

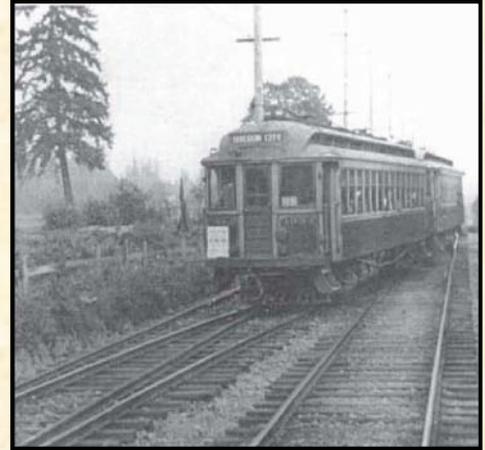
North Clackamas Parks & Recreation District

(A Component Unit of Clackamas County, Oregon)

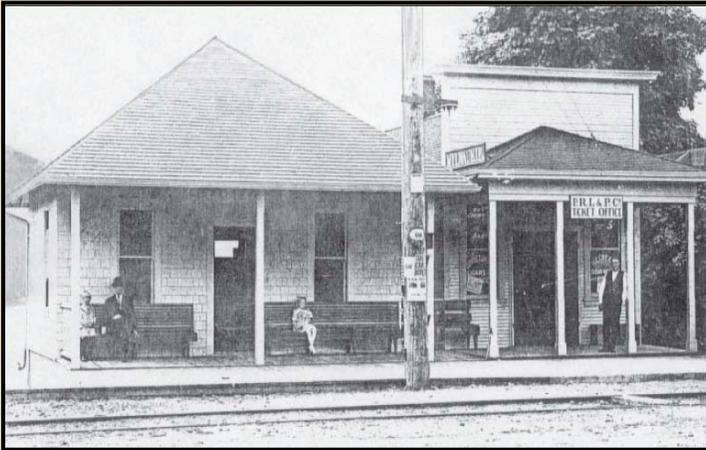
Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2012



TROLLEY TRAIL GROUNDBREAKING 2011



NAEF ROAD TROLLEY STATION



MILWAUKIE TROLLEY STATION CIRCA 1912

**N CPRD turns 20 years old!
1992-2012**



NORTH CLACKAMAS AQUATIC PARK



MILWAUKIE CENTER



NORTH CLACKAMAS
PARKS & RECREATION DISTRICT



**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(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 Business & Community Services and Department of Finance
Gary Barth, Director of Business and Community Services
Laura Zentner, Deputy Director, Business and Community Services, CPA
Marc S. Gonzales, Director of Finance
Jason Kirkpatrick, Finance Manager, CPA, CFE
Christa Bosserman Wolfe, Audit Manager, CPA

(This page intentionally left blank)

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

TABLE OF CONTENTS

| | <u>Page</u> |
|--|--------------------|
| <u>INTRODUCTORY SECTION:</u> | |
| Letter of Transmittal | i |
| Certificate of Achievement for Excellence in Financial Reporting | vi |
| Organization Chart | vii |
| List of Principal Officials | viii |
| | |
| <u>FINANCIAL SECTION:</u> | |
| | |
| REPORT OF INDEPENDENT AUDITORS | 1 |
| | |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 3 |
| | |
| BASIC FINANCIAL STATEMENTS: | |
| Government-wide Financial Statements: | |
| Statement of Net Assets | 10 |
| Statement of Activities | 11 |
| Fund Financial Statements | |
| Balance Sheet - Governmental Funds | 12 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets | 13 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 14 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 15 |
| General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 16 |
| Nutrition and Transportation Fund - Statement of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual | 17 |
| System Development Charges District - Wide Fund | 18 |
| System Development Charges Zone 3 Fund | 19 |
| Notes to Basic Financial Statements | 20 |
| | |
| SUPPLEMENTAL INFORMATION: | |
| Other Governmental Funds: | |
| Combining Balance Sheet | 31 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 32 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual: | |
| System Development Charges Zone 1 Fund | 33 |
| System Development Charges Zone 2 Fund | 34 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | |
| Series 2010 Debt Service Fund | 35 |
| Series 2008 Debt Service Fund | 36 |

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

TABLE OF CONTENTS

SUPPLEMENTAL INFORMATION (Continued):

| | |
|--|----|
| Major Fund Budgetary Schedule: | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Projects Fund | 37 |
| Capital Asset Replacement Fund | 38 |
| Other Financial Schedule: | |
| Schedule of Property Tax Transactions | 39 |

STATISTICAL SECTION:

| | |
|---|----|
| Net Assets By Component - Last Ten Fiscal Years | 40 |
| Changes in Net Assets - Last Ten Fiscal Years | 41 |
| Fund Balances, Governmental Funds - Last Ten Fiscal Years | 42 |
| Changes in Fund Balances, Governmental Funds - Last Ten Years | 43 |
| Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years | 44 |
| Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years | 45 |
| Principal Property Tax Payers - June 30, 2012 and Nine Years Ago | 46 |
| Property Tax Levies and Collections - Last Ten Fiscal Years | 47 |
| Ratios of Outstanding Debt by Type - Last Ten Fiscal Years | 48 |
| Direct and Overlapping Governmental Activities Debt - June 30, 2012 | 49 |
| Legal Debt Margin - Last Ten Fiscal Years | 50 |
| Demographic and Economic Statistics - Last Ten Fiscal Years | 51 |
| Principal Employers - June 30, 2012 and Nine Years Ago | 52 |
| Full-Time Equivalent Employees By Function - Last Ten Fiscal Years | 53 |
| Operating Indicators - Last Ten Fiscal Years | 54 |
| Operating Indicators - Capital Assets Statistics – Last Ten Fiscal Years | 55 |

| | |
|---|----|
| 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 | 56 |
|---|----|

| | |
|---|----|
| SCHEDULE OF FINDINGS AND RESPONSES | 58 |
|---|----|

| | |
|--|----|
| 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 | 59 |
|--|----|

INTRODUCTORY SECTION

(This page intentionally left blank)



NORTH CLACKAMAS
PARKS & RECREATION DISTRICT

Administration

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

October 31, 2012

To the Honorable Chair Charlotte Lehan, Commissioner Jim Bernard, Commissioner Jamie Damon, Commissioner Ann Lininger, Commissioner Paul Savas and Citizens of the North Clackamas Parks and Recreation District (NCPRD):

State law requires that every local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2012.

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

Moss Adams, LLP, Certified Public Accountants, have issued an unqualified opinion on NCPRD's financial statements for the year ended June 30, 2012. The Independent Auditor's Report is located at the front of the financial section of this report.

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

Profile of the Government

NCPRD (the District), created November 6, 1990, is located in the urbanized northwest portion of Clackamas County (the County) one of Oregon's fastest growing regions. The District includes the Cities of Milwaukie and Happy Valley and a large area of urban unincorporated Clackamas County. It does not include the cities of Gladstone or Johnson City. The District is bounded on the east by SE 177th Avenue, on the west by the Willamette River, by the Multnomah/Clackamas County boundary to the north, and by the Clackamas River to the south. The District includes key areas of economic activity within the County: one of the State's largest commercial concentrations at Clackamas Town Center and the Clackamas Promenade shopping center, both thriving retail centers. Another strong area of economic activity is the industrial/commercial corridor along Highway 212/224.

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

The District was established as a County Service District (under ORS 451) and is a component unit of the County. The five-member Board of County Commissioners serves as the Board of Directors (Board) for the District and the commissioners are elected on a non-partisan basis.

The Board appoints the County Administrator who oversees the District Director. Board members serve four-year terms and the Chair is specifically elected by voters. The Chair and other Board members are elected not by geographic region but at large.

The Budget Committee is composed of the Commissioners and five citizen members, who review and approve the budget for the fiscal year. The Board also appoints a nine-member District Advisory Board made up of District residents who provide input and guidance to District staff, the Board of Directors and the District Budget Committee.

The District provides a full range of park and recreation services to the community. These services include natural and developed park areas, recreational programs and activities, a full-service senior center providing social and recreational programs, and a full-service aquatic center with multiple pools, water recreation, and instruction programs.

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

Local Economy

The local economic climate has been relatively healthy for the District from its inception in 1990 until the significant downturn in 2008, and the District experienced financial growth during much of that time. Strong construction activity in the District during that period helped to mitigate the effects of a statewide voter approved property tax limitation (Measure 50) on property tax revenue.

Over the past two years, the Oregon economy has been experiencing a slow recovery and this continues into 2012. Employment in Oregon continues to increase at a slow pace, very much in line with the gains seen at the U.S. level. Job growth in the private sector has been widespread across private industries, with the exception of the financial service firms and equipment manufacturers seeing small declines. With respect to the public sector, government job cuts continue with public sector employment falling by more than 2 percent over the last year. The majority of the public sector cuts have occurred at the education level (K-12 and community colleges) and current forecasts predict another year of cuts. This has contributed to the low employment numbers statewide. The September 2012 unemployment rate for Oregon was 8.7 percent; this is down from 8.9 percent in August 2012. During the recovery so far, Oregon's employment has grown at just under the states' long run trend rate of 1.2 percent annually.

The U.S. economy also continues to move along at a very slow pace. The United States unemployment rate for September 2012 sits at 7.8 percent down from 8.1 percent in the previous month. However, the threat of external factors continues to place a weight on businesses and households, leading many to limit and reduce their spending out of caution. Three large risks include the euro zone recession and potential crises, the slowdown in China and the uncertain U.S. federal policy environment. These are big risks from a planning perspective and continue to create anxiety about the future. After the election, uncertainty should lessen and one can hope the U.S. federal policy environment will stabilize.

Overall, slow growth is projected to be the norm. Many of Oregon's trading partners continue to order fewer of our goods and, unfortunately, consumers will not fill the gap since they still need to fix their own financial situation by paying down debt and saving for the future. Recent improvements in housing and labor markets will help the expansion continue, but will not create the strong growth that is needed and that has occurred in previous recoveries.

Long-term financial planning

In order to preserve a strong financial position, the District Advisory Board established a reserve/contingency policy for the District's General Fund in April 2001. This policy has recently been updated and it will be reviewed annually to ensure it is reflective of the current cash flow projections for the District. This policy has proven to be a prudent financial decision and has allowed the District to avoid borrowing in the early months of each fiscal year to fund operations while awaiting property tax proceeds, the bulk of which are received in November of each year. The ending fund balance in June 2011 was \$3.3 million and decreased to \$2.7 million at the end of fiscal year 2011-12. This decrease can be largely attributed to a \$1 million transfer to the Capital Asset Replacement Fund to pay for an energy upgrade at the Aquatic Park and the repair and replacement of other District assets which are aging. During fiscal year 2011-12, District staff completed an inventory of capital assets and are in the process of determining the dollars needed each year for the replacement and repair of the District's aging assets. This analysis will help to ensure that funds are systematically set aside each year to make certain capital assets are replaced as needed and remain in good repair.

