

Clackamas County Development Agency

(A Component Unit of Clackamas County, Oregon)



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012

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

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012

Prepared by:

Clackamas County Department of Finance
Marc S. Gonzales, Director of Finance
Jason Kirkpatrick, Finance Manager, CPA, CFE
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CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)

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INTRODUCTORY SECTION



DAN JOHNSON
MANAGER

DEVELOPMENT AGENCY

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

December 20, 2012

To the Citizens of Clackamas County:

The Comprehensive Annual Financial Report of the Clackamas County Development Agency (the Agency), an Urban Renewal Agency, for the fiscal year ending June 30, 2012 is hereby submitted as mandated by state statute. State statute requires that the Agency issue a report annually on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Agency's management and is based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to fairly present the financial position and results of operations of the Agency and its various funds. All disclosures necessary to enable the reader to gain an understanding of the Agency's financial activities have been included.

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

Oregon Municipal Audit Law, as contained in the Oregon Revised Statutes, requires an annual audit by independent certified public accountants. The firm of Moss Adams, LLP, was selected to perform the audit for the fiscal year ending June 30, 2012. The auditor's report on the general purpose financial statements is included in the financial section of this report.

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

Profile of the Development Agency

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

The Agency operated four urban renewal areas through fiscal year 2012. Three of these areas are located in one of Oregon's fastest growing regions -- the urbanized northeast portion of Clackamas County.

The **Clackamas Town Center Development Area (CTC)**, which currently encompasses approximately 819 acres, was the first urban renewal program in Clackamas County. With a primary focus on the area around the intersection of I-205 and SE Sunnyside Road, this district focused on the community's need for new and expanded road systems to support the opening of the Clackamas Town Center shopping mall, and to meet the needs of the growing residential neighborhoods, and expanding health care facilities and businesses. The Agency continues to focus on the remaining infrastructure needs in the area to realize the vision for the Clackamas Town Center Area.

Just to the northwest of the Clackamas Town Center Area is the Agency's newest district, the **North Clackamas Revitalization Area (NCRA)**. The Plan for this district was adopted in May 2006 and the area began receiving tax revenue in November 2007. Area residents helped develop the long-range plan for the district and its component projects. This 1,008-acre, primarily residential area is bordered by the County line to the north, the city of Milwaukie to the west, Monroe Street on the south and I-205 to the east. The NCRA was formed to help revitalize an area that had been historically depressed and blighted. The urban renewal district has already resulted in expanded sewer service in the area, and programs are underway to improve housing, reduce crime, upgrade the transportation system and generally increase livability for current residents.

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

The **Government Camp Village Revitalization Area**, in the village of Government Camp on Mt. Hood in far eastern Clackamas County, straddles U.S. Highway 26, the major roadway from the Portland metropolitan area to central and eastern Oregon, and is surrounded by Mt. Hood National Forest. The objective of the Government Camp Plan was to target public investment to revitalize this mountain community into a recreation destination and to encourage private developments such as resorts, hotels, condominiums, retail, restaurants, recreational facilities and single-family homes. Government Camp now has a wide range of year-round recreational opportunities (including close proximity to the only year-round Alpine skiing in the lower 48 states) and scenic vistas. As a result of urban renewal investments, Government Camp has become the retail and recreational center of Mt. Hood. With most major projects completed, the Agency terminated the tax levy in Government Camp in 2009. As in the CIA, remaining projects are being completed with carryover funds that remain in the district's budget.

Local Economy

As a whole, Clackamas County has experienced steady growth in population and development. County population increased from 313,000 in 1997 to an estimated 380,200 in 2011.

- In the **Clackamas Town Center Area**, assessed values were \$45 million in 1980 when the area was adopted. Assessed values in 2012 of over \$569 million reflect the fact that this has been the region's fastest growing business center with development of high quality office, retail and multi-family projects. Increases in assessed values attest to the overall success of urban renewal area planning and development.
- The **North Clackamas Revitalization Area** was valued at \$477 million in 2012, up from \$397.7 million when the district was formed in 2006. Further development is expected now that sewers have been installed, and programs to revitalize housing and streetscape improvements are in progress.
- The original assessed value of the **Clackamas Industrial Area**, adopted in 1984, was \$300 million. After making improvements that increased property values, in 2001 the Agency added \$253.5 million to the general tax rolls and reduced the size of the district by 50 percent. In 2006 when the tax levy was ended, the assessed value of the remaining district was \$323 million.
- Assessed property values in the **Government Camp Area** have increased greatly, from \$24 million when the urban renewal plan was adopted in 1989 to \$160 million when the tax levy was terminated in 2009. Improved infrastructure and support for façade improvements and private development have resulted in the community becoming a popular year-round vacation destination.

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

The nationwide recession that began in 2008-09 had a significant impact on employment levels across the state. Historically, Clackamas County's unemployment level has remained below the statewide averages. Currently the State of Oregon has the 39th highest unemployment rate in the country at 8.6 percent, while the unemployment rate in Clackamas County is closer to 8.0 percent, slightly above the 7.5 percent in the Portland area. The Oregon Office of Economic Analysis reports that job growth in the Portland area was 2.0 percent in the third quarter of 2012, while that of Clackamas County was 0.9 percent. With the housing market improving slowly, the outlook for 2013 is anticipated to be better.

Long-Term Financial Planning

Throughout the past decade, residential development has outpaced both commercial and industrial development in Clackamas County. This creates an imbalance for communities as the revenue collected by ad valorem property tax is less than the cost of providing services. A greater mix of commercial and industrial development is needed to restore the balance, and Agency activities have and are continued to expect to play an important role in this long-term effort.

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

Relevant Financial Policies

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

- The **CTC Development Area** was formed originally to provide transportation and community facilities. The Clackamas Regional Center Plan of 1998, which is part of the County's Comprehensive Plan, also provides for the intensification of Class A office facilities.
- The **NCRA Plan** addresses improved public health and safety in a mix of affordable housing types and mixed-use neighborhoods that provide retail, economic, educational, transportation and recreational opportunities.
- Goals established in the **CIA Plan** call for the reduction of traffic congestion, improved drainage, flood control, economic development and creation of new jobs.
- The **Government Camp Village Revitalization Plan** calls for enlivening the mountain community through enhancement of infrastructure and overall appearance, especially in the retail core, diversification of recreational uses, improved local access and circulation, and increased winter parking.

Major Initiatives

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

- Clackamas Town Center Development Area - a regional retail and business center.
- Clackamas Industrial Development Area - the largest wholesale distribution and manufacturing area in the County.
- North Clackamas Revitalization Area – a residential neighborhood community in need of improved public services and community investment.
- Government Camp Village Revitalization Area - a mountain residential and tourist community with historical significance and numerous recreation opportunities.

Typically the Agency supports economic growth by providing needed public improvements to promote orderly and attractive development. This new development brings jobs, an improved image and an increase in assessed real property value. Urban renewal projects are formed to revitalize “blighted areas” as defined in Oregon statute.

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

- 1) The assessed value before the district is formed. The taxes from this assessed value pay for education and other local government services.
- 2) The increase in assessed value after the district is formed. The taxes on this increase, which occurs as development improves the area, pay for urban renewal projects. Since the passage of Measure 50 in 1997, TIF includes a special levy for urban renewal areas in effect before 1998 that have achieved “existing plan” status. While all of Clackamas County’s development districts except the NCRA have “existing plan” status, the special levy is not applicable to the Clackamas Industrial Area and Government Camp because their levy collections have been terminated.

CLACKAMAS TOWN CENTER AREA (CTC)

Adding Back: An important component of any urban renewal plan is the ability to, through new development, increase assessed value to the tax rolls for use by overlapping taxing districts in the area. Throughout the life of this plan, the Agency continued to be responsive to the needs of its overlapping taxing partners. This focus led to two key amendments of the plan area, one in 1988 and one in 2005, which reduced the size of the district and added \$186 million of assessed value to the general tax rolls for use by our taxing partners. In June 2013, the urban renewal levy within the Clackamas Town Center Area is planned to be terminated, which will add an additional \$569 million of assessed value to the tax rolls. This is value that would not have been realized without the presence of urban renewal to prioritize and fund needed infrastructure improvements that fostered new development in the area.

Clackamas Regional Center Working Group: With the planned termination of the Clackamas Town Center levy in 2013, there has been an emphasis on assessing the remaining needs of the community. In May 2012 the Clackamas Regional Center Working Group was formed to discuss and identify the local community's priorities and select the projects to be implemented with the remaining funds available to the district. The Working Group is comprised of representatives from area businesses, community organizations, local service districts, neighboring jurisdictions and residents. The effort includes open house events and web-based surveys to vet the findings and project recommendations with the community. Once those projects are identified, the Committee will work with staff to develop a final work program for the Board of County Commissioners that identifies the highest priority projects to benefit the community and promote economic growth in the area. This work program will provide staff with a more refined focus to assist with future budgeting and scheduling of construction activity within the district.

Monterey Widening and Improvement: The \$7 million Monterey Avenue Widening and Improvement Project, completed in June 2009, the project was needed to accommodate the growth in housing and commercial development in the area. Monterey Avenue from 82nd Avenue to I-205 was widened by 13 feet to three lanes, including a left turn lane, 14-foot sidewalks and bike lanes. The project included utility undergrounding, installation of a traffic signal, and new decorative street lighting and trees. The capstone of the project was installed in winter 2009-10 – a large piece of public art on Monterey near the entrance to the Clackamas Town Center.

Improvements to Monterey Avenue are planned to continue with the construction of a westerly extension of Monterey that will continue from 82nd Avenue to Fuller Road. This project will provide much-needed east-west connectivity, which is a priority of the Clackamas Regional Center Working Group.

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

CLACKAMAS INDUSTRIAL AREA (CIA)

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

To the Citizens of Clackamas County
December 20, 2012

Northwest Pipe & Casing Site: In late 2005, the Agency purchased approximately 32 acres previously owned by Northwest Pipe & Casing Company, an Environmental Protection Agency (EPA) Superfund site, located east of 82nd Avenue and north of Mather Road. Originally purchased for right-of-way for the Sunrise Corridor, the site has undergone soil remediation and soil capping, and groundwater remediation is underway. The Agency is leasing a portion of the site to Oregon Iron Works (OIW). OIW, the only builder of streetcars in the United States, is using the site to store steel and aluminum, and construct a streetcar test track and maintenance building to help their expansion and creation of additional family-wage jobs.

With the passing of House Bill 2001 by the Oregon Legislature in 2009, funding became available for the early phases of the Sunrise Project, also known as the Sunrise Mainline Project. Clackamas County has coordinated closely with OIW and the Oregon Department of Transportation (ODOT) to ensure a sufficient area of the Northwest Pipe & Casing Site remains to support construction of the Mainline Project in coming years. Construction of early phases of the Sunrise Project is scheduled for 2013.

Highway 212/Lawnfield Connection: Design began on the Lawnfield/Mather roadway connection and 102nd Avenue improvement project in 2008. This project was necessary to support future Sunrise System projects. The second phase of the three-phase construction project was completed last year. Included was the design of the reconstruction of Lawnfield road, a vital component to retaining access to our industrial partners in this area. This third phase of the project -- construction of Lawnfield -- is planned to be funded by the Oregon Department of Transportation and is scheduled to begin in 2013.

Clackamas Industrial Area Opportunity Site: The Agency has been actively marketing a 66-acre industrial site in the Capps Road area south of Highway 212. The Agency is targeting sustainable industries that will provide family wage jobs and increase the tax base in the area. A master plan for the site was completed in fiscal year 2010-11 and the Agency is working with the State to certify the site and make it "shovel-ready" to support industrial development.

NORTH CLACKAMAS REVITALIZATION AREA (NCRA)

Hawthorne Park: The North Clackamas Revitalization Area plan, developed with citizens in the area, clearly identified a need to provide additional recreational/open space within the district. To address this need, the Agency purchased a portion of the Hawthorne Grove Affordable Housing Project site for the development of a neighborhood park. The Agency was able to secure a Metro Nature in the Neighborhoods Grant and leveraged funds from the district for the development of the project. The park was completed and opened in the fall of 2012.

