75.11
2017	-	8,590,613	8,590,613	(111,355)	8,479,258	0.06	69.14
2018	-	3,040,327	3,040,327	-	3,040,327	0.02	24.92

Source: Clackamas County Finance Department

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
City of Gladstone	\$ 1,323,000	0.0013 %	\$ 17
City of Milwaukie	13,250,379	99.1486	13,137,565
Clackamas Community College	98,403,913	39.9992	39,360,778
Clackamas County	138,185,000	29.5633	40,852,046
Clackamas County Education Service District	22,100,000	30.8798	6,824,436
Clackamas County Rural Fire Protection District #1	25,770,000	64.7209	16,678,576
Clackamas County School District #115 (Gladstone)	43,017,441	5.1463	2,213,807
Clackamas County School District #12 (North Clackamas)	601,147,673	96.9584	582,863,165
Clackamas County School District #62 (Oregon City)	69,149,195	8.2597	5,711,516
Metro	205,735,000	6.9816	14,363,595
Mt Hood Community College	21,960,000	0.2171	47,675
Multnomah Cty SD 10J(Gresham-Barlow)	304,749,806	0.0021	6,400
Multnomah Cty SD 28J(Centennial)	20,535,050	2.2300	457,932
Oak Lodge Water Service District	15,173,000	98.4276	14,934,420
Other debt:			
City of Milwaukie	3,370,000	99.1486	3,341,308
Clackamas Community College	25,545,000	39.9992	10,217,796
Clackamas County Rural Fire Protection District #1	16,020,000	64.7209	10,368,288
Clackamas County School District #12 (North Clackamas)	830,004	96.9584	804,759
Clackamas County School District #62 (Oregon City)	357,851	8.2597	29,557
Metro	18,170,000	6.9816	1,268,556
Mt Hood Community College	34,521,704	0.2171	74,947
Multnomah Education Service District	28,200,000	0.0583	16,441
Oak Lodge Sanitary District #2	2,200,000	97.8746	2,153,241
Port of Portland	60,339,399	6.4521	3,893,158
Subtotal overlapping debt			769,619,979
District direct debt			<u>3,040,327</u>
Total direct and overlapping debt			<u><u>\$ 772,660,306</u></u>

Note:

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District.

This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. The State of Oregon provides overlapping debt data based on real market value of properties for each jurisdiction.

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

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

Year	True Cash Value	Debt Percentage	Debt Limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
2009	\$ 16,512,824,110	13 %	2,146,667,134	\$ 13,760,000	2,132,907,134	0.64 %
2010	14,799,900,037	13	1,923,987,005	13,150,000	1,910,837,005	0.68
2011	13,285,445,756	13	1,727,107,948	12,550,000	1,714,557,948	0.73
2012	12,527,289,343	13	1,628,547,615	11,920,000	1,616,627,615	0.73
2013	13,497,590,811	13	1,754,686,805	11,336,054	1,743,350,751	0.65
2014	12,850,318,591	13	1,670,541,417	10,735,386	1,659,806,031	0.64
2015	14,260,099,520	13	1,853,812,938	10,038,813	1,843,774,125	0.54
2016	15,927,771,309	13	2,070,610,270	9,322,186	2,061,288,084	0.45
2017	18,260,306,778	13	2,373,839,881	8,590,613	2,365,249,268	0.36
2018	20,286,725,848	13	2,637,274,360	3,040,327	2,634,234,033	0.12

Note:

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

Source: Clackamas County Finance Department

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

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

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income ⁽¹⁾	Clackamas County Unemployment Rate ⁽⁴⁾
2009 ⁽²⁾	113,742	4,777,846	42,006	8.4 %
2010 ⁽³⁾	113,869	4,833,967	42,452	10.4
2011 ⁽³⁾	113,869	5,064,893	44,480	9.5
2012	114,321	5,385,662	47,110	8.4
2013	114,251	5,375,852	47,053	7.5
2014	116,505	5,675,308	48,713	6.4
2015	117,064	5,802,277	49,565	5.6
2016	122,652	6,301,737	51,379	4.7
2017	122,642	N/A	N/A	3.9
2018	122,000	N/A	N/A	3.7

Notes:

(1) Figures are for calendar year.

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

(3) From Claritas Software from Nielsen Corp.