Over the past seven years, the District has had an ambitious long-term capital improvement projects plan.

In 2009-10, the District completed Phase I of a 35-acre sports complex project which includes four full-size, all weather turf softball/baseball fields with lights, one overlaid multipurpose field, a gravel walking trail, parking areas, utilities and landscaping.

Phase II of the sports complex has been postponed due to the continued slow economy and limited residential and commercial development activities. Phase II components include a skate park, community center, reserved day-use areas, and an off-leash dog park, all of which are several years from completion.

Although the District's capital improvement plan has been significantly curtailed by the recent economic downturn, the District continued to move forward with the design and construction of the Trolley Trail. The funding for the Trolley Trail came from a variety of sources including the largest portion from Federal Transportation funds for bicycle and pedestrian projects. These funds were awarded by Metro and administered and paid through the Oregon Department of Transportation. The Trolley Trail runs along a historic corridor once used by a streetcar line that operated between Portland and Oregon City. The idea of developing a trail within this historic right-of-way has been a dream in the community for decades. The 6-mile Trolley Trail connects with existing bike lanes in Milwaukie and Gladstone and completes an essential link in Metro's regional trails system. The Trolley Trail and connecting trails create a continuous 20-mile system connecting Portland, Milwaukie, Gladstone, Oregon City and Gresham. The project was completed in fall of 2012.

Major initiatives

During fiscal year 2011-12, the District began the process to update of the District's Master Plan. The current plan was adopted by the Board of County Commissioners in 2004. Work on the previous plan began twelve years ago and since then the District has grown in population from approximately 90,933 residents to nearly 116,000 residents today. The needs and desires of District residents and trends in recreation and programming have changed. The new plan will address those changes. In addition, the City of Happy Valley joined the District in May 2006 and NCPRD amended its Master Plan by incorporation of the City of Happy Valley's Parks Plan and the East Happy Valley Plan in July 2007. An update of the plan will fully incorporate the desires of the citizens of Happy Valley. The plan is expected to be complete in the spring of 2013 at which time it will be presented to the District Advisory Board and Board of County Commissioners.

NCPRD's Aquatic Park implemented the Energy Trust of Oregon audit recommendations in September/October 2012. The project included replacing one boiler, two hot water pumps, four heat exchangers and the replacement of natatorium lights with higher efficiency equipment. Estimated costs are \$846,098; however, \$297,306 in estimated tax credits and incentives provide a net project cost of \$548,792. Project payback time is estimated to be nine years through reduced utility costs.

The District launched its new logo and style-guide to the District Advisory board, District Residents and citizens in March 2012. We are currently in the process of incorporating the new logo into all District collateral material as part of a long-term strategy to enhance our brand and awareness of the District.

The District's priority for the coming years will be to ensure sustainable operations and maintenance. The Five-Year Forecast will be updated to reflect the current economic conditions and ensure the long-term stability of the District. In addition, the District will complete the inventory of assets to ensure adequate funds are set aside for the systematic repair and replacement of those assets.

Awards and Acknowledgements

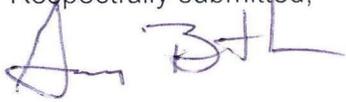
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the North Clackamas Parks and Recreation District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. This was the nineteenth consecutive year the District has received the award. In order to be awarded such a Certificate, the District had to publish an easily-readable, efficiently-organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

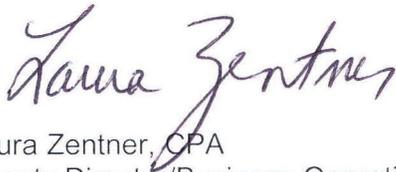
The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the North Clackamas Parks & Recreation District and Finance Departments. We express appreciation to all staff members who assisted and contributed to its preparation. Credit must also be given to the Board of County Commissioners for their support

in maintaining the highest standards of public service in the management of NCPRD and to our citizen advisors who serve on the District Advisory Board.

Respectfully submitted,

Handwritten signature of Gary Barth in blue ink.

Gary Barth
Director
North Clackamas Parks and Recreation District

Handwritten signature of Laura Zentner in blue ink.

Laura Zentner, CPA
Deputy Director/Business Operations Director
North Clackamas Parks and Recreation District

Certificate of Achievement for Excellence in Financial Reporting

Presented to
North Clackamas Parks
and Recreation District, Oregon

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



Linda C. Sandson

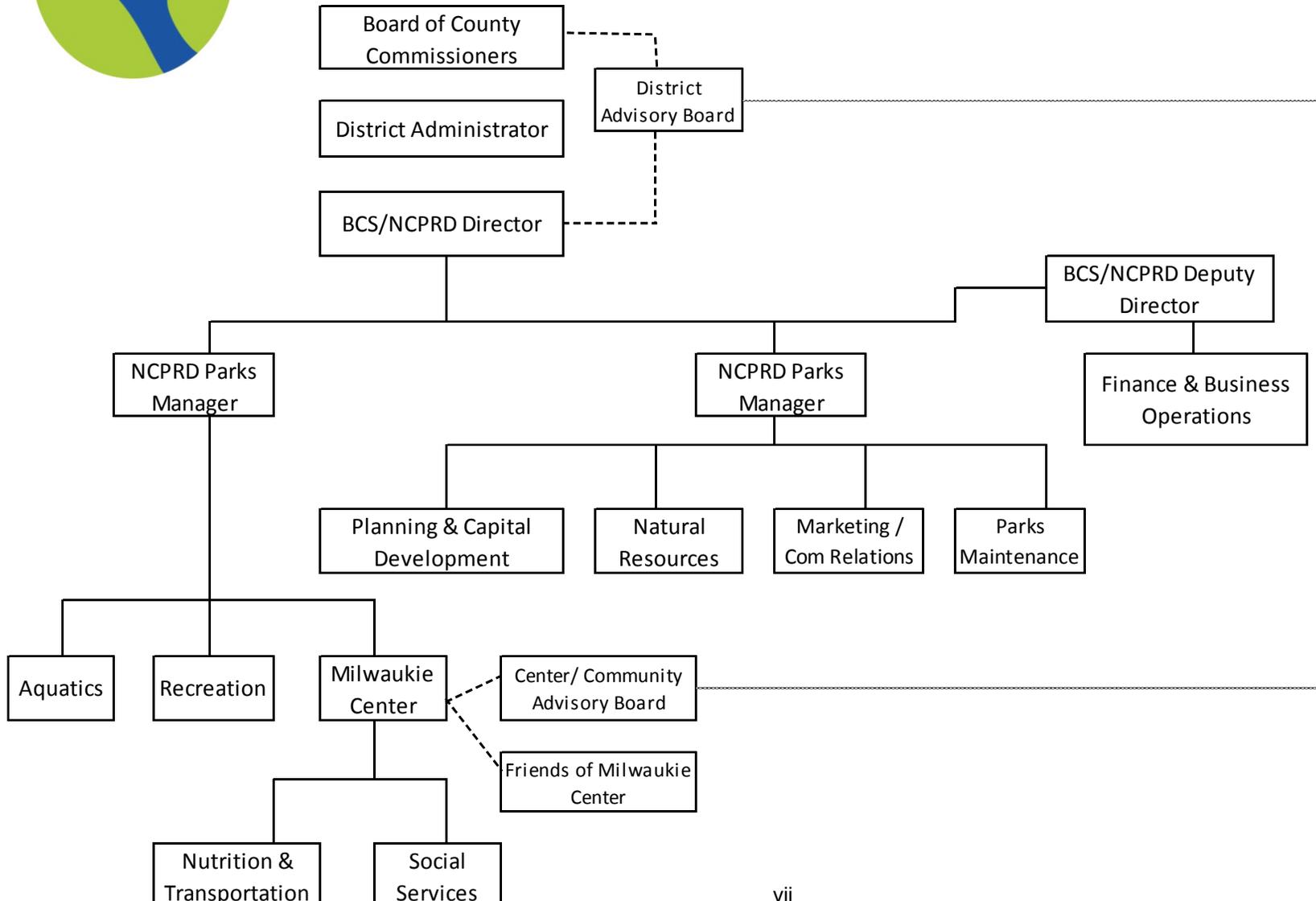
President

Jeffrey R. Emen

Executive Director



North Clackamas Parks and Recreation District 2012-2013 Organization Chart



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

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

Public Services Building
2051 Kaen Road
Oregon City, Oregon 97045

COMMISSIONERS AS OF JUNE 30, 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 |

DIRECTOR

Gary Barth

ADMINISTRATIVE OFFICES

Clackamas County, Oregon
2051 Kaen 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
North Clackamas Parks and Recreation District
Oregon City, Oregon

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, Nutrition and Transportation Fund, System Development Charges District-Wide Fund, and System Development Charges Zone 3 Fund of North Clackamas Parks and Recreation District (“the District”), as of and for the year ended June 30, 2012, which collectively comprise the District’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District’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 District’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 District, as of June 30, 2012, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, Nutrition and Transportation Fund, System Development Charges District-Wide Fund, and System Development Charges Zone 3 Fund 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 District restated its net assets to add real property acquired in prior years.