Street Improvements: The Agency held several open houses this year to help NCRA residents establish priorities for street improvement projects. Discussions have included projects to improve streets by repairing the road base, repaving, installing sidewalks and bicycle lanes, adding safety and storm water facilities, and landscaping. Efforts will continue this fiscal year to pinpoint several high priority projects to be carried out in the near term; as well as planning for future projects in the area.

To the Citizens of Clackamas County
December 20, 2012

Sanitary Sewers: Annexation of the portions of the NCRA without sewer service into Clackamas County Service District No.1 – the first step toward providing sanitary sewer service to all residents in this community was approved in 2008. Design for the sewer system began in fall 2008, construction began in fall 2009, and all three phases of construction were completed by fall 2012. The Agency is supporting the effort by providing \$2,200 per eligible property to residents to help offset the cost of hooking up to the sewer line, and providing an additional contribution toward sewer construction costs to reduce assessments by \$1,250 per eligible property.

Housing Assistance: Housing rehabilitation and down payment assistance loan programs have been established. The first owner-occupied rehabilitation loan was awarded and completed in 2008. One down-payment assistance loan for a first-time homebuyer and three owner-occupied rehabilitation loans were awarded in 2011-12.

Affordable Housing: The Agency entered into an agreement to develop a project with affordable housing that consists of 29 condominium units, with at least 10 being affordable. All 29 housing units have been completed.

GOVERNMENT CAMP VILLAGE REVITALIZATION AREA

Adding Back: As in the Clackamas Town Center Area and Clackamas Industrial Area, the Agency was proactive in terminating the district and adding value to the tax rolls. In 2009, the Government Camp levy was terminated, which added approximately \$160 million to the tax rolls.

Multorpor Street Improvements: This project, began in fiscal year 2011-12 and completed in fall 2012, included construction of new sidewalks, drainage, lighting and miscellaneous utilities on Multorpor, south of Highway 26. The main goal of the project was to improve existing drainage issues and extend the streetscape to future development.

Fire Safety Improvements: Ongoing discussions between the Hoodland Fire District and the Agency to assess investment opportunities help the Fire District continue to provide high quality service to the citizens of Government Camp. Hoodland Fire District is assessing the possibility of partnering with the Agency to either remodel or rebuild the current fire station. The Agency remains committed to partnering with the Fire District with the limited remaining funds if viable opportunities exist.

Awards and Acknowledgements

For the 18th year in a row, the Government Finance Officers Association of the United States and Canada (GFOA) awarded its prestigious Certificate of Achievement for Excellence in Financial Reporting to the Clackamas County Development Agency for its Comprehensive Annual Financial Report for the fiscal year ending June 30, 2011. In order to receive this award, a government must publish an easily readable and efficiently organized comprehensive annual financial report that satisfies generally accepted accounting principles and applicable legal requirements.

To the Citizens of Clackamas County
December 20, 2012

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

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

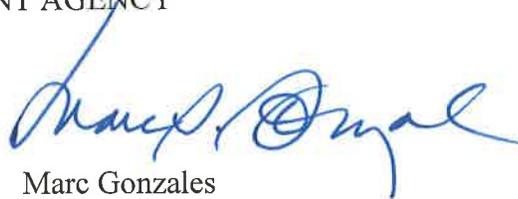
Grateful acknowledgment is also made to the Board of County Commissioners and the County Administrator, whose leadership and support made the preparation of this report possible.

Sincerely,

CLACKAMAS COUNTY DEVELOPMENT AGENCY



Dan Johnson
Manager



Marc Gonzales
Clackamas County Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Clackamas County
Development Agency
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



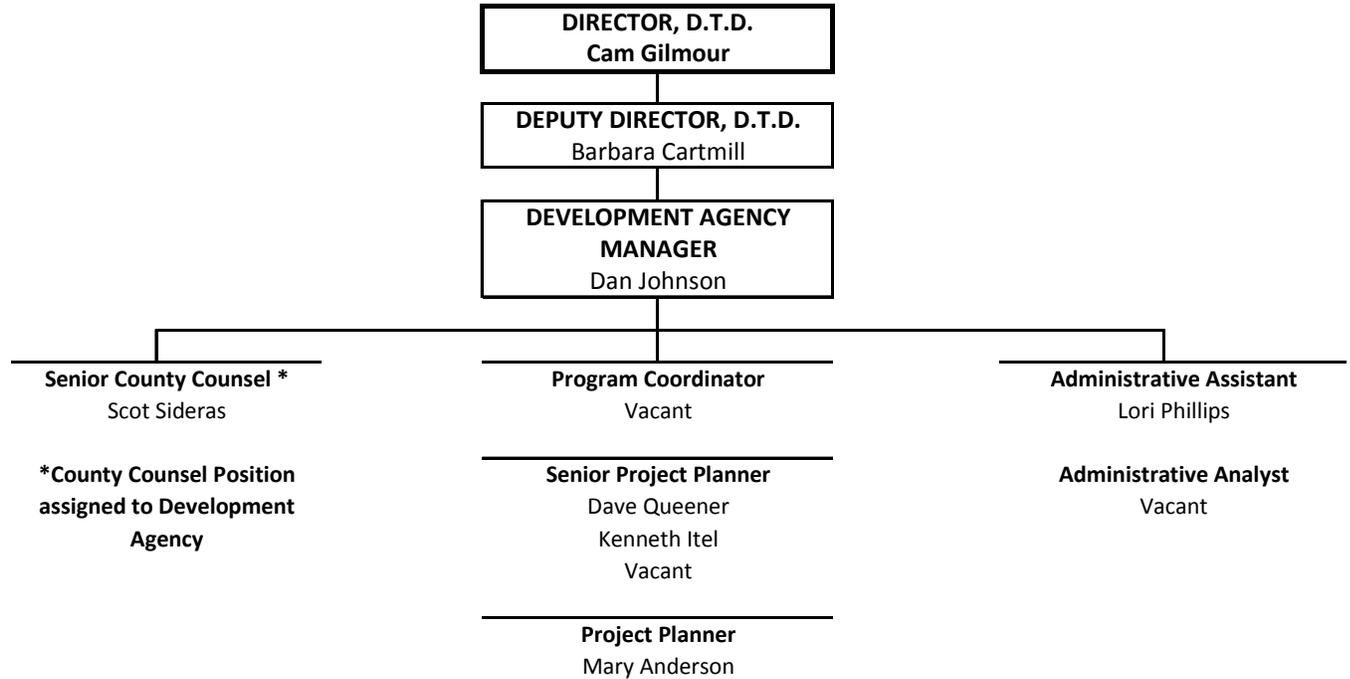
Christopher P. Morille

President

Jeffrey R. Enow

Executive Director

**Department of Transportation & Development
Development Agency
FY 2011-2012**



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

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

Public Services Building
2051 Kaen Road
Oregon City, Oregon 97045

COMMISSIONERS AS OF JUNE 30, 2012

<u>Name</u>	<u>Term Expires</u>
Charlotte Lehan, Chair Public Services Building	December 31, 2012
Jim Bernard, Commissioner Public Services Building	December 31, 2014
Jamie Damon, Commissioner Public Services Building	December 31, 2012
Ann Lininger, Commissioner Public Services Building	December 31, 2012
Paul Savas, Commissioner Public Services Building	December 31, 2014

ADMINISTRATIVE OFFICES

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

LEGAL COUNSEL AND REGISTERED AGENT

Steven Madkour
2051 Kaen Road
Oregon City, Oregon 97045

FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITORS

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clackamas County Development Agency ("the Agency"), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2012, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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 Agency as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the financial statements, the Agency restated its net assets to remove real property transferred in prior years.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2012 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

MOSS ADAMS_{LLP}

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3—7 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.

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

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



James C. Lanzarotta, CPA
For Moss Adams LLP
Eugene, Oregon

December 20, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012

This discussion and analysis of Clackamas County Development Agency offers readers a narrative overview of financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements, and the notes to the basic financial statements.

FINANCIAL HIGHLIGHTS

- Assets of the Agency exceeded liabilities at the close of the fiscal year by \$120,812,709. Of this amount, \$53,954,920 may be used to meet the Agency's ongoing obligations.
- Entity-wide, the Agency reported an increase in net assets of \$9,075,854, or 8.1%, for the year. General revenues for the year were \$13,724,313, a decrease of \$789,926, or 5.4%, due to the effect of a decrease in property taxes and a decrease in earnings on investments. The Highways and Streets Program reports \$3,803,604 as program-specific expenses in excess of direct program revenues.
- Governmental funds reported a combined ending fund balance of \$65,579,949. The ending fund balance includes an increase from operations of \$1,537,704. This is the amount by which revenues exceeded expenditures.
- Total assets entity-wide decreased \$44,664,783, or 25.0%, over the prior year. The net decrease is due primarily to the restatement of capital assets, which is discussed in detail in the notes to the basic financial statements, Note 2.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The Statement of Net Assets and the Statement of Activities report agency-wide net assets and change from the prior year. Net assets are the difference between assets and liabilities and represent a measurement of financial health. Over time, increases or decreases in net assets indicate whether financial health is improving or deteriorating. The focus of the Statement of Activities is to match program costs to revenues. To the extent that program costs exceed program-specific revenue, those costs are paid from general Agency resources.

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

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets of the Agency increased 8.1%, from the prior year. The increase arises in the excess of revenue over expenses in the Statement of Activities and flows to the Statement of Net Assets.

Statement of Net Assets

A condensed version of the Statement of Net Assets for fiscal years ended June 30, 2012 and 2011 follows:

	2012	2011 (Restated)
Assets:		
Current assets	\$ 58,855,018	\$ 58,486,941
Land held for resale	8,193,101	7,953,143
Capital assets	66,857,789	66,023,114
Total assets	133,905,908	132,463,198
Liabilities:		
Current liabilities	7,688,199	8,458,348
Noncurrent liabilities	5,405,000	12,267,995
Total liabilities	13,093,199	20,726,343
Net assets:		
Net assets invested in capital assets, net of related debt	66,857,789	66,023,114
Restricted for highways and streets	53,954,920	45,713,741
Total net assets	\$ 120,812,709	\$ 111,736,855

Current assets increased \$368,077 or 0.6%, during the year, due primarily to an increase in receivables of \$325,525, or 34.5%, and an increase in cash. Non-depreciable capital assets and depreciable capital assets decreased significantly due to the restatement of capital assets. The change in net asset balance is discussed in the financial highlights section.

Statement of Activities

Total general revenues decreased \$789,926, or 5.4%, during fiscal year 2012, and program revenues for Highways and Streets increased by \$889,649, or 704.3%, mostly due to variable timing of operating grants. During the year, program expenses for Highways and Streets decreased by \$13,701,781, or 74.0%. A significant portion of the decrease can be attributed to the prior year write off of approximately \$4.4 million dollars due to the decline in market value of redevelopment properties and the remainder of the decrease should be attributed to the slowing of capital construction projects. Overall, the significant decrease in program expenses along with an increase in total revenues contributed to the increase in net assets of \$9,075,854, or 8.1%, during fiscal year 2012.

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Statement of Activities (Continued)

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

	2012	2011 (Restated)
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 1,015,970	\$ 126,321
General revenues:		
Property taxes levied for debt service	12,851,079	13,508,355
Earnings on investments	344,132	400,568
Miscellaneous	529,102	605,316
Total general revenues	13,724,313	14,514,239
Total revenues	14,740,283	14,640,560
Expenses:		
Highways and streets	4,819,574	18,521,355
Interest on long-term debt	844,855	621,057
Total expenses	5,664,429	19,142,412
Change in net assets	9,075,854	(4,501,852)
Cummulative effect of correction of error (1)	-	(46,097,493)
Net assets , beginning of year	111,736,855	162,336,200
Net assets , end of year	\$ 120,812,709	\$ 111,736,855

(1) See Note 2 on page 19 for an explanation of the cumulative effect of correction of error.