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

N/A Not available

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
PRINCIPAL EMPLOYERS (1)
JUNE 30, 2018 AND NINE YEARS AGO

Employer	2018				2009			
	Employees	Rank	Percentage of Total		Employees	Rank	Percentage of Total	
Intel Corp.	19,300	1	.02	%	15,500	1	.01	%
Providence Health & Services	17,543	2	.01		12,000	4	.01	
Oregon Health & Sciences University	16,200	3	.01		12,600	3	.01	
Legacy Health System	12,955	4	.01		8,251	6	.01	
Nike Inc.	12,000	5	.01		7,000	7	.01	
Fred Meyer	10,637	6	.01		14,684	2	.01	
City of Portland	7,043	7	.01		5,587	10	.01	
Portland Public Schools	6,780	8	.01					
Multnomah County	6,266	9	.00		5,640	9	.01	
Beaverton School District	5,207	10	.00					
Kaiser Permanente Northwest					9,000	5	.01	
Wells Fargo Bank					5,969	8	.01	
Total	<u>113,931</u>		<u>0.09</u>	<u>%</u>	<u>96,231</u>		<u>0.09</u>	<u>%</u>

Sources;

- (1) Statistics are the latest available data published in the Portland Business Journal *Book of Lists 2018*, and *Book of Lists 2009*.
The Business Journal Book of Lists ranks Portland Metropolitan Area employers.
- (2) Total Portland Metropolitan Area employment used to calculate percentages is from the United States Department of Labor Bureau of Labor Statistics.

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

<u>Year Ended June 30,</u>	<u>Health and Welfare</u>	<u>Culture and Recreation</u>	<u>Total</u>
2009	9.00	24.54	33.54
2010	9.00	26.35	35.35
2011	9.00	25.67	34.67
2012	10.31	25.94	36.25
2013	10.44	26.84	37.28
2014	10.65	26.85	37.50
2015	8.72	25.90	34.62
2016	8.41	24.02	32.43
2017	8.36	25.46	33.82
2018	7.34	28.36	35.70

Note:

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

Source: Clackamas County Finance Department.

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Health and welfare:										
Social service units provided	16,657	15,675	6,006	6,186	6,718	6,647	5,264	8,216	7,967	8,996
Meals on Wheels and on-site meals served	72,850	66,903	66,903	65,752	66,299	70,966	69,756	70,341	67,256	76,515
One way rides, older adults and disabled	14,652	14,662	12,967	12,541	11,935	10,360	10,240	9,678	8,357	9,887
Culture and recreation:										
Recreation programs	66	69	66	80	95	97	60	58	65	61
Recreation class participants	3,486	3,419	3,355	4,281	4,443	4,483	3,381	2,580	3,500	3,492
Recreation classes	292	281	264	380	293	298	231	234	238	217
Swim lesson participants ⁽²⁾	4,306	4,481	4,593	5,303	4,247	4,253	4,488	4,739	4,991	4,421
Aquatic park total customers served ⁽¹⁾	246,857	245,905	312,909	271,638	250,863	262,812	253,086	243,907	233,955	235,647

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

(2) New swim lesson program with lower ratios.

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

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

Function	Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Health and welfare:										
Milwaukie Center (serving senior and disabled citizens)										
Activity Rooms	9	9	9	9	9	9	9	9	9	9
Congregate dining room & café	1	1	2	2	2	2	2	2	2	2
Transportation vehicles (14, 16 & 20 passenger)	3	3	3	3	4	3	4	4	4	4
Culture and recreation:										
Acreage-maintained	520	523	505	517	592	596	501	501	520	527
Parks maintained	60	60	51	52	53	55	63	63	64	64
Play structures	29	30	30	30	30	32	33	33	33	36
Maintenance vehicles/equipment	21	22	25	30	30	31	32	33	35	35
Passenger van (Recreobile)	1	1	1	2	1	1	1	1	1	1
Aquatic Park (five pools, game room, activity rooms)	1	1	1	1	1	1	1	1	1	1
Sports fields:										
Baseball	9	11	11	11	11	11	11	11	13	14
Soccer	4	6	6	6	6	6	6	6	6	8
Tennis courts	3	3	3	3	3	3	3	3	3	3
Basketball	15	16	16	16	16	18	17	17	17	19
Volleyball courts	2	2	2	2	2	2	2	2	2	2
Sports programs	-	-	-	-	-	-	127	75	70	21
Sports program participants	-	-	-	-	-	-	7,040	6,769	6,890	5885
Sports courses offered during the year	-	-	-	-	-	-	248	118	87	94

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

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, Nutrition and Transportation Fund, and System Development Charges Zone 3 Fund of North Clackamas Parks and Recreation District (the District), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon October 31, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Moss Adams, LLP

Eugene, Oregon
October 31, 2018

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

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

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

We have audited, the basic financial statements of North Clackamas Parks and Recreation District, Oregon (the District) as of and for the year ended June 30, 2018, and have issued our report thereon dated October 31, 2018. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Oregon Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

Compliance

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

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2018 and 2019.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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

Internal Control Over Financial Reporting

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

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

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

Purpose of this Report

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



for Moss Adams LLP
Eugene, Oregon
October 31, 2018