MOSS ADAMS LLP

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9 and 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 District's basic financial statements. The introductory section, combining and individual fund statements and schedules, schedule of property tax transactions, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund statements and schedules, and schedule of property tax transactions, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, and schedule of property tax transactions is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



James C. Lanzarotta, CPA
For Moss Adams LLP
Eugene, Oregon
October 31, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012

This discussion and analysis of the North Clackamas Parks and Recreation District's financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- Assets of the District exceeded liabilities at the close of the fiscal year by \$30,440,780. Of this amount, \$5,412,404 may be used to meet ongoing obligations.
- Net assets increased by \$2,230,541. The increase is due to the excess of program and general revenues over program expenses as seen in the Statement of Activities.
- Governmental funds reported combined ending fund balances of \$8,739,032, an increase of \$1,965,576 from prior year. Please see the Reconciliation of Statement of Revenues, Expenditures, Other Financing Sources (Uses) and Changes in Fund Balances to Statement of Activities on page 16 which reconciles in detail the increase in fund balances to the increase in net assets.
- The District's total debt decreased by \$630,000 due to payments on existing debt principal.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Statement of Net Assets and the Statement of Activities report District-wide net assets and change from 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 District resources. This statement aids the user in determining the extent to which a program is self supporting or subsidized by general revenues.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets of the District increased over 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 June 30, 2011 follows:

| | 2012 | 2011 (Restated) |
|---|----------------------|----------------------|
| Assets: | | |
| Current assets | \$ 10,025,814 | \$ 8,603,162 |
| Capital assets | 33,258,258 | 33,666,868 |
| Total assets | 43,284,072 | 42,270,030 |
| Liabilities: | | |
| Current liabilities | 862,238 | 1,448,684 |
| Long-term debt | 11,981,054 | 12,611,107 |
| Total liabilities | 12,843,292 | 14,059,791 |
| Net assets: | | |
| Invested in capital assets, net of related debt | 21,277,204 | 21,055,761 |
| Restricted for debt service | 196,938 | 83,344 |
| Restricted for acquisition and development | 3,554,234 | 1,882,388 |
| Unrestricted | 5,412,404 | 5,188,746 |
| Total net assets | \$ 30,440,780 | \$ 28,210,239 |

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Total net assets from governmental activities increased by \$2,230,541 or 7.9%. Net Assets invested in capital assets, net of related debt increased by \$221,443, or 1.1%. This increase can be attributed to the payment of principal on the debt in the amount of \$630,000 and the net effect of capital asset additions, deletions and depreciation expense during the fiscal year in the amount of \$408,557. Net assets restricted for acquisition and development increased by \$1,671,847, or 88.8%. These restricted assets are primarily system development charge revenues which are generated by commercial and residential development activity. The increase in revenue can be attributed to increased development activity within the District as well as the categorization of the Capital Projects Fund's ending fund balance as restricted.

Statement of Activities The Statement of Activities for fiscal years ended June 30, 2012 and 2011 follows:

| | 2012 | 2011 (Restated) |
|--|---------------|--------------------|
| Revenues | | |
| Program revenues: | | |
| Charges for services | \$ 4,309,629 | \$ 3,492,532 |
| Operating grants and contributions | 876,887 | 1,131,695 |
| Total program revenues | 5,186,516 | 4,624,227 |
| General revenues: | | |
| Property taxes | 5,347,036 | 5,168,112 |
| Earnings on investments | 36,493 | 22,844 |
| Miscellaneous | 59,764 | 110,349 |
| Total general revenues | 5,443,293 | 5,301,305 |
| Total revenues | 10,629,809 | 9,925,532 |
| Expenses | | |
| Culture and recreation | 5,686,708 | 6,003,725 |
| Health and welfare | 2,282,523 | 2,429,902 |
| Interest on long-term debt | 430,037 | 475,573 |
| Total expenses | 8,399,268 | 8,909,200 |
| Changes in net assets | 2,230,541 | 1,016,332 |
| Cumulative effect of correction of error (1) | - | 2,236,375 |
| Net assets, beginning of year | 28,210,239 | 24,957,532 |
| Net assets, end of year | \$ 30,440,780 | \$ 28,210,239 |

(1) See Note 2 on page 25 for an explanation of the cumulative effect of correction of error.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

District program revenues increased by \$562,289 or 12.2%. This increase can be attributed to several factors including an increase in Permits revenue (primarily System Development fees) in the amount of \$1,173,341 due to increased commercial and residential development activity within the District. In addition, user fees decreased by \$356,244. This is due to a change in the District's concessions vendor which resulted in a different methodology of recognizing concession revenue. In the prior year, gross concessions revenue was recognized and under the new contract, the District is recognizing net revenue. Finally, Intergovernmental revenue decreased by \$141,076 due to decreased grant funding from State and local agencies.

District general revenues increased by \$141,988 or 2.7%, largely due to increased property tax receipts in the amount of \$178,924. Miscellaneous revenue decreased slightly due to rental income being receipted into the Charges for Services category rather than the miscellaneous income category. Finally, earnings on investments increased by \$13,649 due to a higher cash balance throughout the fiscal year; unfortunately, the interest rates continue to remain low.

Program specific expenses decreased by \$509,932 or 5.7%. The district continues to put forth a strong effort to provide services in the most cost effective manner possible, however rising wages and benefit costs, along with increases in energy costs, continue to challenge those efforts.

Program specific expenses exceeded program revenues in 2012 by \$3,212,752, or 38.3% of expenses. Program specific expenses in 2011 exceeded program revenues by \$4,284,973, or 48.1%. The \$1,072,221 decrease is primarily due to the increase in the receipt of Permit revenue (system development fees) within the District. The District is currently working on implementing a cost analysis program to determine the actual costs of running individual programs. Once we have this detailed information, we can strategically decide which programs and to what degree the District will subsidize those programs with property tax dollars.

FUND ANALYSIS

The primary fund of the District, the General Fund, ended the year with a fund balance of \$2,668,061, a decrease of \$643,457 from prior year. The key factor contributing to this decrease is a large one-time transfer to the Capital Asset Replacement Fund to implement the planned energy audit recommendations at the District's Aquatic Facility.

The Nutrition and Transportation Fund ended the year with a fund balance of \$842,584, down \$22,516 from 2011. The decrease is primarily due to a decrease in donations revenue which may be reflective of the continued slow economy.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012

FUND ANALYSIS (Continued)

The Capital Projects Fund ended the year with an increase in fund balance of \$642,986. This increase can be attributed to an increase in Permit revenue (system development charges). In addition, capital expenditures for the construction of the Trolley Trail, a 6-mile trail that will complete an essential link in the regional trails system, were less than anticipated in fiscal year 11/12.

The System Development Charges Fund (District-wide) and the System Development Charges Fund (Zone 3) have a combined ending fund balance of \$2,389,621, up \$1,345,510 from prior year. This is primarily due to the increased building activity in the City of Happy Valley, one of two cities within the boundaries of the District.

The Capital Asset Replacement Fund ended the year with an ending fund balance of \$1,424,499, an increase of \$852,207 from prior year. This increase can be attributed to the energy upgrade project at the Aquatic Park which was delayed into fiscal year 12/13.

General Fund Budgetary Highlights

When comparing final budget to actual revenues, total actual General Fund revenues are lower than budget by \$313,991. This variance is primarily due to the Intergovernmental revenues category which was \$270,198 under budget due to a decision to carry-over a significant portion of the Fire Management Plan grant into fiscal year 12/13. Total expenditures (excluding contingency) in the General Fund Programs are under budget by \$1,100,246. This is primarily due to an intentional staff effort to examine and reduce expenditures where possible. To ensure that we optimize the use of taxpayer dollars while continuing to provide a high level of service to the citizens of the District, NCPRD management continued a comprehensive review of District operations, capital assets and staffing levels.

The General Fund expenditure budget was not amended during 2012.

CAPITAL ASSETS

As of June 30, 2012 and 2011, the District had invested \$33,258,258 and \$33,666,868 in capital assets, respectively, net of depreciation as reflected in the following table:

| | 2012 | 2011 (Restated) |
|--------------------------|----------------------|----------------------|
| Land | \$ 16,242,520 | \$ 16,241,462 |
| Construction in progress | 1,684,579 | 1,359,376 |
| Buildings | 1,853,319 | 2,415,130 |
| Office equipment | 248,247 | 274,138 |
| Improvements | 13,054,070 | 13,229,290 |
| Vehicles | 175,523 | 147,472 |
| | <u>\$ 33,258,258</u> | <u>\$ 33,666,868</u> |

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012**

CAPITAL ASSETS (Continued)

Overall, investment in capital assets decreased \$408,610 during the year. This decrease is primarily due to limited additions to the District's capital assets and expensing a full year of depreciation in capital assets. Please refer to Notes to Basic Financial Statements Note 1 for capital asset policy and Note 5 for a detailed summary of activity.

DEBT ADMINISTRATION

Full Faith and Credit Refunding Bonds were issued in 2010 to refund the Limited Tax Revenue Refunding Bonds issued in 2000. The original debt was issued in 1993 to pay for the construction of the District's Aquatic Facility and construction of several District parks. The payment of principal and interest is payable from property taxes assessed by Clackamas County to residents of the District. The new Refunding Bonds have a term of fifteen years and interest rate between 2.0% and 4.0% over the life of the debt.

Oregon Full Faith and Credit bonds were issued in 2008 to acquire and develop approximately 35 acres of land in the City of Happy Valley for District facilities. In FY 2009-10, the District completed Phase I of this 35-acre sports complex which includes four full-size, all-weather turf softball/baseball fields with lights, one overlaid multipurpose field, a gravel walking trail, parking areas, utilities, landscaping and a concessions building. The Full Faith and Credit Obligations have a term of twenty years and a variable interest rate of 3.00 to 4.00% per annum.

The following condensed schedule compares year end balances for 2012 and 2011. Please refer to Notes to Basic Financial Statements Note 9 for additional detail.

| | <u>2012</u> | <u>2011</u> |
|-----------------------------------|----------------------|----------------------|
| Full Faith and Credit Obligations | <u>\$ 11,920,000</u> | <u>\$ 12,550,000</u> |
| | <u>\$ 11,920,000</u> | <u>\$ 12,550,000</u> |

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012**

ECONOMIC FACTORS

Property taxes represent a significant revenue source for the District's governmental funds, approximately 50% and 52% of total revenues in 2012 and 2011, respectively. This decrease is partially attributable to an increase in charges for services of \$817,097. Property tax revenue increased by \$178,924, or 3.5% from prior year. All program areas are dependent upon property taxes; therefore, it is appropriate in this section to discuss the continued effect Measure 50 is having on the District.

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

The District is also dependent on system development charge revenue which is generated through new residential and commercial development throughout the District. These resources are used to fund capital projects within the District. In fiscal year 2011, system development charge revenues were \$1,403,186 and in 2012 increased to \$2,576,527, reflecting a continuing modest recovery in construction. The District is dependent on this revenue to construct new capital assets throughout the District. Due to the current economic situation, the District's Capital Asset Program has been limited and will continue to be constrained until the economy recovers.

FINANCIAL CONTACT

The District's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact the Chief Financial Officer at 150 Beaver Creek Road, Oregon City, Oregon 97045. The District's telephone number is (503)-742-4351. You can also reach us through our web page at www.co.clackamas.or.us/ncprd.