FUND ANALYSIS

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

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2012

FUND ANALYSIS (Continued)

As of the end of the current fiscal year, the Agency's combined ending fund balance is \$65,579,949. Approximately 88% of this total (or \$57,386,848) constitutes restricted fund balance, which is available for all approved projects within each of the Agency's four urban renewal districts. The remaining 12% of total fund balance (or \$8,193,101) is reported as non-spendable fund balance. This represents items not spendable in form, such as land held for resale (also known as redevelopment properties).

The Clackamas Town Center Development Area Fund experienced a decrease in fund balance of \$508,570, or 2.8%, as operating and capital project costs exceeded revenues and transfers in to the Fund. However, the Fund has sufficient operating reserves remaining in fund balance.

The Clackamas Town Center Tax Increment Fund balance increased by \$4,784,749, or 16.4%, mainly due to the fact that there were no transfers out to the Clackamas Town Center Development Area Fund this fiscal year.

The Clackamas Industrial Development Area Fund reports a decrease in fund balance of \$878,960, or 8.7%, as operating and capital project costs exceeded revenues and transfers in to the Fund. However, the Fund has sufficient operating reserves remaining in fund balance.

The North Clackamas Revitalization Area Fund received a transfer from the North Clackamas Revitalization Area Tax Increment Fund which exceeded expenditures for Highways and Streets causing a fund balance increase of \$1,402,245, or 182.0%, and creating a positive fund balance of \$2,172,865 at year end.

CAPITAL ASSETS

As of June 30, 2012, the Agency had \$66,857,789 in capital assets net of depreciation. Net capital assets decreased by \$45,262,818 due to the restatement of capital assets as described in Note 2 to the notes to the basic financial statements. Please see Notes 1 and 7 to the notes to the basic financial statements for the Agency's capital asset policy and detailed capital asset activity.

DEBT ADMINISTRATION

In 2011, new Urban Renewal Bonds were issued to finance sewer development projects in the North Clackamas Revitalization Area. Principal and interest are payable from the tax increment revenues generated in the North Clackamas Revitalization Area. In 2007, Urban Renewal Bonds were issued to fund the Agency's share of the Interstate 205 Light Rail project being built by regional government Tri-Met. The payment of principal and interest is payable from tax increment revenues generated in the Clackamas Town Center urban renewal area. The total outstanding balance at June 30, 2012 for bonds payable was \$12,267,995. Please see Note 9 in the notes to basic financial statements for more detail.

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
YEAR ENDED JUNE 30, 2012

ECONOMIC FACTORS

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

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

Future revenues will be derived from existing incremental assessed value, growth in each plan area, and the addition of the North Clackamas Revitalization Area. The Agency is responsible for developing many infrastructure projects, which will influence or lead growth. Hence, future revenues should increase based on assessed value growth (presuming tax rates are not decreased or the property tax system modified).

FINANCIAL CONTACT

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

BASIC FINANCIAL STATEMENTS

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities
ASSETS:	
CURRENT ASSETS:	
Cash and investments	\$ 57,555,367
Property taxes receivable	871,627
Grants receivable	128,828
Accounts receivable	268,687
Other assets	30,509
Total current assets	58,855,018
NONCURRENT ASSETS:	
Land held for resale	8,193,101
Capital assets:	
Non-depreciable capital assets	43,793,664
Depreciable capital assets, net	23,064,125
Total noncurrent assets	75,050,890
TOTAL ASSETS	133,905,908
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	165,955
Accrued interest payable	127,586
Due to Clackamas County	179,516
Unearned revenue	352,147
Bonds payable within one year	6,862,995
Total current liabilities	7,688,199
NONCURRENT LIABILITIES:	
Bonds payable after one year	5,405,000
Total noncurrent liabilities	5,405,000
TOTAL LIABILITIES	13,093,199
NET ASSETS:	
Invested in capital assets, net of related debt	66,857,789
Restricted for highways and streets	53,954,920
TOTAL NET ASSETS	\$ 120,812,709

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

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

<u>ACTIVITY</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Change in Net Assets</u>
Highways and streets	\$ 4,819,574	\$ 1,015,970	\$ (3,803,604)
Interest on long-term debt	<u>844,855</u>	<u>-</u>	<u>(844,855)</u>
Total	<u>\$ 5,664,429</u>	<u>\$ 1,015,970</u>	<u>(4,648,459)</u>

GENERAL REVENUES:

Property taxes levied for debt service	12,851,079
Earnings on investments	344,132
Miscellaneous	<u>529,102</u>

TOTAL GENERAL REVENUES 13,724,313

CHANGE IN NET ASSETS 9,075,854

NET ASSETS, July 1, 2011 (Previously reported) 157,834,348
Cumulative effect of correction of error (See Note 2) (46,097,493)

NET ASSETS, July 1, 2011 (As restated) 111,736,855

NET ASSETS, June 30, 2012 \$ 120,812,709

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

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	Capital Projects Funds			Debt	Other Governmental Funds	Total
	Clackamas Town Center Development Area Fund	Clackamas Industrial Development Area Fund	North Clackamas Revitalization Area Fund	Service Fund		
ASSETS:						
Cash and Investments	\$ 12,945,860	\$ 5,596,382	\$ 2,376,216	\$ 33,796,343	\$ 2,840,566	\$ 57,555,367
Property taxes receivable	-	-	-	784,029	87,598	871,627
Accounts receivable	36,691	8,677	-	-	-	45,368
Grants receivable	-	-	128,828	-	-	128,828
Contracts receivable	-	-	223,319	-	-	223,319
Due from other funds	91,850	-	-	-	-	91,850
Due from Clackamas County	2,770	-	199	-	-	2,969
Land held for resale	4,505,337	3,687,764	-	-	-	8,193,101
TOTAL ASSETS	\$ 17,582,508	\$ 9,292,823	\$ 2,728,562	\$ 34,580,372	\$ 2,928,164	\$ 67,112,429
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ 3,181	\$ 20,854	\$ 113,090	\$ -	\$ 1,433	\$ 138,558
Due to other funds	-	14,866	48,319	-	28,665	91,850
Due to Clackamas County	110,373	25,232	42,141	-	4,739	182,485
Deposits	7,500	19,897	-	-	-	27,397
Deferred revenue	-	-	352,147	665,669	74,374	1,092,190
TOTAL LIABILITIES	121,054	80,849	555,697	665,669	109,211	1,532,480
FUND BALANCES:						
Nonspendable	4,505,337	3,687,764	-	-	-	8,193,101
Restricted	12,956,117	5,524,210	2,172,865	33,914,703	2,818,953	57,386,848
TOTAL FUND BALANCES	17,461,454	9,211,974	2,172,865	33,914,703	2,818,953	65,579,949
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,582,508	\$ 9,292,823	\$ 2,728,562	\$ 34,580,372	\$ 2,928,164	\$ 67,112,429

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

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

TOTAL FUND BALANCES \$ 65,579,949

Total net assts shown in the Statement of Net Assets and the Statement of Activities are different because:

Capital assets are not financial resources for budgetary purposes and therefore are not reported in governmental funds. 66,857,789

A portion of the County'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. 740,043

Long-term assets, such as bond issuance costs, are not reported as governmental fund assets and liabilities not payable in the current year are not reported as governmental fund liabilities. These non-governmental fund assets and liabilities consist of:

Bond issuance costs	\$	30,509	
Accrued interest		(127,586)	
Bonds payable		<u>(12,267,995)</u>	
			<u>(12,365,072)</u>

TOTAL NET ASSETS \$ 120,812,709

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

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Capital Projects Funds			Debt Service Fund		Total
	Clackamas Town Center Development Area Fund	Clackamas Industrial Development Area Fund	North Clackamas Revitalization Area Fund	Clackamas Town Center Tax Increment Debt Service Fund	Other Governmental Funds	
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ 11,456,146	\$ 1,269,657	\$ 12,725,803
Intergovernmental revenues	4,658	1,000,000	-	11,312	-	1,015,970
Interest	64,431	26,758	963	173,675	78,305	344,132
Miscellaneous	614,696	253,751	-	-	4,712	873,159
TOTAL REVENUES	683,785	1,280,509	963	11,641,133	1,352,674	14,959,064
EXPENDITURES:						
Current:						
Highways and streets						
Materials and services	974,077	446,976	200,420	-	120,347	1,741,820
Capital outlay	218,278	1,977,587	1,790,482	-	266,326	4,252,673
Debt service:						
Principal payments	-	-	-	6,272,592	290,000	6,562,592
Interest and fiscal charges	-	-	12,816	583,792	267,667	864,275
TOTAL EXPENDITURES	1,192,355	2,424,563	2,003,718	6,856,384	944,340	13,421,360
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(508,570)	(1,144,054)	(2,002,755)	4,784,749	408,334	1,537,704
OTHER FINANCING SOURCES (USES):						
Transfers in	-	265,094	3,405,000	-	-	3,670,094
Transfers out	-	-	-	-	(3,670,094)	(3,670,094)
TOTAL OTHER FINANCING SOURCES (USES)	-	265,094	3,405,000	-	(3,670,094)	-
NET CHANGE IN FUND BALANCES	(508,570)	(878,960)	1,402,245	4,784,749	(3,261,760)	1,537,704
FUND BALANCES, JUNE 30, 2011	17,970,024	10,090,934	770,620	29,129,954	6,080,713	64,042,245
FUND BALANCES, JUNE 30, 2012	\$ 17,461,454	\$ 9,211,974	\$ 2,172,865	\$ 33,914,703	\$ 2,818,953	\$ 65,579,949

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

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

NET CHANGE IN FUND BALANCES \$ 1,537,704

The change in net assets 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 asset additions	\$ 2,416,793	
Depreciation and amortization	<u>(1,582,118)</u>	834,675

Long-term debt principal payments are recorded as expenditures in the governmental funds and issuance of long-term debt is recorded as an other financing source. In the Statement of Activities issuance of long-term debt reduces net assets and the payment of long-term debt principal increases net assets.

Amortize bond issuance cost		(3,813)
Payment of long-term debt principal		6,562,592

In the governmental funds interest expense is recognized as an expenditure when it is due.

In the Statement of Activities interest is accrued on long-term debt and capital leases.	19,420
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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>125,276</u>
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CHANGE IN NET ASSETS	<u>\$ 9,075,854</u>
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The notes to the basic financial statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Agency

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

Basis of Presentation, Measurement Focus, and Basis of Accounting

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Agency, including all of its financial activities. Governmental activities are financed primarily through property taxes and earnings on investments.

The Statement of Activities presents a comparison between direct expenses and program revenues for the Agency's program. The Agency does not allocate indirect expenses. Program revenues include grants and contributions that are restricted to meeting operational requirements. Revenues that are not classified as program revenues, including property taxes and earnings on investments are presented as general revenues.

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

Fund Financial Statements

The fund financial statements provide information about the Agency's funds. The emphasis of fund financial statements is on major funds, each displayed in a separate column. The remaining funds are reported as nonmajor funds. These funds account for the general administration of the Agency's urban renewal areas and for the acquisition and rehabilitation of blighted and deteriorated areas within the designated urban renewal areas.

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements (Continued)

The Agency reports the following major funds:

- Clackamas Town Center Development Area Fund - This fund accounts for project related capital outlay and the Highways and Streets Program in the Clackamas Town Center Urban Renewal District. Activities include road network upgrades and capacity improvements.
- Clackamas Industrial Development Area Fund – This fund accounts for project related capital outlay and the Highways and Streets Program in the Clackamas Industrial Area Urban Renewal District.
- North Clackamas Revitalization Area Fund – This fund accounts for project related capital outlay and the Highways and Streets Program in the North Clackamas Area Urban Renewal District.
- Clackamas Town Center Tax Increment Fund – This fund accounts for property tax increment revenues for the Clackamas Town Center Urban Renewal District. When debt is outstanding this fund records the payment of principal and interest on long-term indebtedness for the District.

In addition, the Agency reports the following fund types:

- Debt Service Funds - These funds account for the payment of principal and interest on long-term indebtedness.
- Capital Project Fund – Government Camp Development Area Fund – Accounts for project related capital outlay and the Highways and Streets Program in the Government Camp Area Urban Renewal District.

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Measurement Focus and Basis of Accounting (Continued)

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 assets available to finance the program. It is the District's policy to first apply restricted resources to such programs and then unrestricted resources.

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

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

Fund Balances

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

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

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Continued)

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

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

Fund balance is reported as *Committed* when the Board of County Commissioners passes a resolution to establish a specific spending constraint on how the resources may be used. The Board can also modify or rescind the resolution through the passage of another formal resolution.

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

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

Fund balances by classification for the year ended June 30, 2012 were as follows:

	Clackamas Town Center Development Area Fund	Clackamas Industrial Development Area Fund	North Clackamas Revitalization Area Fund	Clackamas Town Center Tax Increment Debt Service Fund	Other Governmental Funds	Total
Nonspendable:						
Land held for resale	\$ 4,505,337	\$ 3,687,764	\$ -	\$ -	\$ -	\$ 8,193,101
Restricted for:						
Highways and streets	12,956,117	5,524,210	2,172,865	33,914,703	2,818,953	57,386,848
Total fund balances	<u>\$ 17,461,454</u>	<u>\$ 9,211,974</u>	<u>\$ 2,172,865</u>	<u>\$ 33,914,703</u>	<u>\$ 2,818,953</u>	<u>\$ 65,579,949</u>

Use of Estimates

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

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

Cash and investments comprise funds held and invested by the County Treasurer and the State of Oregon Treasurer's Local Government Investment Pool. Financial information required by Governmental Accounting Standards Board Statements (GASB) No. 3, No. 31, and No. 40 regarding the accounting and financial reporting for the Agency's pooled cash and investments, held by the County Treasurer, has been disclosed in the County's Comprehensive Annual Financial Report for the year ended June 30, 2011.

Property Tax Receivables

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

Land Held For Resale

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

Capital Assets

Purchased or constructed capital assets, including infrastructure (road network), right of ways and easements are reported at cost or estimated historical cost in the government-wide financial statements. The Agency defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year.

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

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

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

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Miscellaneous Revenue

The Agency owns certain properties awaiting development that have been leased to tenants and for which the Agency receives rent. This rental income appears in the financial statements as miscellaneous revenue in the Clackamas Town Center and Clackamas Industrial Development Area Funds.

Pension Plan

The Agency's personnel are employees of the County. Substantially all of the County's employees are participants in the Oregon Public Employees Retirement Fund (OPERF), a state-wide agent multiple-employer defined benefit pension plan administered by the Oregon Public Employees Retirement System. No pension costs are attributable to the Agency.

2. RESTATEMENT OF ASSETS AND NET ASSETS

In prior years, the Agency transferred \$51,035,053 of capital assets to the County, \$9,847,455 of capital assets to the State of Oregon, \$2,236,375 to North Clackamas Parks and Recreation District, and \$3,722,920 to other entities. As of June 30, 2011, those capital assets remained in the Agency's financial statements. The correction relates to an accumulation of prior fiscal years, and the impact of the change increases the change in net assets by \$2,774,665 for fiscal year end June 30, 2011. In making the correction, the following amounts were restated for the Agency's capital assets and net assets as of June 30, 2011.

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

2. RESTATEMENT OF ASSETS AND NET ASSETS (Continued)

	As Previously Reported	(Restated) June 30, 2011
Capital assets not being depreciated:		
Land	\$ 15,192,672	\$ 12,669,037
Land - right of way	25,855,666	22,294,205
Construction in progress	7,451,700	6,434,794
Total capital assets not being depreciated	48,500,038	41,398,036
Capital assets being depreciated and amortized:		
Buildings	2,711,697	2,711,697
Improvements	25,504,091	25,793,814
Road network	60,145,407	115,883
Easements	103,826	103,826
Total capital assets being depreciated and amortized	88,465,021	28,725,220
Less accumulated depreciation and amortization for:		
Buildings	(313,536)	(313,536)
Improvements	(4,031,323)	(3,749,192)
Road network	(20,493,163)	(30,984)
Easements	(6,430)	(6,430)
Total accumulated depreciation and amortization	(24,844,452)	(4,100,142)
Total capital assets being depreciated and amortized, net	63,620,569	24,625,078
Total capital assets, net	\$ 112,120,607	\$ 66,023,114
Net assets:		
Net assets invested in capital assets, net of related debt	\$ 112,026,632	\$ 66,023,114
Restricted for highways and streets	45,817,716	45,713,741
	\$ 157,844,348	\$ 111,736,855

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY [BUDGET]

A budget is prepared and legally adopted for all funds generally on the modified accrual basis of accounting, except for property taxes and the sale of land held for resale, which are recognized on the cash basis. The budget is adopted by the Board, appropriations made, and the tax levy is declared no later than June 30. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Appropriations at the principal object level - materials and services (including contractual payments), capital outlay, debt service, operating contingency, reserve for future expenditures, and operating transfers - are the levels of control established by the resolution. The detail budget document, however, is required to contain more specific, detailed information for the above mentioned expenditure categories.

The budget is adopted on a modified accrual basis with the exception of the following:

- Property taxes susceptible to accrual are not recognized on a budget basis
- Land held for resale is not recognized on a budget basis

Management may make transfers of appropriations within object levels. However, transfers of appropriations between object levels require the approval of the governing body. Unexpected additional resources may be added to the budget through the use of a supplemental budget. The Board at a regular Board meeting may adopt supplemental budgets less than 10% of the fund's original budget. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control and require approval by the Board. The Board adopted no supplemental budgets during the year. Appropriations lapse as of year-end.

4. RISK MANAGEMENT

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

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

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

5. CASH AND INVESTMENTS

Cash and investments are comprised of the following:

Cash and cash equivalents with the County Treasurer	\$ 10,086,940
Investments with the County Treasurer	30,565,428
State of Oregon Treasurer's Local Government Investment Pool	16,902,999
	\$ 57,555,367

Investments with the County Treasurer represent the Agency's equity in pooled accounts maintained by the County Treasurer. State statutes authorize the Agency to invest in general obligations of the U.S. Government and in its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements and bankers' acceptances, among others. Reference should be made to the June 30, 2011 Comprehensive Annual Financial Report of Clackamas County for compliance with these statutes.

Investments in the State of Oregon Treasurer's Local Government Investment Pool (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 LGIP is stated at fair value, which approximates cost. Fair value is the same as the Agency's value in the pool shares.

6. LAND HELD FOR RESALE

Land held for resale activity for the year ending June 30, 2012, is as follows:

	June 30, 2011	Increases	Decreases	June 30, 2012
Clackamas Town Center Development Area Fund	\$ 4,505,337	\$ -	\$ -	\$ 4,505,337
Clackamas Industrial Development Area Fund	3,452,806	234,958	-	3,687,764
	\$ 7,958,143	\$ 234,958	\$ -	\$ 8,193,101

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, was as follows:

	(Restated) Balance June 30, 2011	Increases	Decreases	Transfers	Balance June 30, 2012
Capital assets not being depreciated:					
Land	\$ 12,669,037	\$ -	\$ -	\$ -	\$ 12,669,037
Land - right of way	22,294,205	-	-	-	22,294,205
Construction in progress	6,434,794	2,395,628	-	-	8,830,422
Total capital assets not being depreciated	<u>41,398,036</u>	<u>2,395,628</u>	<u>-</u>	<u>-</u>	<u>43,793,664</u>
Capital assets being depreciated and amortized:					
Buildings	2,711,697	-	-	(227,744)	2,483,953
Improvements	25,793,814	21,165	-	(261,063)	25,553,916
Road network	115,883	-	-	-	115,883
Easements	103,826	-	-	488,807	592,633
Total capital assets being depreciated and amortized	<u>28,725,220</u>	<u>21,165</u>	<u>-</u>	<u>-</u>	<u>28,746,385</u>
Less accumulated depreciation and amortization for:					
Buildings	(313,536)	(93,551)	-	62,508	(344,579)
Improvements	(3,749,192)	(1,453,994)	-	25,019	(5,178,167)
Road network	(30,984)	(5,795)	-	-	(36,779)
Easements	(6,430)	(28,778)	-	(87,527)	(122,735)
Total accumulated depreciation and amortization	<u>(4,100,142)</u>	<u>(1,582,118)</u>	<u>-</u>	<u>-</u>	<u>(5,682,260)</u>
Total capital assets being depreciated and amortized, net	<u>24,625,078</u>	<u>(1,560,953)</u>	<u>-</u>	<u>-</u>	<u>23,064,125</u>
Total capital assets, net	<u>\$ 66,023,114</u>	<u>\$ 834,675</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,857,789</u>

Depreciation expense of \$1,582,118 was charged to highways and streets.

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012**

8. DUE TO/FROM CLACKAMAS COUNTY

\$182,485 is due to Clackamas County related to services received, and \$2,969 is due from Clackamas County related to services provided to Clackamas County.

9. LONG-TERM DEBT

Bonds Payable

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

In 2007, the Agency issued \$35,333,000 of urban renewal bonds with an interest rate of 4.55% to fund a portion of the Interstate 205 Light Rail project being undertaken by Tri-Met. The bonds will be repaid with tax increment revenues received in the Clackamas Town Center Tax Increment Fund urban renewal area. The proceeds of these urban renewal bonds were transferred to Tri-Met for the construction of Light Rail and the Agency will not have any ownership in the capital assets constructed.

Bonds payable transactions for the year are as follows:

	Original Amount	Outstanding June 30, 2011	Increases	Decreases	Outstanding June 30, 2012
Urban Renewal Bonds, Series 2007, Interest 4.55%	\$ 35,333,000	\$ 12,830,587	\$ -	\$ (6,272,592)	\$ 6,557,995
Urban Renewal Bonds, Series 2011, Interest 4.40%	6,000,000	6,000,000	-	(290,000)	5,710,000
	<u>41,333,000</u>	<u>18,830,587</u>	<u>-</u>	<u>(6,562,592)</u>	<u>12,267,995</u>
Current portion					(6,862,995)
Non-current portion					<u>\$ 5,405,000</u>

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

9. LONG-TERM DEBT (Continued)

Future maturities of bond principal and interest at June 30, 2012, are as follows:

<u>Year Ending June 30,</u>	<u>Urban Renewal Bonds Series 2007</u>		<u>Urban Renewal Bonds Series 2011</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 6,557,995	\$ 298,389	\$ 305,000	\$ 251,240
2014	-	-	315,000	237,820
2015	-	-	330,000	223,960
2016	-	-	345,000	209,440
2017	-	-	360,000	194,260
2018-2022	-	-	2,060,000	718,960
2023-2026	-	-	1,995,000	224,180
	<u>6,557,995</u>	<u>\$ 298,389</u>	<u>5,710,000</u>	<u>\$ 2,059,860</u>
Less current portion	<u>6,557,995</u>		<u>305,000</u>	
Non-current portion	<u>\$ -</u>		<u>\$ 5,405,000</u>	

10. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at June 30, 2012 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Clackamas Town Center Development Area Fund	Clackamas Industrial Development Area Fund	\$ 14,866
Clackamas Town Center Development Area Fund	Other Governmental Funds	28,665
Clackamas Town Center Development Area Fund	North Clackamas Revitalization Area Fund	48,319
		<u>\$ 91,850</u>

The Clackamas Town Center Development Area Fund's interfund borrowings are for infrastructure development and are expected to be repaid within one year.