BASIC FINANCIAL STATEMENTS

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF NET ASSETS
JUNE 30, 2012

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS: | |
| Cash and investments | \$ 9,133,500 |
| Property taxes receivable | 356,063 |
| Accounts receivable | 259,433 |
| Due from Clackamas County | 77,320 |
| Prepaid expense | 1,739 |
| Unamortized bond issue costs | 197,759 |
| Capital assets | |
| Capital assets not being depreciated | 17,927,099 |
| Capital assets being depreciated, net | <u>15,331,159</u> |
| TOTAL ASSETS | <u><u>43,284,072</u></u> |
| LIABILITIES: | |
| Accounts payable | 357,207 |
| Accrued interest payable | 76,557 |
| Deposits | 48,125 |
| Due to Clackamas County | 380,349 |
| Long-term liabilities: | |
| Portion due or payable within one year: | |
| Bonds payable | 645,000 |
| Portion due or payable after one year: | |
| Bonds payable | <u>11,336,054</u> |
| TOTAL LIABILITIES | <u><u>12,843,292</u></u> |
| NET ASSETS: | |
| Invested in capital assets, net of related debt | 21,277,204 |
| Restricted for debt service | 196,938 |
| Restricted for acquisition and development | 3,554,234 |
| Unrestricted | <u>5,412,404</u> |
| TOTAL NET ASSETS | <u><u>\$ 30,440,780</u></u> |

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | Net (Expense) |
|---|------------------|-------------------------|--|---|
| | | Charges for Services | Operating Grants and Contributions | Revenue and Change in Net Assets |
| Culture, education and recreation | \$ 5,686,708 | \$ 3,102,933 | \$ 383,558 | \$ (2,200,217) |
| Health and human services | 2,282,523 | 1,206,696 | 493,329 | (582,498) |
| Interest on long-term debt | 430,037 | - | - | (430,037) |
| Total | 8,399,268 | 4,309,629 | 876,887 | (3,212,752) |
| GENERAL REVENUES | | | | |
| | | | | 5,347,036 |
| Property taxes levied for general purposes | | | | 36,493 |
| Earnings on investments | | | | 59,764 |
| Miscellaneous | | | | <u>59,764</u> |
| | | | | 5,443,293 |
| | | | | 2,230,541 |
| CHANGE IN NET ASSETS | | | | |
| | | | | 25,973,864 |
| NET ASSETS , July 1, 2011 - as previously reported | | | | 2,236,375 |
| Cumulative effect of correction of error (See Note 2) | | | | <u>2,236,375</u> |
| | | | | 28,210,239 |
| NET ASSETS , July 1, 2011 - as restated | | | | <u>28,210,239</u> |
| | | | | \$ 30,440,780 |
| NET ASSETS , June 30, 2012 | | | | <u><u>\$ 30,440,780</u></u> |

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

| | General Fund | Nutrition and Transportation Fund | System Development Charges District - Wide Fund | System Development Charges Zone 3 Fund | Capital Projects Fund | Capital Asset Replacement Fund | Other Governmental Funds | Total |
|--|---------------------|---|---|---|--------------------------|--------------------------------------|--------------------------------|---------------------|
| ASSETS | | | | | | | | |
| Cash and investments | \$ 3,116,612 | \$ 864,362 | \$ 1,311,004 | \$ 945,635 | \$ 1,083,230 | \$ 1,488,073 | \$ 324,584 | \$ 9,133,500 |
| Taxes receivable | 356,063 | - | - | - | - | - | - | 356,063 |
| Accounts receivable | 84,491 | - | 71,810 | 61,172 | 41,960 | - | - | 259,433 |
| Due from other funds | 2,900 | - | - | - | 1,260 | - | - | 4,160 |
| Due from Clackamas County | 50,481 | 17,561 | - | - | 9,278 | - | - | 77,320 |
| Prepaid items | 1,640 | 99 | - | - | - | - | - | 1,739 |
| TOTAL ASSETS | \$ 3,612,187 | \$ 882,022 | \$ 1,382,814 | \$ 1,006,807 | \$ 1,135,728 | \$ 1,488,073 | \$ 324,584 | \$ 9,832,215 |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| LIABILITIES | | | | | | | | |
| Accounts payable | \$ 189,645 | \$ 13,273 | \$ - | \$ - | \$ 92,714 | \$ 61,575 | \$ - | \$ 357,207 |
| Deposits | 48,125 | - | - | - | - | - | - | 48,125 |
| Due to other funds | 1,260 | - | - | - | 2,900 | - | - | 4,160 |
| Due to Clackamas County | 349,038 | 26,165 | - | - | 3,147 | 1,999 | - | 380,349 |
| Deferred revenue | 303,342 | - | - | - | - | - | - | 303,342 |
| TOTAL LIABILITIES | 891,410 | 39,438 | - | - | 98,761 | 63,574 | - | 1,093,183 |
| FUND BALANCES | | | | | | | | |
| Nonspendable | 1,640 | 99 | - | - | - | - | - | 1,739 |
| Restricted | - | 79,329 | 1,382,814 | 1,006,807 | 1,036,967 | - | 324,584 | 3,830,501 |
| Assigned | - | 763,156 | - | - | - | 1,424,499 | - | 2,187,655 |
| Unassigned | 2,719,137 | - | - | - | - | - | - | 2,719,137 |
| TOTAL FUND BALANCES | 2,720,777 | 842,584 | 1,382,814 | 1,006,807 | 1,036,967 | 1,424,499 | 324,584 | 8,739,032 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 3,612,187 | \$ 882,022 | \$ 1,382,814 | \$ 1,006,807 | \$ 1,135,728 | \$ 1,488,073 | \$ 324,584 | \$ 9,832,215 |

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

| | | |
|---|--------------|---------------|
| TOTAL FUND BALANCE | | \$ 8,739,032 |
| <p>Total net assets shown in the Statement of Net Assets and the Statement of Activities are different because:</p> | | |
| <p>Capital assets are not financial resources for fund reporting purposes and therefore are not reported in the governmental funds.</p> | | |
| | | 33,258,258 |
| <p>A portion of the District's receivables are collected after year-end; but they are not collected soon enough to be available as financial resources for the current year. The revenues related to these receivables are deferred and not reported in the governmental funds.</p> | | |
| | | 303,342 |
| <p>Long-term assets, such as bond discount and issuance costs, are not reported as governmental fund assets and liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when it is due. These long-term assets and liabilities consist of:</p> | | |
| Bond issuance costs | \$ 197,759 | |
| Accrued interest payable | (76,557) | |
| Bonds payable, net of bond premium and deferred refunding amounts | (11,981,054) | |
| Total effect of long-term assets and liabilities | | (11,859,852) |
| TOTAL NET ASSETS | | \$ 30,440,780 |

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

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

| | General Fund | Nutrition and Transportation Fund | System Development Charges District - Wide Fund | System Development Charges Zone 3 Fund | Capital Projects Fund | Capital Asset Replacement Fund | Other Governmental Funds | Total |
|---|---------------------|---|---|---|--------------------------|--------------------------------------|--------------------------------|---------------------|
| REVENUES: | | | | | | | | |
| Property taxes | \$ 5,292,033 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,292,033 |
| Licenses and permits | - | - | 1,386,097 | 1,085,275 | - | - | 105,155 | 2,576,527 |
| Interest | 15,018 | 3,125 | 9,032 | 2,002 | 2,229 | 3,368 | 1,719 | 36,493 |
| Intergovernmental | 338,421 | 324,123 | - | - | 41,960 | 45,439 | - | 749,943 |
| Charges for services | 1,733,102 | - | - | - | - | - | - | 1,733,102 |
| Contributions | 16,673 | 110,271 | - | - | - | - | - | 126,944 |
| Miscellaneous | 29,666 | 30,098 | - | - | - | - | - | 59,764 |
| TOTAL REVENUES | 7,424,913 | 467,617 | 1,395,129 | 1,087,277 | 44,189 | 48,807 | 106,874 | 10,574,806 |
| EXPENDITURES: | | | | | | | | |
| Current: | | | | | | | | |
| Culture, education and recreation | 4,981,987 | - | - | - | - | 2,619 | - | 4,984,606 |
| Health and human services | 1,524,333 | 484,133 | - | - | - | - | - | 2,008,466 |
| Capital outlay | - | - | - | - | 305,901 | 253,129 | - | 559,030 |
| Debt service: | | | | | | | | |
| Principle | - | - | - | - | - | - | 630,000 | 630,000 |
| Interest and fiscal charges | - | - | - | - | - | - | 427,128 | 427,128 |
| TOTAL EXPENDITURES | 6,506,320 | 484,133 | - | - | 305,901 | 255,748 | 1,057,128 | 8,609,230 |
| EXCESS (DEFICIENCY) OF REVENUES | | | | | | | | |
| OVER (UNDER) EXPENDITURES | 918,593 | (16,516) | 1,395,129 | 1,087,277 | (261,712) | (206,941) | (950,254) | 1,965,576 |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Transfers in | 31,000 | - | - | - | 1,004,698 | 1,059,148 | 1,170,000 | 3,264,846 |
| Transfers out | (1,599,148) | (6,000) | (780,136) | (359,760) | (100,000) | - | (419,802) | (3,264,846) |
| TOTAL OTHER FINANCING SOURCES (USES) | (1,568,148) | (6,000) | (780,136) | (359,760) | 904,698 | 1,059,148 | 750,198 | - |
| NET CHANGE IN FUND BALANCE | (649,555) | (22,516) | 614,993 | 727,517 | 642,986 | 852,207 | (200,056) | 1,965,576 |
| FUND BALANCE, JUNE 30, 2011 | 3,370,332 | 865,100 | 767,821 | 279,290 | 393,981 | 572,292 | 524,640 | 6,773,456 |
| FUND BALANCE, JUNE 30, 2012 | \$ 2,720,777 | \$ 842,584 | \$ 1,382,814 | \$ 1,006,807 | \$ 1,036,967 | \$ 1,424,499 | \$ 324,584 | \$ 8,739,032 |

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

| | | |
|---|-----------|--------------|
| NET CHANGE IN FUND BALANCES | | \$ 1,965,576 |
| <p>The change in net assets reported in the Statement of Activities is different because:</p> | | |
| <p>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.</p> | | |
| Capital outlay | 498,535 | |
| Loss on disposal of asset | (26,376) | |
| Depreciation | (880,769) | (408,610) |
| <p>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.</p> | | |
| Amortization of bond premium | | 11,573 |
| Amortization of bond issue cost | | (14,390) |
| Amortization of deferred refunding | | (11,520) |
| Payment of long-term debt principal | | 630,000 |
| <p>In the Statement of Activities interest is accrued on long-term debt and the expense reduces net assets. In the governmental funds interest expense is only recognized when it is due.</p> | | |
| | | 2,909 |
| <p>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.</p> | | |
| | | 55,003 |
| CHANGE IN NET ASSETS | | \$ 2,230,541 |