Transfers to/from other Agency funds for the year ended June 30, 2012, consisted of the following:

<u>Amount</u>	<u>Description</u>
265,094	From Other Governmental Funds to the Clackamas Industrial Development Area Fund for infrastructure development.
3,405,000	From Other Governmental Funds to the North Clackamas Revitalization Area Fund for infrastructure development.
<u>\$ 3,670,094</u>	

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

11. RELATED-PARTY TRANSACTIONS

Amounts totaling approximately \$980,089 for labor and fringe benefit costs, administrative costs for accounting, occupancy, administration and other professional services, and property taxes were paid to various County departments. The Agency received approximately \$14,000 in fees charged to various County departments and component units for services.

12. COMMITMENTS

The Agency has commitments under various construction contracts for approximately \$1,163,069 at June 30, 2012.

SUPPLEMENTARY INFORMATION

BUDGETARY SCHEDULES

Capital Projects Funds

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

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

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

Government Camp Development Area Fund (Non-major Fund) – This fund accounts for the acquisition and rehabilitation of blighted and deteriorated areas within the designated Government Camp urban renewal area. The primary funding sources are transfers of revenues from other funds and interest on investments.

Debt Service Funds

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

Clackamas Industrial Area Tax Increment Fund (Non-major Fund) – This fund accounts for the payment of principal and interest on long-term indebtedness related to the Clackamas Industrial urban renewal area. The principal source of revenue is interest on investments.

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

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2012

	Capital Projects Fund	Debt Service Funds		
	Government Camp Development Area Fund	Clackamas Industrial Area Tax Increment Fund	North Clackamas Revitalization Tax Increment Fund	Total
ASSETS:				
Cash and investments	\$ 1,671,859	\$ -	\$ 1,168,707	\$ 2,840,566
Property taxes receivable	-	-	87,598	87,598
TOTAL ASSETS	\$ 1,671,859	\$ -	\$ 1,256,305	\$ 2,928,164
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 1,433	\$ -	\$ -	\$ 1,433
Due to other funds	28,665	-	-	28,665
Due to Clackamas County	4,739	-	-	4,739
Deferred revenue	-	-	74,374	74,374
TOTAL LIABILITIES	34,837	-	74,374	109,211
FUND BALANCES:				
Restricted	1,637,022	-	1,181,931	2,818,953
TOTAL FUND BALANCES	1,637,022	-	1,181,931	2,818,953
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,671,859	\$ -	\$ 1,256,305	\$ 2,928,164

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Capital Projects Fund	Debt Service Funds		
	Government Camp Development Area Fund	Clackamas Industrial Area Tax Increment Fund	North Clackamas Revitalization Tax Increment Fund	Total
REVENUES:				
Property taxes	\$ -	\$ -	\$ 1,269,657	\$ 1,269,657
Interest	9,102	12,816	56,387	78,305
Miscellaneous	4,712	-	-	4,712
TOTAL REVENUES	13,814	12,816	1,326,044	1,352,674
EXPENDITURES:				
Current:				
Highways and streets				
Materials and services	120,347	-	-	120,347
Capital outlay	266,326	-	-	266,326
Debt service:				
Principal payments	-	-	290,000	290,000
Interest and fiscal charges	-	-	267,667	267,667
TOTAL EXPENDITURES	386,673	-	557,667	944,340
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(372,859)	12,816	768,377	408,334
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(265,094)	(3,405,000)	(3,670,094)
TOTAL OTHER FINANCING SOURCES (USES)	-	(265,094)	(3,405,000)	(3,670,094)
NET CHANGE IN FUND BALANCE	(372,859)	(252,278)	(2,636,623)	(3,261,760)
FUND BALANCES, JUNE 30, 2011	2,009,881	252,278	3,818,554	6,080,713
FUND BALANCES, JUNE 30, 2012	\$ 1,637,022	\$ -	\$ 1,181,931	\$ 2,818,953

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
GOVERNMENT CAMP DEVELOPMENT AREA FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest	\$ 10,000	\$ 10,000	\$ 9,102	\$ (898)
Miscellaneous	4,812	4,812	4,712	(100)
TOTAL REVENUES	14,812	14,812	13,814	(998)
EXPENDITURES:				
Current:				
Highways and streets				
Materials and services	167,580	167,580	120,347	47,233
Capital outlay	1,601,723	1,601,723	266,326	1,335,397
TOTAL EXPENDITURES	1,769,303	1,769,303	386,673	1,382,630
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,754,491)	(1,754,491)	(372,859)	1,381,632
NET CHANGE IN FUND BALANCE	(1,754,491)	(1,754,491)	(372,859)	1,381,632
FUND BALANCE, JUNE 30, 2011	1,754,491	1,754,491	2,009,881	255,390
FUND BALANCE, JUNE 30, 2012	\$ -	\$ -	\$ 1,637,022	\$ 1,637,022

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
CLACKAMAS INDUSTRIAL AREA TAX INCREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
OTHER FINANCING SOURCES (USES):				
Transfers in*	265,094	265,094	265,094	-
Transfers out	(270,094)	(270,094)	(265,094)	5,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, JUNE 30, 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Includes repayment of interfund loan in the amount of \$252,278 in principal and \$12,816 in interest.

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NORTH CLACKAMAS REVITALIZATION AREA TAX INCREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 1,046,204	\$ 1,046,204	\$ 1,271,848	\$ 225,644
Interest	5,000	5,000	56,387	51,387
TOTAL REVENUES	<u>1,051,204</u>	<u>1,051,204</u>	<u>1,328,235</u>	<u>277,031</u>
EXPENDITURES:				
Current:				
Highways and streets				
Contingency	246,472	246,472	-	246,472
Debt service:				
Principal payments	290,000	290,000	290,000	-
Interest and fiscal charges	267,667	267,667	267,667	-
TOTAL EXPENDITURES	<u>804,139</u>	<u>804,139</u>	<u>557,667</u>	<u>246,472</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>247,065</u>	<u>247,065</u>	<u>770,568</u>	<u>523,503</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(3,405,000)	(3,405,000)	(3,405,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,405,000)</u>	<u>(3,405,000)</u>	<u>(3,405,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(3,157,935)	(3,157,935)	(2,634,432)	523,503
FUND BALANCE, JUNE 30, 2011	<u>3,157,935</u>	<u>3,157,935</u>	<u>3,803,139</u>	<u>645,204</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>1,168,707</u>	<u>\$ 1,168,707</u>
ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS):				
Property taxes susceptible to accrual recognized as revenue on the US GAAP basis			<u>13,224</u>	
FUND BALANCE - US GAAP BASIS, JUNE 30, 2012			<u>\$ 1,181,931</u>	

MAJOR FUND BUDGETARY SCHEDULES

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
CLACKAMAS TOWN CENTER DEVELOPMENT AREA FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 125,000	\$ 125,000	\$ 4,658	\$ (120,342)
Interest	125,000	125,000	64,431	(60,569)
Miscellaneous	597,000	597,000	614,696	17,696
TOTAL REVENUES	847,000	847,000	683,785	(163,215)
EXPENDITURES:				
Current:				
Highways and streets				
Materials and services	2,028,247	2,028,247	974,077	1,054,170
Contingency	725,000	725,000	-	725,000
Capital outlay	11,158,806	11,158,806	218,278	10,940,528
TOTAL EXPENDITURES	13,912,053	13,912,053	1,192,355	12,719,698
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13,065,053)	(13,065,053)	(508,570)	12,556,483
OTHER FINANCING SOURCES (USES):				
Transfers in	1,150,000	1,150,000	-	(1,150,000)
TOTAL OTHER FINANCING SOURCES (USES)	1,150,000	1,150,000	-	(1,150,000)
NET CHANGE IN FUND BALANCE	(11,915,053)	(11,915,053)	(508,570)	11,406,483
FUND BALANCE, JUNE 30, 2011	12,924,056	12,924,056	13,464,687	540,631
FUND BALANCE, JUNE 30, 2012	\$ 1,009,003	\$ 1,009,003	12,956,117	\$ (11,947,114)
ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS):				
Land held for resale			4,505,337	
FUND BALANCE - US GAAP BASIS, JUNE 30, 2012			\$ 17,461,454	

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
CLACKAMAS INDUSTRIAL DEVELOPMENT AREA FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -
Interest	25,000	25,000	26,758	1,758
Miscellaneous	351,000	351,000	253,751	(47,249)
TOTAL REVENUES	<u>1,376,000</u>	<u>1,376,000</u>	<u>1,280,509</u>	<u>(45,491)</u>
EXPENDITURES:				
Current:				
Highways and streets				
Materials and services	497,270	597,270	446,976	150,294
Contingency	647,500	647,500	-	647,500
Capital outlay	5,160,000	5,060,000	2,217,545	2,842,455
TOTAL EXPENDITURES	<u>6,304,770</u>	<u>6,304,770</u>	<u>2,664,521</u>	<u>3,640,249</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,928,770)</u>	<u>(4,928,770)</u>	<u>(1,384,012)</u>	<u>3,594,758</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	270,094	270,094	265,094	(5,000)
NET CHANGE IN FUND BALANCE	(4,658,676)	(4,658,676)	(1,118,918)	3,589,758
FUND BALANCE, JUNE 30, 2011	<u>6,012,550</u>	<u>6,012,550</u>	<u>6,643,128</u>	<u>630,578</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ 1,353,874</u>	<u>\$ 1,353,874</u>	5,524,210	<u>\$ 4,220,336</u>
ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS):				
Land held for resale			<u>3,687,764</u>	
FUND BALANCE - US GAAP BASIS, JUNE 30, 2012			<u>\$ 9,211,974</u>	

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
NORTH CLACKAMAS REVITALIZATION AREA FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest	\$ 5,000	\$ 5,000	\$ 963	\$ (4,037)
TOTAL REVENUES	<u>5,000</u>	<u>5,000</u>	<u>963</u>	<u>(4,037)</u>
EXPENDITURES:				
Current:				
Highways and streets				
Materials and services	218,735	363,735	200,420	163,315
Contingency	597,615	597,615	-	597,615
Capital outlay	<u>3,096,741</u>	<u>2,951,741</u>	<u>1,790,482</u>	<u>1,161,259</u>
TOTAL EXPENDITURES	<u>3,913,091</u>	<u>3,913,091</u>	<u>1,990,902</u>	<u>1,922,189</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,908,091)</u>	<u>(3,908,091)</u>	<u>(1,989,939)</u>	<u>1,918,152</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	3,405,000	3,405,000	3,405,000	-
Transfers out*	<u>(265,094)</u>	<u>(265,094)</u>	<u>(265,094)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,139,906</u>	<u>3,139,906</u>	<u>3,139,906</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(768,185)	(768,185)	1,149,967	1,918,152
FUND BALANCE, JUNE 30, 2011	<u>768,185</u>	<u>768,185</u>	<u>1,022,898</u>	<u>254,713</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,172,865</u>	<u>\$ 2,172,865</u>

* Includes repayment of interfund loan in the amount of \$252,278 in principal and \$12,816 in interest.

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
CLACKAMAS TOWN CENTER TAX INCREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 11,252,500	\$ 11,252,500	\$ 11,465,901	\$ 213,401
Intergovernmental revenues	-	-	11,312	11,312
Interest	225,000	225,000	173,675	(51,325)
TOTAL REVENUES	<u>11,477,500</u>	<u>11,477,500</u>	<u>11,650,888</u>	<u>173,388</u>
EXPENDITURES:				
Current:				
Highways and streets				
Contingency	6,693,403	6,693,403	-	6,693,403
Debt service:				
Principal payments	6,272,592	6,272,592	6,272,592	-
Interest and fiscal charges	583,792	583,792	583,792	-
TOTAL EXPENDITURES	<u>13,549,787</u>	<u>13,549,787</u>	<u>6,856,384</u>	<u>6,693,403</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,072,287)	(2,072,287)	4,794,504	6,866,791
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,000,000)	(1,000,000)	-	1,000,000
NET CHANGE IN FUND BALANCE	(3,072,287)	(3,072,287)	4,794,504	7,866,791
FUND BALANCE, JUNE 30, 2011	<u>3,072,287</u>	<u>3,072,287</u>	<u>29,001,839</u>	<u>25,929,552</u>
FUND BALANCE, JUNE 30, 2012	<u>\$ 25,000,000</u>	<u>\$ 25,000,000</u>	33,796,343	<u>\$ (8,796,343)</u>
ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS):				
Property taxes susceptible to accrual recognized as revenue on the US GAAP basis			<u>118,360</u>	
FUND BALANCE - US GAAP BASIS, JUNE 30, 2012			<u>\$ 33,914,703</u>	

OTHER FINANCIAL SCHEDULE

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
SCHEDULE OF PROPERTY TAX TRANSACTIONS
FOR THE YEAR ENDED JUNE 30, 2012**

Tax Year	Uncollected June 30, 2011	Levy as Extended by Assessor	Discounts	Interest	Adjustments	Collections	Uncollected June 30, 2012
2011-12	\$ -	\$ 13,124,714	\$ (321,907)	\$ 6,143	\$ (42,777)	\$ (12,337,047)	\$ 429,127
2010-11	447,783	-	1,702	20,347	(10,023)	(222,374)	237,435
2009-10	197,856	-	1,541	17,452	(4,436)	(57,460)	154,952
2008-09	79,146	-	7	14,493	(1,419)	(56,481)	35,746
2007-08	20,307	-	2	5,749	(522)	(19,581)	5,956
2006-07 and prior	13,195	-	1	1,062	(736)	(5,111)	8,411
	<u>\$ 758,287</u>	<u>\$ 13,124,714</u>	<u>\$ (318,654)</u>	<u>\$ 65,246</u>	<u>\$ (59,913)</u>	<u>\$ (12,698,054)</u>	<u>\$ 871,627</u>

STATISTICAL SECTION

Statistical Section

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

<u>Contents</u>	<u>Page</u>
<i>Financial Trends</i>	
These schedules contain trend information to help the reader understand how the Agency's financial performance and well-being have changed over time.	37-40
<i>Revenue Capacity</i>	
These schedules contain information to help the reader assess the Agency's most significant local revenue source, the property tax.	41-44
<i>Debt Capacity</i>	
These schedules present information to help the reader assess the affordability of the Agency's current levels of outstanding debt and the Agency's ability to issue additional debt in the future.	45-47
<i>Demographic and Economic Information</i>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Agency's financial activities take place.	48-50
<i>Operating Indicators</i>	
These schedules contain service and infrastructure data to help the reader understand how the information in the Agency's financial report relates to the services the Agency provides and the activities it performs.	51-52

Sources:

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The Agency implemented GASB Statement 34 in fiscal year ending 2002 and GASB Statement 44 in fiscal year ending 2006; schedules presenting government-wide information include information beginning in that year.

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

Fiscal Year Ended June 30,	Invested in Capital Assets Net of Related Debt	Restricted	Total Governmental Activities Net Assets
2003	57,246,026	74,641,545	131,887,571
2004	66,725,648	77,055,502	143,781,150
2005	70,092,733	85,454,900	155,547,633
2006	79,843,100	90,695,588	170,538,688
2007 ⁽¹⁾	103,265,725	44,365,337	147,631,062
2008 (restated)	108,382,724	41,575,079	149,957,803
2009	109,450,923	47,272,353	156,723,276
2010	112,673,168	49,663,032	162,336,200
2011 (restated)	66,023,114	45,713,741	111,736,855
2012	66,857,789	53,954,920	120,812,709

Notes:

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

Source:

Clackamas County Finance Department

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
CHANGES IN NET ASSETS ⁽¹⁾
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year			
	2003	2004	2005	2006
Expenses:				
Highways and Streets	\$ 3,178,727	\$ 3,650,718	\$ 4,018,687	\$ 4,130,319
Interest on long-term debt	-	-	-	-
Total Expenses	3,178,727	3,650,718	4,018,687	4,130,319
Program Revenues				
Charges for services:				
Fees and permits	-	-	-	142,598
Operating grants and contributions	3,746,064	1,551,974	746,913	84,395
Total program revenues	3,746,064	1,551,974	746,913	226,993
Net (Expense)/Revenue	567,337	(2,098,744)	(3,271,774)	(3,903,326)
General Revenues:				
Property taxes levied for debt service	12,333,136	12,617,228	12,961,222	13,888,120
Earnings on investments	1,440,383	1,205,191	1,597,412	3,233,162
Gain on disposition of capital assets	-	-	332,443	-
Miscellaneous	99,711	169,904	147,180	129,523
Total general revenues	13,873,230	13,992,323	15,038,257	17,250,805
Cummulative effect of correction of error	-	-	-	-
Change In Net Assets	14,440,567	11,893,579	11,766,483	13,347,479
Total Change In Net Assets	\$ 14,440,567	\$ 11,893,579	\$ 11,766,483	\$ 13,347,479

Notes:

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

Source:

Clackamas County Finance Department

Fiscal Year					
2007	2008	2009	2010	2011 (Restated)	2012
\$ 40,165,157	\$ 10,990,999	\$ 5,802,458	\$ 7,766,476	\$ 18,521,355	\$ 4,819,574
-	1,598,163	1,403,205	1,496,025	621,057	844,855
<u>40,165,157</u>	<u>12,589,162</u>	<u>7,205,663</u>	<u>9,262,501</u>	<u>19,142,412</u>	<u>5,664,429</u>
335,635	178,604	187,298	15,575	-	-
<u>1,701,092</u>	<u>180,202</u>	<u>426,024</u>	<u>456,127</u>	<u>126,321</u>	<u>1,015,970</u>
<u>2,036,727</u>	<u>358,806</u>	<u>613,322</u>	<u>471,702</u>	<u>126,321</u>	<u>1,015,970</u>
<u>(38,128,430)</u>	<u>(12,230,356)</u>	<u>(6,592,341)</u>	<u>(8,790,799)</u>	<u>(19,016,091)</u>	<u>(4,648,459)</u>
9,640,220	9,801,576	11,493,853	13,109,932	13,508,355	12,851,079
4,167,421	3,271,279	1,551,376	700,625	400,568	344,132
1,255,320	96,686	-	-	-	-
<u>157,843</u>	<u>193,541</u>	<u>312,585</u>	<u>593,166</u>	<u>605,316</u>	<u>529,102</u>
<u>15,220,804</u>	<u>13,363,082</u>	<u>13,357,814</u>	<u>14,403,723</u>	<u>14,514,239</u>	<u>13,724,313</u>
-	-	-	-	(46,097,493)	-
<u>(22,907,626)</u>	<u>1,132,726</u>	<u>6,765,473</u>	<u>5,612,924</u>	<u>(4,501,852)</u>	<u>9,075,854</u>
<u>\$ (22,907,626)</u>	<u>\$ 1,132,726</u>	<u>\$ 6,765,473</u>	<u>\$ 5,612,924</u>	<u>\$ (50,599,345)</u>	<u>\$ 9,075,854</u>

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

	Fiscal Year			
	2003	2004	2005	2006
Reserved for land held for resale	\$ 2,458,290	\$ 2,458,290	\$ 2,416,979	\$ 2,488,018
Reserved for interfund loan receivable	-	-	-	-
Nonspendable for land held for resale	-	-	-	-
Nonspendable for interfund loan receivable	-	-	-	-
Restricted for highways and streets	-	-	-	-
Unreserved, reported in ⁽¹⁾ :				
Capital projects funds	36,804,595	26,255,551	25,652,924	37,616,704
Debt service funds	34,716,953	47,755,309	56,768,680	49,985,768
Total	\$ 73,979,838	\$ 76,469,150	\$ 84,838,583	\$ 90,090,490

Notes:

(1) The Agency is structured such that it reports only Capital Projects and Debt Service funds. No general fund is reported.

Source:

Clackamas County Finance Department

Fiscal Year

	2007	2008 (Restated)	2009	2010	2011	2012
\$	13,699,841	\$ 13,348,012	\$ 12,370,848	\$ 12,370,848	\$ -	\$ -
	4,450,000	450,000	414,205	335,247	-	-
	-	-	-	-	7,953,143	8,193,101
	-	-	-	-	252,278	-
	-	-	-	-	55,836,824	57,386,848
	10,608,935	20,709,569	22,651,574	25,294,802	-	-
	49,580,098	36,742,859	35,829,450	30,264,271	-	-
\$	<u>78,338,874</u>	<u>\$ 71,250,440</u>	<u>\$ 71,266,077</u>	<u>\$ 68,265,168</u>	<u>\$ 64,042,245</u>	<u>\$ 65,579,949</u>

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

	Fiscal Year			
	2003	2004	2005	2006
Revenues:				
Property taxes	\$ 12,552,883	\$ 12,692,583	\$ 13,069,180	\$ 13,886,250
Charges for services	-	-	-	142,598
Intergovernmental	4,013,674	1,551,974	1,180,030	375,192
Interest	1,440,383	1,205,191	1,597,412	3,233,162
Land sale proceeds	-	-	261,787	-
Other revenues	106,630	169,904	347,180	141,311
Total revenues	<u>18,113,570</u>	<u>15,619,652</u>	<u>16,455,589</u>	<u>17,778,513</u>
Expenditures:				
General government:				
Highway and streets	1,950,434	1,898,836	1,795,497	1,805,737
Capital outlay	15,828,835	11,231,504	6,290,659	10,681,311
Debt service:				
Principal	-	-	-	37,908
Interest	-	-	-	1,650
Total expenditures	<u>17,779,269</u>	<u>13,130,340</u>	<u>8,086,156</u>	<u>12,526,606</u>
Excess (deficiency) of revenues over expenditures	<u>334,301</u>	<u>2,489,312</u>	<u>8,369,433</u>	<u>5,251,907</u>
Other financing sources (uses):				
Issuance of debt	-	-	-	-
Loss on land held for resale	(306,799)	-	-	-
Total other financing sources (uses)	<u>(306,799)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 27,502</u>	<u>\$ 2,489,312</u>	<u>\$ 8,369,433</u>	<u>\$ 5,251,907</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	2.0%

Source:
Clackamas County Finance Department

Fiscal Year

	2007	2008 (Restated)	2009	2010	2011	2012
\$	9,819,028	\$ 9,693,299	\$ 11,310,127	\$ 13,097,986	\$ 13,519,292	\$ 12,725,803
	844,608	31,884	16,000	-	-	-
	1,701,092	806,592	1,021,841	859,092	126,321	1,015,970
	4,167,421	3,271,279	1,551,376	700,625	400,568	344,132
	5,074,049	230,023	-	-	-	-
	137,543	186,961	312,530	593,166	938,523	873,159
	<u>21,743,741</u>	<u>14,220,038</u>	<u>14,211,874</u>	<u>15,250,869</u>	<u>14,984,704</u>	<u>14,959,064</u>
	37,795,671	8,321,289	1,651,842	1,820,040	3,762,568	1,741,820
	37,677,335	7,283,607	4,630,017	9,554,312	14,537,673	4,252,673
	37,961	5,315,526	5,569,599	5,738,508	5,999,610	6,562,592
	1,597	1,582,065	1,367,615	1,138,918	907,776	864,275
	<u>75,512,564</u>	<u>22,502,487</u>	<u>13,219,073</u>	<u>18,251,778</u>	<u>25,207,627</u>	<u>13,421,360</u>
	<u>(53,768,823)</u>	<u>(8,282,449)</u>	<u>992,801</u>	<u>(3,000,909)</u>	<u>(10,222,923)</u>	<u>1,537,704</u>
	35,333,000	-	-	-	6,000,000	-
	-	-	(977,164)	-	-	-
	<u>35,333,000</u>	<u>-</u>	<u>(977,164)</u>	<u>-</u>	<u>6,000,000</u>	<u>-</u>
\$	<u>(18,435,823)</u>	<u>\$ (8,282,449)</u>	<u>\$ 15,637</u>	<u>\$ (3,000,909)</u>	<u>\$ (4,222,923)</u>	<u>\$ 1,537,704</u>
	0.1%	45.3%	80.8%	81.9%	48.4%	67.5%