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

| | Budget | | Actual | Variance with Final Budget |
|--|--------------------|--------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 5,245,384 | \$ 5,245,384 | \$ 5,298,132 | \$ 52,748 |
| Charges for services | 1,799,000 | 1,799,000 | 1,733,102 | (65,898) |
| Intergovernmental | 608,618 | 608,618 | 338,420 | (270,198) |
| Interest | 11,000 | 11,000 | 15,018 | 4,018 |
| Donations | 12,000 | 12,000 | 16,673 | 4,673 |
| Miscellaneous | 69,000 | 69,000 | 29,666 | (39,334) |
| TOTAL REVENUES | 7,745,002 | 7,745,002 | 7,431,011 | (313,991) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Administration | 1,018,502 | 1,018,502 | 989,720 | 28,782 |
| Park services | 1,472,127 | 1,472,127 | 1,401,164 | 70,963 |
| Program services | 933,318 | 933,318 | 864,942 | 68,376 |
| Milwaukie Center | 768,867 | 768,867 | 732,606 | 36,261 |
| Aquatic Park | 1,920,187 | 1,920,187 | 1,648,100 | 272,087 |
| Community relations | 321,335 | 321,335 | 217,686 | 103,649 |
| Planning and natural resources | 1,172,230 | 1,172,230 | 652,102 | 520,128 |
| Contingency | 1,270,054 | 1,270,054 | - | 1,270,054 |
| TOTAL EXPENDITURES | 8,876,620 | 8,876,620 | 6,506,320 | 2,370,300 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (1,131,618) | (1,131,618) | 924,691 | 2,056,309 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 31,000 | 31,000 | 31,000 | - |
| Transfers out | (1,599,148) | (1,599,148) | (1,599,148) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (1,568,148) | (1,568,148) | (1,568,148) | - |
| NET CHANGE IN FUND BALANCE | (2,699,766) | (2,699,766) | (643,457) | 2,056,309 |
| FUND BALANCE, JUNE 30, 2011 | 2,699,766 | 2,699,766 | 3,311,519 | 611,752 |
| FUND BALANCE, JUNE 30, 2012 | \$ - | \$ - | \$ 2,668,061 | \$ 2,668,060 |
| ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (U.S. GAAP BASIS): | | | | |
| Property taxes susceptible to accrual recognized as revenue on the U.S. GAAP basis | | | 52,716 | |
| FUND BALANCE (U.S. GAAP BASIS) - June 30, 2012 | | | \$ 2,720,777 | |

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NUTRITION AND TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

| | Budget | | Actual | Variance with Final Budget |
|--|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 262,265 | \$ 262,265 | \$ 324,123 | \$ 61,857 |
| Interest | 1,200 | 1,200 | 3,125 | 1,925 |
| Donations | 131,000 | 131,000 | 110,271 | (20,730) |
| Miscellaneous | 33,100 | 33,100 | 30,098 | (3,002) |
| TOTAL REVENUES | 427,565 | 427,565 | 467,617 | 40,050 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Health and welfare | | | | |
| Nutrition division | 406,819 | 406,819 | 348,026 | 58,793 |
| Transportation division | 136,556 | 136,556 | 136,107 | 449 |
| Contingency | 582,808 | 582,808 | - | 582,808 |
| TOTAL EXPENDITURES | 1,126,183 | 1,126,183 | 484,133 | 642,050 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (698,618) | (698,618) | (16,516) | 682,102 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (6,000) | (6,000) | (6,000) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (6,000) | (6,000) | (6,000) | - |
| NET CHANGE IN FUND BALANCE | (704,618) | (704,618) | (22,516) | 682,102 |
| FUND BALANCE, JUNE 30, 2011 | 704,618 | 704,618 | 865,100 | 160,482 |
| FUND BALANCE, JUNE 30, 2012 | \$ - | \$ - | \$ 842,584 | \$ 842,584 |

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SYSTEM DEVELOPMENT CHARGES DISTRICT-WIDE 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: | | | | |
| Licenses and permits | \$ 375,000 | \$ 375,000 | \$ 1,386,097 | \$ 1,011,097 |
| Interest | 1,200 | 1,200 | 9,032 | 7,832 |
| TOTAL REVENUES | <u>376,200</u> | <u>376,200</u> | <u>1,395,129</u> | <u>1,018,929</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (780,136) | (780,136) | (780,136) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(780,136)</u> | <u>(780,136)</u> | <u>(780,136)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>(403,936)</u> | <u>(403,936)</u> | <u>614,993</u> | <u>1,018,929</u> |
| FUND BALANCE, JUNE 30, 2011 | <u>403,936</u> | <u>403,936</u> | <u>767,821</u> | <u>363,885</u> |
| FUND BALANCE, JUNE 30, 2012 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,382,814</u> | <u>\$ 1,382,814</u> |

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SYSTEM DEVELOPMENT CHARGES ZONE 3 FUND
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: | | | | |
| Licenses and permits | \$ 240,000 | \$ 240,000 | \$ 1,085,275 | \$ 845,275 |
| Interest | 612 | 612 | 2,002 | 1,390 |
| TOTAL REVENUES | <u>240,612</u> | <u>240,612</u> | <u>1,087,277</u> | <u>846,665</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (359,760) | (359,760) | (359,760) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(359,760)</u> | <u>(359,760)</u> | <u>(359,760)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>(119,148)</u> | <u>(119,148)</u> | <u>727,517</u> | <u>846,665</u> |
| FUND BALANCE, JUNE 30, 2011 | <u>119,148</u> | <u>119,148</u> | <u>279,290</u> | <u>160,142</u> |
| FUND BALANCE, JUNE 30, 2012 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,006,807</u> | <u>\$ 1,006,807</u> |

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

NOTES TO BASIC FINANCIAL STATEMENTS

(This page intentionally left blank)

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District

The North Clackamas Parks and Recreation District (the District), a blended component unit of Clackamas County, Oregon, (the County), was formed under the provisions of Oregon Revised Statutes Chapter 451, "County Service Facilities". The District has no potential component units. As provided by ORS 451.485 the Clackamas County Board of Commissioners (the Board) is the governing body of the District. The District's purpose is to build parks, walking trails, indoor pools, bike paths and playgrounds, provide recreational programs, natural areas, and athletic fields, and maintain new and existing parks and open spaces. The District's current activities include operation of the Aquatic Park aquatics complex, Milwaukie Recreation Center, several neighborhood parks, and planning and managing a number of recreation programs throughout the District. Personnel of the Clackamas County Finance Department provide partial assistance to District Finance staff with fiscal and accounting functions. Since the County is financially accountable for and significantly influences the operations of the District, the District is included in the financial statements of the County.

Basis of Presentation, Measurement Focus, and Basis of Accounting

Government-wide Financial Statements

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

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

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
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 District reports the following major funds:

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

The Nutrition and Transportation Fund accounts for the District's operations to coordinate and manage nutrition and transportation services for older adults and people with disabilities and assist them in remaining healthy and independent.

The System Development Charges District – Wide Fund is a special revenue fund. It accounts for the District – Wide system development fees on new residential and commercial development.

The System Development Charges Zone 3 Fund is a special revenue fund. It accounts for the Zone 3 system development fees on new residential and commercial development.

The Capital Projects Fund accounts for expenditures funded primarily by the issuance of long-term debt, system development charges, and grant revenue designated for the construction of specific capital projects.

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

The District reports the following fund types:

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

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

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

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
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

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 District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual. Capital asset acquisitions are reported as expenditures. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are only recorded when payment is due.

Fund Balances

In the financial statements, assets 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 District is bound to honor those constraints on the specific purposes for which amounts in those funds can be spent.

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

Fund balance is reported as *Restricted* when the resources have 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.

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Continued)

Fund balance is reported as *Committed* when the Board of County Commissioners passes a resolution 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.

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

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

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

| | General Fund | Nutrition and Transportation Fund | System Development Charges District-Wide Fund | System Development Charges Zone 3 Fund | Capital Projects Fund | Capital Asset Replacement Fund | Other Governmental Fund | Total |
|-----------------------------|---------------------|-----------------------------------|---|--|-----------------------|--------------------------------|-------------------------|---------------------|
| Nonspendable: | | | | | | | | |
| Prepays | \$ 1,640 | \$ 99 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,739 |
| Restricted for: | | | | | | | | |
| Health and welfare | - | 79,329 | - | - | - | - | - | 79,329 |
| Debt service reserve | - | - | - | - | - | - | 196,938 | 196,938 |
| Acquisition and development | - | - | 1,382,814 | 1,006,807 | 1,036,967 | - | 127,646 | 3,554,234 |
| Assigned to: | | | | | | | | |
| Health and welfare | - | 763,156 | - | - | - | - | - | 763,156 |
| Acquisition and development | - | - | - | - | - | 1,424,499 | - | 1,424,499 |
| Unassigned: | 2,719,137 | - | - | - | - | - | - | 2,719,137 |
| Total fund balances | <u>\$ 2,720,777</u> | <u>\$ 842,584</u> | <u>\$ 1,382,814</u> | <u>\$ 1,006,807</u> | <u>\$ 1,036,967</u> | <u>\$ 1,424,499</u> | <u>\$ 324,584</u> | <u>\$ 8,739,032</u> |

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

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 and No. 40 regarding the accounting and financial reporting for the District's pooled cash and investments, held by the County Treasurer, has been disclosed in the County's Comprehensive Annual Financial Report for the year ended June 30, 2012.

Property Taxes Receivable

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

Capital Assets

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

Pension Plan

The District's personnel are employees of the County. 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. Contributions to OPERF are made on a current basis as required by the plan and are charged to expenditures.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

2. RESTATEMENT OF ASSETS AND NET ASSETS

During 2006, the Clackamas County Development Agency (the Agency) transferred \$2,236,375 of land to the District. As of June 30, 2011, the land was not recorded in the District's financial statements. In making the correction, the following amounts were restated for the District's capital assets not being depreciated and net assets as of June 30, 2011. The correction relates to fiscal year 2007, and has no impact on the change in net assets for fiscal year ending June 30, 2011.

| | <u>As Previously Reported</u> | <u>Restated June 30, 2011</u> |
|---|-----------------------------------|-----------------------------------|
| Capital assets not being depreciated: | | |
| Land | \$ 14,005,087 | \$ 16,241,462 |
| Construction in progress | 1,359,376 | 1,359,376 |
| Total capital assets not being depreciated | <u>\$ 15,364,463</u> | <u>\$ 17,600,838</u> |
| Net assets: | | |
| Invested in capital assets, net of related debt | 18,819,386 | 21,055,761 |
| Restricted for debt service | 83,344 | 83,344 |
| Restricted for acquisition and development | 1,882,388 | 1,882,388 |
| Unrestricted | 5,188,746 | 5,188,746 |
| Total net assets | <u>\$ 25,973,864</u> | <u>\$ 28,210,239</u> |

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY [BUDGET]

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

- Property taxes susceptible to accrual are not recognized on a budget basis

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012**

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY [BUDGET] (Continued)

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

4. CASH AND INVESTMENTS

Cash and investments are comprised of the following:

| | |
|--|--------------|
| Petty cash/change fund | \$ 3,555 |
| Cash and cash equivalents with the County Treasurer | 737,001 |
| State of Oregon Treasurer's Local Government Investment Pool | 8,392,944 |
| | \$ 9,133,500 |

Investments with the County Treasurer represent the District's equity in pooled accounts maintained by the County Treasurer. State statutes authorize the District to invest in general obligations of the U.S. Government and in its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements and bankers' acceptances, among others. Reference should be made to the June 30, 2012 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 Oregon Short-Term Fund financial statements and its portfolio rules can be obtained at www.ost.state.or.us. The LGIP is not rated by any national rating service. The LGIP is stated at fair value, which approximates cost. Fair value is the same as the District's value in the pool shares.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

5. CAPITAL ASSETS

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

| | Balance June 30, 2011 (Restated) | Increases | Transfers | Deletions | Balance June 30, 2012 |
|---|--|---------------------|-------------|--------------------|--------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 16,241,462 | \$ 5,986 | \$ - | \$ (4,928) | \$ 16,242,520 |
| Construction in progress | 1,359,376 | 325,203 | - | - | 1,684,579 |
| Total capital assets not being depreciated | 17,600,838 | 331,189 | - | (4,928) | 17,927,099 |
| Capital assets being depreciated: | | | | | |
| Buildings | 11,207,822 | - | (9,726) | (231) | 11,197,865 |
| Office equipment | 559,191 | 32,225 | 200,740 | (22,861) | 769,295 |
| Improvements | 15,140,863 | 53,227 | 30,482 | (15,945) | 15,208,627 |
| Vehicles | 708,368 | 81,894 | (221,496) | (39,900) | 528,866 |
| Total capital assets being depreciated | 27,616,244 | 167,346 | - | (78,937) | 27,704,653 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (8,792,692) | (560,736) | 8,651 | 231 | (9,344,546) |
| Office equipment | (285,053) | (58,918) | (192,329) | 15,252 | (521,048) |
| Improvements | (1,911,573) | (229,007) | (20,073) | 6,096 | (2,154,557) |
| Vehicles | (560,896) | (32,108) | 203,751 | 35,910 | (353,343) |
| Total accumulated depreciation | (11,550,214) | (880,769) | - | 57,489 | (12,373,494) |
| Total capital assets being depreciated, net | 16,066,030 | (713,423) | - | (21,448) | 15,331,159 |
| Total capital assets, net | <u>\$ 33,666,868</u> | <u>\$ (382,234)</u> | <u>\$ -</u> | <u>\$ (26,376)</u> | <u>\$ 33,258,258</u> |

Depreciation expense was charged as follows:

| | |
|------------------------|-------------------|
| Culture and recreation | \$ 634,154 |
| Health and welfare | 246,615 |
| | <u>\$ 880,769</u> |

6. DUE TO/FROM CLACKAMAS COUNTY

\$380,349 is due to Clackamas County related to services received, and \$77,320 is due from Clackamas County related to services provided to Clackamas County.

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012**

7. TRANSFERS TO/FROM OTHER FUNDS

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

| Amount | Description |
|---------------------|---|
| \$ 500,000 | From the General Fund to Other Governmental Funds for bond payments. |
| 40,000 | From the General Fund to the Capital Projects Fund for capital asset construction and acquisition. |
| 1,059,148 | From the General Fund to the Capital Asset Replacement Fund for capital asset repair, replacement and acquisition. |
| 6,000 | From the Nutrition and Transportation Fund to the General Fund for general operations. |
| 25,000 | From the System Development Charges District-Wide Fund to the General Fund to reimburse labor expenditures related to capital asset construction and acquisition. |
| 185,136 | From the System Development Charges District-Wide Fund to the Capital Projects Fund for capital asset construction and acquisition. |
| 570,000 | From the System Development Charges District-Wide Fund to Other Governmental Funds for bond payments. |
| 359,760 | From the System Development Charges Zone 3 Fund to the Capital Projects Fund for capital asset construction and acquisition. |
| 100,000 | From the Capital Projects Fund to Other Governmental Funds for bond payments. |
| 419,802 | From Other Governmental Funds to the Capital Projects Fund for capital asset construction and acquisition. |
| <u>\$ 3,264,846</u> | |

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to errors and omissions; automobile; damage to and destruction of assets; and bodily injury for which the District carries commercial insurance. The District participates in the County's self-insurance program where not commercially insured. The District makes payments to the County's self-insurance internal service funds based on historical cost information estimates of the amounts needed to pay prior year and current year claims, claim reserves, premiums, and administrative costs of the program.

All personnel of the District are employees of the County and the County bears all risk of loss. The County is fully self-insured for unemployment benefits and short-term disability benefits. The County is also partially self-insured for dental benefits, workers' compensation and general liability claims. General liability claims are limited by state statute 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.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

9. LONG-TERM DEBT

In 2008 the District issued Full Faith and Credit Obligations in the amount of \$8,000,000 to fund the creation of a new District park.

The Aquatic Park debt issued in 1993 was refunded in May 2000 by the issuance of \$8,560,000 in Limited Tax Revenue Refunding Bonds. To take advantage of low interest rates, the debt was again refunded in January 2010 by the issuance of Full Faith and Credit Refunding Bonds in the amount of \$5,660,000; life of debt was extended by 5 years.

Changes in long-term debt for the year ended June 30, 2012, are as follows:

| | Interest Rates | Original Amount | Outstanding June 30, 2011 | Increases | Decreases | Outstanding June 30, 2012 |
|---------------------------------------|----------------|-----------------|---------------------------|-----------|--------------|---------------------------|
| Full Faith and Credit Obligations | | | | | | |
| Series 2008 | 3.00% - 4.00% | \$ 8,000,000 | \$ 7,185,000 | \$ - | \$ (310,000) | \$ 6,875,000 |
| Full Faith and Credit Refunding Bonds | | | | | | |
| Series 2010 | 2.00% - 4.00% | 5,660,000 | 5,365,000 | - | (320,000) | 5,045,000 |
| | | | 12,550,000 | - | (630,000) | 11,920,000 |
| Premiums | | | 160,052 | - | (11,573) | 148,479 |
| Deferred refunding | | | (98,945) | 11,520 | - | (87,425) |
| | | | 12,611,107 | \$ 11,520 | \$ (641,573) | 11,981,054 |
| Current Portion | | | | | | (645,000) |
| | | | | | | \$ 11,336,054 |

Future maturities are as follows:

| Fiscal Year | Full Faith & Credit Obligations Series 2008 | | Full Faith and Credit Refunding Bonds Series 2010 | | Total | |
|-------------|---|--------------|---|--------------|---------------|--------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2013 | \$ 320,000 | \$ 241,888 | 325,000 | \$ 168,000 | \$ 645,000 | \$ 409,888 |
| 2014 | 330,000 | 232,138 | 335,000 | 161,500 | 665,000 | 393,638 |
| 2015 | 345,000 | 221,581 | 340,000 | 154,800 | 685,000 | 376,381 |
| 2016 | 355,000 | 210,206 | 350,000 | 146,300 | 705,000 | 356,506 |
| 2017 | 365,000 | 198,506 | 355,000 | 136,675 | 720,000 | 335,181 |
| 2018-2022 | 2,060,000 | 792,113 | 1,970,000 | 501,975 | 4,030,000 | 1,294,088 |
| 2023-2027 | 2,530,000 | 368,395 | 1,370,000 | 111,000 | 3,900,000 | 479,395 |
| 2028-2031 | 570,000 | 11,400 | | - | 570,000 | 11,400 |
| | \$ 6,875,000 | \$ 2,276,227 | \$ 5,045,000 | \$ 1,380,250 | \$ 11,920,000 | \$ 3,656,477 |

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2012

10. RELATED-PARTY TRANSACTIONS

Labor and fringe benefit costs, administrative expenses for accounting, occupancy, administration and other professional services totaling approximately \$4,790,932 were paid or are payable to various County departments.

11. COMMITMENTS

The District has commitments under various contracts for approximately \$1,162,864 at June 30, 2012. This includes the wildfire management plan, the energy upgrade project at the District aquatics center, the District master plan update, the Risley Park rehabilitation project and various other small contracts.

SUPPLEMENTAL INFORMATION

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2012

| | Special Revenue Funds | | Debt Service Funds | | Total |
|------------------------------|---|---|-------------------------------------|-------------------------------------|--------------------------|
| | System Development Charges Zone 1 Fund | System Development Charges Zone 2 Fund | Series 2010 Debt Service Fund | Series 2008 Debt Service Fund | |
| <u>ASSETS:</u> | | | | | |
| Cash and Investments | \$ 3,533 | \$ 124,113 | \$ 88,739 | \$ 108,199 | \$ 324,584 |
| TOTAL ASSETS | <u>\$ 3,533</u> | <u>\$ 124,113</u> | <u>\$ 88,739</u> | <u>\$ 108,199</u> | <u>\$ 324,584</u> |
| <u>FUND BALANCES:</u> | | | | | |
| Restricted | \$ 3,533 | \$ 124,113 | \$ 88,739 | \$ 108,199 | \$ 324,584 |
| TOTAL FUND BALANCES | <u>\$ 3,533</u> | <u>\$ 124,113</u> | <u>\$ 88,739</u> | <u>\$ 108,199</u> | <u>\$ 324,584</u> |