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

Fiscal Year Ended June 30,	Clackamas Town Center Development Area	Clackamas Industrial Development Area	Government Camp Development Area	North Clackamas Revitalization Area	Total Taxable Assessed Value Before Exempt Property
2003	N/A	N/A	N/A	N/A	810,883,293
2004 ⁽⁴⁾	\$ 441,828,613	\$ 310,024,568	\$ 79,098,538	N/A	830,951,719
2005	452,668,677	319,943,955	83,057,525	N/A	855,670,157
2006 ⁽⁴⁾	641,248,632	386,550,154	121,078,615	N/A	1,148,877,401
2007 ⁽⁵⁾	529,014,380	-	145,847,118	N/A	674,861,498
2008	556,110,506	-	154,436,109	437,892,734	1,148,439,349
2009	626,259,370	-	180,772,900	456,338,586	1,263,370,856
2010	637,286,403	-	-	475,179,133	1,112,465,536
2011	723,719,341	-	-	485,274,293	1,208,993,634
2012	694,098,768	-	-	503,999,445	1,198,098,213

Notes:

- (1) A property tax limitation measure became effective in fiscal year 1998. The measure limited taxes on each property by reducing the 1997-98 assessed value of each property to 90% of its 1995-96 value. The measure also limits growth of taxable value to 3% per year with certain exceptions, as well as establishing permanent tax rates for Oregon's local taxing districts, which replace the former tax base amounts of the districts. Because of the tax limitation, taxable assessed value is significantly below true cash value, which is the comparative measure tracked by the County and reported in this schedule.
- (2) For all property within the Clackamas County Development Agency.
- (3) Tax rates vary between tax codes and between the urban renewal areas which comprise the Agency for 2003 - 2009. Rates are lowest in the Government Camp Area and higher in the Clackamas Town Center and Industrial Areas.
- (4) Prior to 2004, breakout of assessed values into the various urban renewal districts was not available. Prior to 2006 information on tax-exempt properties was not available.
- (5) Increased incremental assessed value due to project development and implementation, capital construction, and property development and redevelopment is a typical measure for an Urban Renewal District. As an urban renewal area nears plan termination, assessed value is returned to overlapping taxing districts. The Clackamas Town Center returned assessed values to regular tax roles during 2007 and the Clackamas Industrial Area ceased tax collection. Growth reported for these areas in prior years has been passed on to overlapping districts.

N/A - Not available

Clackamas County Department of Assessment and Taxation

Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Market Value	Assessed Value as a Percentage of Market Value
N/A	810,883,293	.4483 - 1.1912	1,042,362,933	77.79
N/A	830,951,719	.4480 - 1.1790	1,058,821,242	78.48
N/A	855,670,157	.4509 - 1.1533	1,102,503,149	77.61
249,599,015	899,278,386	.5036 - 1.1321	1,213,190,775	74.13
105,025,599	569,835,899	.4583 - 1.0677	1,003,031,858	56.81
117,483,752	1,030,955,597	.4379 - 1.0639	1,981,961,268	52.02
125,931,981	1,137,438,875	.4995 - 1.1914	2,199,346,692	51.72
104,379,693	1,008,085,843	0.8401	1,765,617,801	57.10
103,994,405	1,104,999,229	0.8451	1,364,126,347	81.00
140,529,045	1,057,569,168	0.7953	1,417,412,597	74.61

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County Oregon)
DIRECT AND OVERLAPPING PROPERTY TAX RATES^{(1) (2)}
LAST TEN FISCAL YEARS
(Rate per \$1,000 of Assessed Value)

Taxing Entity	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Clackamas County Development Agency direct rate ⁽⁴⁾ :										
Town Center Development Area	\$ 0.6928	0.7267	0.7215	0.6656	0.6207	0.5495	0.9980	1.0249	1.0509	1.0577
Clackamas Industrial Area	-	-	-	-	-	-	0.9986	1.1500	1.1800	1.1900
Government Camp Development Area ⁽⁵⁾	0.1248	0.134	0.1332	0.7719	0.6845	0.6634	0.6272	0.5450	0.5359	0.5275
North Clackamas Revitalization Area	0.6928	0.7267	0.7215	-	-	-	-	-	-	-
Urban Renewal special levy (all agency development areas)	0.1025	0.1184	0.1186	0.0736	0.0664	0.0996	0.1335	0.1278	0.1271	0.1328
Clackamas County:										
Rural	2.8671	2.8590	2.8600	2.8469	2.8615	2.8683	2.8129	2.8235	2.8214	2.8262
City	-	-	-	-	-	-	-	-	-	-
Public Safety Levy 2006 ⁽⁶⁾	0.2480	0.2480	0.2480	0.2480	0.2480	-	-	-	-	-
Clackamas County Component Units:										
Enhanced Law Enforcement District	0.6640	0.6602	0.6609	0.6672	0.6725	0.6759	0.6462	0.6472	0.6468	0.6520
North Clackamas Parks and Recreation District	0.5069	0.5047	0.5049	0.5085	0.5111	0.5125	0.4893	0.4890	0.4885	0.4879
Clackamas County Extension and 4H Service District	0.0492	0.0493	0.0493	-	-	-	-	-	-	-
Library Service District of Clackamas County	0.3909	0.3903	0.3902	-	-	-	-	-	-	-
City of Damascus	-	-	-	-	-	-	-	-	-	-
School district rates:										
North Clackamas	4.5851	4.5650	4.5680	4.5995	4.6244	4.6376	4.4715	4.4649	4.4593	4.4517
Oregon Trail	4.6397	4.6397	4.6397	4.3734	4.4092	4.4131	4.4572	4.4908	4.4941	4.4949
Community college/educational service district rates:										
Clackamas	0.5459	0.5449	0.5450	0.5463	0.5476	0.5481	0.5411	0.5408	0.5406	0.5402
Mt Hood	0.4917	0.4917	0.4917	0.4714	0.4743	0.4747	0.4781	0.4806	0.4809	0.4810
Clackamas ESD	0.3624	0.3619	0.3620	0.3611	0.3620	0.3624	0.3590	0.3591	0.3590	0.3588
Educational exempt bonds rates										
Clackamas Community College	0.1361	0.1560	0.1730	0.1960	0.1931	0.1791	0.2244	0.2351	0.1946	0.1977
Mt Hood Community College	-	-	-	-	-	-	-	0.0063	0.0216	0.0242
North Clackamas	1.2096	0.9363	0.9379	0.9401	1.0261	1.1130	1.1011	1.0718	1.2507	1.2274
North Clackamas 2006	1.4222	1.0822	1.0044	0.9796	0.9407	-	-	-	-	-
Oregon Trail	2.3024	2.2683	2.2845	-	-	-	-	0.6069	0.6173	-
Fire district rates:										
Clackamas County Fire District No. 1	2.3043	2.2971	2.2976	2.3085	2.3030	2.3085	2.2427	2.2153	2.2125	2.2043
Clackamas County Fire District No. 1-exempt	0.0595	0.0638	0.0732	0.0648	0.0752	0.0851	0.1421	0.1716	0.1532	0.1280
Hoodland Fire District No 74	2.6385	2.6385	2.6385	2.1934	2.2507	2.2634	2.3414	2.4056	2.4132	2.4163
Other special district rates										
Clackamas County Soil Conservation	0.0443	0.0394	0.0493	0.0492	0.0493	-	-	-	-	-
Port of Portland	0.0691	0.0689	0.0689	0.0689	0.0690	0.0690	0.0685	0.0685	0.0685	0.0684
Service District 2 Metro-Zoo	0.0945	0.0944	0.0944	0.0946	0.0948	0.0949	0.0937	0.0937	0.0936	0.0936
Service District 2-exempt	0.1282	0.1497	0.1502	0.1529	0.1684	0.1783	0.1818	0.1814	0.1874	0.1809
Service District 2-exempt 2006	0.0877	0.1589	0.1864	0.1457	0.1609	-	-	-	-	-
Sanitary District 2-Government Camp	0.2905	0.0944	0.2905	0.0437	0.0523	0.0562	0.0734	0.0905	0.0951	0.0989
Transportation Tri-Met	0.0571	0.0857	0.0842	0.0786	0.0839	0.0955	0.1154	0.1069	0.1045	0.1199
Vector Control	0.0065	0.0064	0.0064	0.0065	0.0065	0.0065	0.0065	0.0065	0.0064	0.0064
Vector Control local option	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	-	-	-
Water-Mt Scott	-	-	-	-	0.0493	0.0609	0.0777	0.0954	0.1109	0.1183

Notes:

- (1) Overlapping rates are those of local governments that apply to property owners within Agency geographical boundaries. Not all overlapping rates apply to all Agency property owners.
- (2) Property tax levies may only be approved by a majority vote in elections in which a majority of voters cast a ballot. In November elections of even numbered years a majority vote in favor of a tax levy is sufficient to enact a levy, regardless of voter turnout.
- (4) The Clackamas Industrial Development Area did not levy property taxes for fiscal 11-12. and the Government Camp Development Area did not levy property taxes for fiscal 11-12
- (5) Government Camp rate is an average of multiple tax code areas that are all different.
- (6) Public Safety Local Option Levy 2006 for support of jail facilities and sheriff operations was approved by voters November, 2006. Property taxes levied fiscal 07-08.

Source:

Clackamas County Department of Assessment and Taxation

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
PRINCIPAL PROPERTY TAX PAYERS
JUNE 30, 2012 AND NINE YEARS AGO

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
CH Realty III/Clackamas LLC	\$ 43,470,164	1	4.11 %	\$		%
Fred Meyer Stores Incorporated	25,668,069	2	2.43			
CNL Income TCV Owner LLC	24,729,758	3	2.34			
Monterey Springs Holdings LLC	21,182,257	4	2.00			
EMC4 LLC	18,770,890	5	1.77			
Comcast Corporation	18,597,200	6	1.76	14,386,326	6	1.77
Costco Wholesale Corp	17,346,757	7	1.64			
Phillips Edison & Co.	17,297,425	8	1.64			
Cooper Mountain Trust Co.	17,129,799	9	1.62			
General Growth Properties Inc.	16,936,796	10	1.60			
BPP Retail LLC/US Retail Partners				32,568,939	1	4.02
Prime Property Capital, Inc.				16,234,437	2	2.00
PCC Structural, Inc.				15,604,563	2	1.92
Chirawin Group LLC				14,835,204	4	1.83
Warn Industries, Inc.				14,754,380	5	1.82
The May Dept Stores				12,691,249	7	1.57
Deloitte & Touche LLP				12,127,292	8	1.50
Clark & White LLC				11,895,174	9	1.47
Kaiser Foundation Sunnyside Hosp				11,644,013	10	1.44
Total	\$ 221,129,115		20.91 %	\$ 156,741,577		19.34 %

Source:
Clackamas County Department of Assessment and Taxation

**CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
PROPERTY TAX LEVIES AND COLLECTIONS ⁽¹⁾
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 12,623,471	\$ 11,848,941	93.86 %	\$ 431,310	\$ 12,280,251	97.28 %
2004	12,935,496	12,186,221	94.21	363,112	12,549,333	97.01
2005	13,368,071	12,626,662	94.45	315,623	12,942,285	96.81
2006	14,284,065	13,554,271	94.89	206,893	13,761,164	96.34
2007	10,083,641	9,553,560	94.74	267,655	9,821,215	97.40
2008	10,030,959	9,434,717	94.06	327,076	9,761,793	97.32
2009	11,772,933	10,967,549	93.16	408,104	11,375,653	96.63
2010	13,552,689	12,692,945	93.66	338,506	13,031,451	96.15
2011	13,941,942	13,046,454	93.58	243,070	13,289,524	95.32
2012	13,124,714	12,330,904	93.95	-	12,330,904	93.95

Source:
Clackamas County Department of Assessment and Taxation

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

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

Fiscal Year	Urban Renewal Bonds	Contract Payable	Percentage of Personal Income	Per Capita	Percentage of Taxable Assessed Value of Property
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	\$ 200,000	0.09 %	\$ 35	0.02 %
2006	-	160,442	0.07	28	0.02
2007	\$ 35,333,000	120,884	5.03	2,212	6.22
2008	30,057,474	80,884	4.09	1,831	2.92
2009	24,568,705	-	3.36	1,467	2.16
2010	18,830,197	-	2.50	1,125	1.87
2011	18,830,587	-	N/A	1,024	1.70
2012	12,267,995	-	N/A	640	1.16

Notes:

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

See page 41 for property value data.

See page 48 for population data.

N/A - Not available

Sources:

Clackamas County Department of Assessment and Taxation

Department of Human Resources, State of Oregon, Employment Division

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

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County Oregon)
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Clackamas County	\$ 72,910,000	1.8193 %	\$ 1,326,452
Clackamas County Rural Fire Protection District #1	2,655,000	3.2400	86,022
Clackamas County School District #12 (North Clackamas)	354,352,747	4.7481	16,825,023
Clackamas Community College	30,100,000	1.7691	532,499
Mt Hood Community College	22,330,000	0.8791	196,303
Metro	273,485,000	0.3147	860,657
Tri-Metropolitan Transportation District	240,000	0.3158	758
Clackamas County School District #46 (Oregon Trail)	112,870,487	7.5048	8,470,704
Other debt:			
Clackamas County	25,705,000	1.8193	467,651
North Clackamas Parks and Recreation District	11,920,000	4.7285	563,637
Clackamas County Rural Fire Protection District #1	19,635,000	3.2400	636,174
Clackamas Community College	49,205,000	1.7691	870,486
Port of Portland	69,304,574	0.4087	283,248
Metro	49,385,000	0.3147	155,415
Clackamas County Education Service District	25,520,000	1.9097	487,355
Mt. Hood Community College	46,638,749	0.8791	410,001
Subtotal overlapping debt			32,172,385
Agency direct debt			12,267,995
Total direct and overlapping debt			\$ 44,440,380

Note:

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

Source:

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

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit *	\$ 231,140,600	\$ 231,140,600	\$ 231,140,600	\$ 231,140,600
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Legal debt margin	<u>\$ 231,140,600</u>	<u>\$ 231,140,600</u>	<u>\$ 231,140,600</u>	<u>\$ 230,940,600</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.09%

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

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

Source:

Clackamas County Finance Department

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 231,140,600	\$ 273,321,300	\$ 273,321,300	\$ 273,321,300	\$ 273,321,300	\$ 273,321,300
<u>160,442</u>	<u>35,453,884</u>	<u>30,138,358</u>	<u>24,568,705</u>	<u>18,830,587</u>	<u>12,267,995</u>
<u>\$ 230,980,158</u>	<u>\$ 237,867,416</u>	<u>\$ 243,182,942</u>	<u>\$ 248,752,595</u>	<u>\$ 254,490,713</u>	<u>\$ 261,053,305</u>
0.07%	12.97%	11.03%	8.99%	6.89%	4.49%

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

Year	Population	Personal Income	Per Capita Personal Income (1)	Portland Metropolitan Area Unemployment Rate (2)
2003	5,604	199,239,012	35,553	7.9
2004	5,659	209,927,311	37,094	6.8
2005	5,715	227,037,992	39,729	6.0
2006	5,770	238,751,060	41,378	5.0
2007 ⁽³⁾	16,025	704,539,125	43,965	5.0
2008	16,456	737,278,168	44,803	5.4
2009	16,743	730,764,978	43,646	9.3
2010	16,743	752,664,822	44,954	10.7
2011	18,384	N/A	N/A	9.9
2012	19,181	N/A	N/A	8.5

Notes:

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

(2) Includes Clackamas, Multnomah, Washington and Yamhill Counties in Oregon.

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

N/A - Not available.

Sources:

Department of Human Resources, State of Oregon Employment Division
Population from Claritas, Inc. Site Report, based on 2000 census and projections thereafter
Bureau of Economic Analysis, U.S. Department of Commerce
U.S. Department of Labor, Bureau of Labor Statistics

CLACKAMAS COUNTY DEVELOPMENT AGENCY
(A Component Unit of Clackamas County, Oregon)
PRINCIPAL EMPLOYERS ⁽¹⁾
JUNE 30, 2012 AND NINE YEARS AGO

Employer	2012			2003		
	Employees	Rank	Percentage of Total ⁽²⁾	Employees	Rank	Percentage of Total ⁽²⁾
State of Oregon	18,400	1	.02 %	4,475	10	.00 %
Intel Corp.	15,636	2	.02	15,000	1	.02
Providence Health System	14,089	3	.01	12,800	3	.01
U.S. Federal Govt.	13,900	4	.01	-	-	
Oregon Health & Sciences University	12,000	5	.01	10,100	4	.01
Fred Meyer Stores	9,858	6	.01	13,325	2	.01
Legacy Health System	9,732	7	.01	7,158	5	.01
Kaiser Foundation Health Plan of the Northwest	9,039	8	.01	7,093	6	.01
City of Portland	8,876	9	.01	5,000	9	.01
Nike Inc.	7,000	10	.01	-		
Safeway, Inc., Portland Division				6,000	7	.01
Multnomah County				5,500	8	.01
Total	118,530		0.12 %	86,451		0.10 %

Sources:

(1) Statistics are the latest available data published in the Portland Business Journal *Book of Lists 2012*, and *Book of Lists 2003*. The Business Journal Book of Lists ranks Portland Metropolitan Area employers.

(2) Total Portland Metropolitan Area employment used to calculate percentages is from the Oregon Employment Department.

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Function</u> <u>Highways & Streets</u>
2003	8.00
2004	8.00
2005	6.00
2006	6.40
2007	6.10
2008	6.50
2009	6.50
2010	6.50
2011	5.00
2012	5.00

Source:
Clackamas County Finance Department

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

	2004	2005	2006
Assessed value Clackamas Town Center Development Area	\$ 441,828,613	\$ 452,668,677	\$ 475,431,709
Change from prior year	N/A	10,840,064	22,763,032
Percentage change	N/A	2.45 %	5.03 %
Assessed value Clackamas Industrial Development Area ⁽¹⁾	310,024,568	319,943,955	323,052,373
Change from prior year	N/A	9,919,387	3,108,418
Percentage change	N/A	3.20 %	0.97 %
Assessed value Government Camp Development Area	79,098,538	83,057,525	100,794,304
Change from prior year	N/A	3,958,987	17,736,779
Percentage change	N/A	5.01 %	21.35 %
Assessed value North Clackamas Revitalization Area ⁽²⁾	N/A	N/A	N/A
Change from prior year	N/A	N/A	N/A
Percentage change	N/A	N/A	N/A
Assessed value all areas	830,951,719	855,670,157	899,278,386
Change from prior year	N/A	24,718,438	43,608,229
Percentage change	N/A	2.97 %	5.10 %

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

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

N/A - Not available

Source:
Clackamas County Department of Assessment and Taxation

2007	2008	2009	2010	2011	2012
\$ 471,591,571 (3,840,138) (0.81) %	\$ 539,232,358 67,640,787 14.34 %	\$ 532,829,346 (6,403,012) (1.19) %	\$ 546,838,520 14,009,174 2.63 %	\$ 619,724,936 72,886,416 13.33 %	\$ 569,477,562 (50,247,374) (8.11) %
-	-	-	-	-	-
N/A N/A	N/A N/A	N/A N/A	N/A N/A %	N/A N/A %	N/A N/A %
133,929,445 33,135,141 32.87 %	160,228,796 26,299,351 19.64 %	159,612,783 (616,013) (0.38) %	- N/A N/A %	- N/A N/A %	- N/A N/A %
-	446,425,950	444,996,746	461,247,323	485,274,293	488,091,606
N/A	446,425,950	(1,429,204)	16,250,577	24,026,970	2,817,313
N/A	N/A	(0.32)	3.65 %	5.21 %	0.58 %
605,521,016 (293,757,370) (32.67) %	1,145,887,104 540,366,088 89.24 %	1,137,438,875 (8,448,229) (0.74) %	1,008,085,843 (129,353,032) (11.37) %	1,104,999,229 96,913,386 9.61 %	1,057,569,168 (47,430,061) (4.29) %

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

	2004	2005	2006	2007	2008
Capital projects in process during the year:					
Clackamas Town Center Development Area:					
Property redevelopment	1	1	1	1	1
Clackamas Industrial Development Area:					
Property redevelopment	-	-	1	-	-
Street and highway improvements	-	-	-	-	-
Government Camp Development Area:					
Cultural centers	1	1	1	1	1
Easements taken for redevelopment	-	1	1	1	1
North Clackamas Revitalization Area ⁽¹⁾ :					
Neighborhood parks	-	-	-	-	-

Note:

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

Source:

Clackamas County Finance Department

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
1	-	-	-
-	-	1	-
1	1	2	2
1	1	1	1
1	1	-	-
-	1	1	1

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clackamas County Development Agency, Oregon ("the Agency"), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2012, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated December 20, 2012. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Agency (which includes County Finance) is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as Finding 2012-1 to be a material weakness.

MOSS ADAMS_{LLP}**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of 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*.

The Agency's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Audit Committee, Board of County Commissioners, management, others within the entity, and Oregon Secretary of State Audits Division, and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
December 20, 2012

FINDING RELATED TO FINANCIAL STATEMENTS WHICH IS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

FINDING 2012-1—Transferred Property, Material Weakness in Internal Controls

Criteria – The amount of property and equipment recorded in the financial statements should represent a complete listing of the cost of assets purchased, constructed, contributed, or under capital lease by the entity, for which the entity has legal title or similar rights and obligations of ownership. The cost of property transferred to other agencies, sold, or abandoned should be removed from the books.

Condition – Ownership of capital assets were transferred to Clackamas County, the State of Oregon, and other organizations in prior years, but those transactions were not accounted for in the financial records.

Context – The Agency has had between \$50 million and \$100 million invested in capital assets at any point in time for many years. Annual additions to capital assets have totaled \$2 million to \$20 million depending on the timing of projects.

Effect – The Agency’s financial statements as of June 30, 2011 overstated capital assets and net assets by \$46 million.

Cause – There were not effective controls in place to communicate the completion of capital projects and subsequent transfers to other organizations, or record capital contributions to other organizations’ projects. In addition, an annual inventory of the Agency’s real property was not reconciled to the Agency’s capital asset listing supporting the year-end financial statement balance.

Recommendation – We understand that this issue was identified and corrected during the 2012 financial close and reporting process. As the Agency has established communications with the County regarding the completion of capital asset projects and the transfer of ownership to the County or entities outside the County, we recommend implementing a collaborative periodic review of the capital asset listing to ensure all intended transactions have been recorded. Review procedures could include more detailed attention to asset classification during initial project development, project completeness determination, and following up on initiated transfers to ensure they were properly recorded. We further recommend the implementation of a periodic reconciliation of the County tax assessor real property records with the Agency’s capital asset listing, in addition to periodic physical inspections of recorded capital assets.

Response – The Agency agrees that capital assets were overstated and identified this issue during preparations for the 2012 audit. Although communications regarding recent years development projects have been properly accounted for, old projects, dating from approximately 2000-2005, were not properly removed from the capital asset listing. This issue has subsequently been corrected.

We concur with your recommendation of implementing a collaborative periodic review of the capital asset listing, including the aforementioned review procedures. Staff will begin implementing such procedures during fiscal year 2013.

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

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

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

We have audited the basic financial statements of Clackamas County Development Agency (“the Agency”) as of and for the year ended June 30, 2012 and have issued our report thereon dated December 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the 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 of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the Agency’s basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules (OAR) 162-10-000 to 162-10-330, 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 2012 and 2013.
- 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.

MOSS ADAMS LLP**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the schedule of findings and responses as 2012-1 to be a material weakness.

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For Moss Adams LLP
Eugene, Oregon
December 20, 2012