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

| | Special Revenue Funds | | Debt Service Funds | | Total |
|--|---|---|-------------------------------------|-------------------------------------|-------------------|
| | System Development Charges Zone 1 Fund | System Development Charges Zone 2 Fund | Series 2010 Debt Service Fund | Series 2008 Debt Service Fund | |
| | | | | | |
| REVENUES: | | | | | |
| Licenses and permits | \$ 5,622 | \$ 99,533 | \$ - | \$ - | \$ 105,155 |
| Interest | 5 | 992 | 396 | 326 | 1,719 |
| TOTAL REVENUES | <u>5,627</u> | <u>100,525</u> | <u>396</u> | <u>326</u> | <u>106,874</u> |
| EXPENDITURES: | | | | | |
| Debt service: | | | | | |
| Principle | - | - | 320,000 | 310,000 | 630,000 |
| Interest and fiscal charges | - | - | 174,750 | 252,378 | 427,128 |
| TOTAL EXPENDITURES | <u>-</u> | <u>-</u> | <u>494,750</u> | <u>562,378</u> | <u>1,057,128</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>5,627</u> | <u>100,525</u> | <u>(494,354)</u> | <u>(562,052)</u> | <u>(950,254)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | 500,000 | 670,000 | 1,170,000 |
| Transfers out | <u>(2,094)</u> | <u>(417,708)</u> | <u>-</u> | <u>-</u> | <u>(419,802)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(2,094)</u> | <u>(417,708)</u> | <u>500,000</u> | <u>670,000</u> | <u>750,198</u> |
| NET CHANGE IN FUND BALANCE | <u>3,533</u> | <u>(317,183)</u> | <u>5,646</u> | <u>107,948</u> | <u>(200,056)</u> |
| FUND BALANCE, JUNE 30, 2011 | <u>-</u> | <u>441,296</u> | <u>83,093</u> | <u>251</u> | <u>524,640</u> |
| FUND BALANCE, JUNE 30, 2012 | <u>\$ 3,533</u> | <u>\$ 124,113</u> | <u>\$ 88,739</u> | <u>\$ 108,199</u> | <u>\$ 324,584</u> |

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SYSTEM DEVELOPMENT CHARGES ZONE 1 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

| | Budget | | Actual | Variance with Final Budget |
|---|--------------------|--------------------|------------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Licenses and permits | \$ 2,000 | \$ 2,000 | \$ 5,622 | \$ 3,622 |
| Interest | 15 | 15 | 5 | (10) |
| TOTAL REVENUES | <u>2,015</u> | <u>2,015</u> | <u>5,627</u> | <u>3,612</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (2,094) | (2,094) | (2,094) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(2,094)</u> | <u>(2,094)</u> | <u>(2,094)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>(79)</u> | <u>(79)</u> | <u>3,533</u> | <u>3,612</u> |
| FUND BALANCE, JUNE 30, 2011 | <u>79</u> | <u>79</u> | <u>-</u> | <u>(79)</u> |
| FUND BALANCE, JUNE 30, 2012 | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 3,533</u></u> | <u><u>\$ 3,533</u></u> |

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SYSTEM DEVELOPMENT CHARGES ZONE 2 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

| | Budget | | Actual | Variance with Final Budget |
|---|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Licenses and permits | \$ 120,000 | \$ 120,000 | \$ 99,533 | \$ (20,467) |
| Interest | 1,000 | 1,000 | 992 | (8) |
| TOTAL REVENUES | <u>121,000</u> | <u>121,000</u> | <u>100,525</u> | <u>(20,475)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (417,708) | (417,708) | (417,708) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(417,708)</u> | <u>(417,708)</u> | <u>(417,708)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>(296,708)</u> | <u>(296,708)</u> | <u>(317,183)</u> | <u>(20,475)</u> |
| FUND BALANCE, JUNE 30, 2011 | <u>296,708</u> | <u>296,708</u> | <u>441,296</u> | <u>144,588</u> |
| FUND BALANCE, JUNE 30, 2012 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 124,113</u> | <u>\$ 124,113</u> |

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SERIES 2010 DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

| | Budget | | Actual | Variance with Final Budget |
|--|------------------|------------------|------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Interest | \$ 200 | \$ 200 | \$ 396 | \$ 196 |
| EXPENDITURES: | | | | |
| Debt Service: | | | | |
| Principle | 320,000 | 320,000 | 320,000 | - |
| Interest and fiscal charges | 176,000 | 176,000 | 174,750 | 1,250 |
| TOTAL EXPENDITURES | 496,000 | 496,000 | 494,750 | 1,250 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (495,800) | (495,800) | (494,354) | 1,446 |
| OTHER FINANCING SOURCE: | | | | |
| Transfers in | 500,000 | 500,000 | 500,000 | - |
| NET CHANGE IN FUND BALANCE | 4,200 | 4,200 | 5,646 | 1,446 |
| FUND BALANCE, JUNE 30, 2011 | 91,194 | 91,194 | 83,093 | (8,101) |
| FUND BALANCE, JUNE 30, 2012 | \$ 95,394 | \$ 95,394 | \$ 88,739 | \$ (6,655) |

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SERIES 2008 DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

| | Budget | | Actual | Variance with Final Budget |
|--|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Interest | \$ 10 | \$ 10 | \$ 326 | \$ 316 |
| EXPENDITURES: | | | | |
| Debt Service: | | | | |
| Principle | 310,000 | 310,000 | 310,000 | - |
| Interest and fiscal charges | 252,500 | 252,500 | 252,378 | 122 |
| TOTAL EXPENDITURES | <u>562,500</u> | <u>562,500</u> | <u>562,378</u> | <u>122</u> |
| | | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(562,490)</u> | <u>(562,490)</u> | <u>(562,052)</u> | <u>438</u> |
| | | | | |
| OTHER FINANCING SOURCE: | | | | |
| Transfers in | 670,000 | 670,000 | 670,000 | - |
| | | | | |
| NET CHANGE IN FUND BALANCE | <u>107,510</u> | <u>107,510</u> | <u>107,948</u> | <u>438</u> |
| | | | | |
| FUND BALANCE, JUNE 30, 2011 | <u>697</u> | <u>697</u> | <u>251</u> | <u>(446)</u> |
| | | | | |
| FUND BALANCE, JUNE 30, 2012 | <u>\$ 108,207</u> | <u>\$ 108,207</u> | <u>\$ 108,199</u> | <u>\$ (8)</u> |

(This page intentionally left blank)

MAJOR FUND BUDGETARY SCHEDULES

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

| | Budget | | Actual | Variance with Final Budget |
|--|--------------------|--------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Charges for services | \$ 315,000 | \$ 315,000 | \$ - | \$ (315,000) |
| Interest | 1,500 | 1,500 | 2,229 | 729 |
| Intergovernmental | 200,000 | 200,000 | 41,960 | (158,040) |
| TOTAL REVENUES | <u>516,500</u> | <u>516,500</u> | <u>44,189</u> | <u>(472,311)</u> |
| EXPENDITURES: | | | | |
| Capital outlay | 1,616,279 | 1,616,279 | 305,901 | 1,310,378 |
| TOTAL EXPENDITURES | <u>1,616,279</u> | <u>1,616,279</u> | <u>305,901</u> | <u>1,310,378</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(1,099,779)</u> | <u>(1,099,779)</u> | <u>(261,712)</u> | <u>838,067</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 1,004,698 | 1,004,698 | 1,004,698 | - |
| Transfers out | (100,000) | (100,000) | (100,000) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>904,698</u> | <u>904,698</u> | <u>904,698</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>(195,081)</u> | <u>(195,081)</u> | <u>642,986</u> | <u>838,067</u> |
| FUND BALANCE, JUNE 30, 2011 | <u>195,081</u> | <u>195,081</u> | <u>393,981</u> | <u>198,900</u> |
| FUND BALANCE, JUNE 30, 2012 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,036,967</u> | <u>\$ 1,036,967</u> |

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
CAPITAL ASSET REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

| | Budget | | Actual | Variance with Final Budget |
|--|--------------------|--------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ - | \$ 49,000 | \$ 45,439 | \$ (3,561) |
| Interest | 1,200 | 1,200 | 3,368 | 2,168 |
| Miscellaneous | 106,000 | 106,000 | - | (106,000) |
| TOTAL REVENUES | <u>107,200</u> | <u>156,200</u> | <u>48,807</u> | <u>(107,393)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Materials and services | 25,000 | 25,000 | 2,619 | 22,381 |
| Capital outlay | 794,148 | 843,148 | 253,129 | 590,019 |
| Contingency | 894,025 | 894,025 | - | 894,025 |
| TOTAL EXPENDITURES | <u>1,713,173</u> | <u>1,762,173</u> | <u>255,748</u> | <u>1,506,425</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(1,605,973)</u> | <u>(1,605,973)</u> | <u>(206,941)</u> | <u>1,399,032</u> |
| OTHER FINANCING SOURCE: | | | | |
| Transfers in | 1,059,148 | 1,059,148 | 1,059,148 | - |
| NET CHANGE IN FUND BALANCE | <u>(546,825)</u> | <u>(546,825)</u> | <u>852,207</u> | <u>1,399,032</u> |
| FUND BALANCE, JUNE 30, 2011 | <u>546,825</u> | <u>546,825</u> | <u>572,292</u> | <u>25,467</u> |
| FUND BALANCE, JUNE 30, 2012 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,424,499</u> | <u>\$ 1,424,499</u> |

(This page intentionally left blank)

OTHER FINANCIAL SCHEDULE

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SCHEDULE OF PROPERTY TAX TRANSACTIONS
FOR THE YEAR ENDED JUNE 30, 2012

| Tax Year | Taxes Receivable June 30, 2011 | Levy as Extended by Assessor | Discounts Allowed | Interest | Adjustments | Collections | Taxes Receivable June 30, 2012 |
|----------------------|-----------------------------------|---------------------------------|----------------------|------------------|-------------------|-----------------------|-----------------------------------|
| 2011-12 | \$ - | \$ 5,460,383 | \$ (133,926) | \$ 2,556 | \$ (17,797) | \$ (5,132,683) | \$ 178,533 |
| 2010-11 | 171,216 | - | 651 | 7,824 | 11,861 | (100,764) | 90,787 |
| 2009-10 | 76,074 | - | 593 | 6,724 | (1,706) | (22,109) | 59,577 |
| 2008-09 | 40,421 | - | 3 | 7,394 | (724) | (28,838) | 18,256 |
| 2007-08 | 11,502 | - | 1 | 3,234 | (295) | (11,068) | 3,374 |
| 2006-07 and prior | 7,947 | - | - | 624 | (366) | (2,670) | 5,536 |
| | <u>\$ 307,160</u> | <u>\$ 5,460,383</u> | <u>\$ (132,678)</u> | <u>\$ 28,357</u> | <u>\$ (9,027)</u> | <u>\$ (5,298,132)</u> | <u>\$ 356,063</u> |

STATISTICAL INFORMATION

Statistical Section

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

| <u>Contents</u> | <u>Page</u> |
|---|--------------------|
| <i>Financial Trends</i> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. | 40-43 |
| <i>Revenue Capacity</i> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax. | 44-47 |
| <i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. | 48-50 |
| <i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. | 51-53 |
| <i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. | 54-55 |

Sources:

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(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 for Debt Service | Restricted for Acquisition and Development | Unrestricted | Total Net Assets |
|-------------------------------------|---|--------------------------------------|---|--------------|---------------------|
| 2003 | 2,976,034 | 167,431 | 826,011 | 1,545,542 | 5,515,018 |
| 2004 | 3,093,109 | 23,152 | 704,839 | 2,068,685 | 5,889,785 |
| 2005 | 3,269,961 | 22,867 | 1,418,606 | 2,631,371 | 7,342,805 |
| 2006 | 3,229,644 | 48,789 | 2,090,582 | 3,477,350 | 8,846,365 |
| 2007 | 6,396,425 | 45,392 | 2,805,568 | 3,655,242 | 12,902,627 |
| 2008 | 11,866,883 | 70,624 | 3,576,174 | 4,188,699 | 19,702,380 |
| 2009 | 17,554,633 | 188,378 | 410,134 | 4,503,977 | 22,657,122 |
| 2010 | 19,206,774 | 83,072 | 811,687 | 4,855,999 | 24,957,532 |
| 2011 (Restated) | 21,055,761 | 83,344 | 1,882,388 | 5,188,746 | 28,210,239 |
| 2012 | 21,277,204 | 196,938 | 3,554,234 | 5,412,404 | 30,440,780 |

Source: Clackamas County Finance Department

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

| | Fiscal Year | | | |
|--|--------------------|--------------------|---------------------|---------------------|
| | 2003 | 2004 | 2005 | 2006 |
| Expenses: | | | | |
| Culture and recreation | \$ 3,805,580 | \$ 3,257,580 | \$ 3,258,493 | \$ 3,369,398 |
| Health and welfare | 1,243,176 | 1,214,760 | 1,278,330 | 1,314,110 |
| Interest on long-term debt | 502,331 | 438,936 | 426,783 | 418,824 |
| Total expenses | <u>5,551,087</u> | <u>4,911,276</u> | <u>4,963,606</u> | <u>5,102,332</u> |
| Program Revenues: | | | | |
| Charges for services: | | | | |
| Culture and recreation | 2,065,400 | 1,531,797 | 2,113,522 | 2,195,110 |
| Health and welfare | 121,666 | 34,947 | 40,565 | 29,569 |
| Operating grants and contributions: | | | | |
| Culture and recreation | 439,678 | 982 | 259,470 | 32,139 |
| Health and welfare | 526,152 | 508,833 | 545,392 | 585,932 |
| Total program revenues | <u>3,152,896</u> | <u>2,076,559</u> | <u>2,958,949</u> | <u>2,842,750</u> |
| Net Expense | <u>(2,398,191)</u> | <u>(2,834,717)</u> | <u>(2,004,657)</u> | <u>(2,259,582)</u> |
| General Revenues: | | | | |
| Property taxes levied for general purposes | 3,051,410 | 3,175,276 | 3,293,561 | 3,467,569 |
| Earnings on investments | 50,161 | 30,095 | 81,386 | 216,720 |
| Interagency transfer in | - | - | - | - |
| Miscellaneous | 7,064 | 4,113 | 82,730 | 78,853 |
| Total general revenues | <u>3,108,635</u> | <u>3,209,484</u> | <u>3,457,677</u> | <u>3,763,142</u> |
| Change In Net Assets | 710,444 | 374,767 | 1,453,020 | 1,503,560 |
| Cumulative effect of correction of error | - | - | - | - |
| Total Change In Net Assets | <u>\$ 710,444</u> | <u>\$ 374,767</u> | <u>\$ 1,453,020</u> | <u>\$ 1,503,560</u> |

Notes:

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

Source: Clackamas County Finance Department

| | Fiscal Year | | | | | |
|----|------------------|------------------|--------------------|--------------------|--------------------|--------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 (Restated) | 2012 |
| \$ | 3,884,175 | \$ 4,433,921 | \$ 5,517,296 | \$ 5,151,374 | \$ 6,003,725 | \$ 5,686,708 |
| | 1,488,166 | 1,895,318 | 2,162,530 | 2,185,918 | 2,429,902 | 2,282,523 |
| | 407,458 | 485,395 | 638,719 | 603,945 | 475,573 | 430,037 |
| | <u>5,779,799</u> | <u>6,814,634</u> | <u>8,318,545</u> | <u>7,941,237</u> | <u>8,909,200</u> | <u>8,399,268</u> |
| | 4,203,073 | 2,435,062 | 1,814,058 | 2,490,750 | 2,409,847 | 3,102,933 |
| | 26,767 | 1,094,013 | 815,012 | 1,119,032 | 1,082,685 | 1,206,696 |
| | 212,603 | 3,284,676 | 919,061 | 811,586 | 780,870 | 383,558 |
| | 666,391 | 1,475,724 | 412,911 | 364,626 | 350,825 | 493,329 |
| | <u>5,108,834</u> | <u>8,289,475</u> | <u>3,961,042</u> | <u>4,785,994</u> | <u>4,624,227</u> | <u>5,186,516</u> |
| | <u>(670,965)</u> | <u>1,474,841</u> | <u>(4,357,503)</u> | <u>(3,155,243)</u> | <u>(4,284,973)</u> | <u>(3,212,752)</u> |
| | 4,331,039 | 4,644,258 | 4,912,438 | 5,089,720 | 5,168,112 | 5,347,036 |
| | 363,496 | 433,408 | 196,715 | 32,243 | 22,844 | 36,493 |
| | - | - | 2,000,000 | - | - | - |
| | 32,692 | 247,246 | 203,092 | 333,690 | 110,349 | 59,764 |
| | <u>4,727,227</u> | <u>5,324,912</u> | <u>7,312,245</u> | <u>5,455,653</u> | <u>5,301,305</u> | <u>5,443,293</u> |
| | 4,056,262 | 6,799,753 | 2,954,742 | 2,300,410 | 1,016,332 | 2,230,541 |
| | - | - | - | - | 2,236,375 | - |
| \$ | <u>4,056,262</u> | <u>6,799,753</u> | <u>2,954,742</u> | <u>2,300,410</u> | <u>3,252,707</u> | <u>2,230,541</u> |

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

| | 2003 | 2004 | 2005 | 2006 |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund: | | | | |
| Reserved for prepaid items | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 1,250,471 | 1,609,361 | 2,152,979 | 2,456,136 |
| Nonspendable | - | - | - | - |
| Unassigned | - | - | - | - |
| Total General Fund | <u>\$ 1,250,471</u> | <u>\$ 1,609,361</u> | <u>\$ 2,152,979</u> | <u>\$ 2,456,136</u> |
| All Other Governmental Funds: | | | | |
| Special revenue funds: | | | | |
| Unreserved | \$ 1,002,669 | \$ 863,345 | \$ 1,566,419 | \$ 2,230,820 |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Assigned | - | - | - | - |
| Capital project funds: | | | | |
| Unreserved | 264,111 | 304,732 | 338,740 | 894,724 |
| Restricted | - | - | - | - |
| Assigned | - | - | - | - |
| Debt service funds: | | | | |
| Unreserved | 53,595 | 23,152 | 22,867 | 48,789 |
| Restricted | - | - | - | - |
| Assigned | - | - | - | - |
| Total All Other Governmental Funds | <u>\$ 1,320,375</u> | <u>\$ 1,191,229</u> | <u>\$ 1,928,026</u> | <u>\$ 3,174,333</u> |

Notes:

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

Source: Clackamas County Finance Department

| Fiscal Year | | | | | |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| \$ - | \$ 52,650 | \$ 53,375 | \$ - | \$ - | \$ - |
| 2,373,420 | 2,731,915 | 1,547,530 | - | - | - |
| - | - | - | 7,167 | 840 | 1,640 |
| - | - | - | 2,857,900 | 3,369,492 | 2,719,137 |
| <u>\$2,373,420</u> | <u>\$2,784,565</u> | <u>\$1,600,905</u> | <u>\$2,865,067</u> | <u>\$3,370,332</u> | <u>\$2,720,777</u> |
| | | | | | |
| \$3,016,770 | \$3,964,821 | \$ 954,203 | \$ - | \$ - | \$ - |
| - | - | - | - | - | 99 |
| - | - | - | 811,687 | 1,590,255 | 2,596,596 |
| - | - | - | 673,843 | 763,252 | 763,156 |
| | | | | | |
| 1,046,500 | 5,293,877 | 2,137,160 | - | - | - |
| - | - | - | 595,725 | 393,982 | 1,036,967 |
| - | - | - | 321,766 | 572,292 | 1,424,499 |
| | | | | | |
| 45,392 | 70,624 | 188,378 | - | - | - |
| - | - | - | 249 | 251 | 196,938 |
| - | - | - | 82,823 | 83,092 | - |
| <u>\$4,108,662</u> | <u>\$9,329,322</u> | <u>\$3,279,741</u> | <u>\$2,486,093</u> | <u>\$3,403,124</u> | <u>\$6,018,255</u> |

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

| | Fiscal Year | | | |
|--|---------------------|-------------------|---------------------|---------------------|
| | 2003 | 2004 | 2005 | 2006 |
| Revenues: | | | | |
| Property taxes | \$ 3,068,238 | \$ 3,181,024 | \$ 3,313,663 | \$ 3,478,838 |
| Charges for services | 1,887,076 | 1,287,471 | 1,215,846 | 1,313,467 |
| Intergovernmental | 870,895 | 359,760 | 663,042 | 677,230 |
| Licenses and permits | 272,229 | 279,273 | 938,241 | 674,111 |
| Interest | 50,161 | 30,095 | 81,386 | 216,720 |
| Contributions | 126,455 | 150,055 | 224,546 | 256,794 |
| Grants | - | - | - | - |
| Miscellaneous | 3,305 | 4,113 | - | - |
| Total revenues | 6,278,359 | 5,291,791 | 6,436,724 | 6,617,160 |
| Expenditures: | | | | |
| Culture and recreation | 3,204,085 | 2,646,714 | 2,668,098 | 2,756,578 |
| Health and welfare | 1,238,942 | 1,210,858 | 1,273,234 | 1,305,173 |
| Capital outlay | 1,990,535 | 423,649 | 242,520 | 251,440 |
| Debt service: | | | | |
| Interest | 298,193 | 308,193 | 521,090 | 330,000 |
| Principal | 488,297 | 472,633 | 451,367 | 424,505 |
| Bond miscellaneous charges | - | - | - | - |
| Total expenditures | 7,220,052 | 5,062,047 | 5,156,309 | 5,067,696 |
| Excess (deficiency) of revenues over (under) expenditures | (941,693) | 229,744 | 1,280,415 | 1,549,464 |
| Other Financing Sources: | | | | |
| Bond sale proceeds | - | - | - | - |
| Bond premium | - | - | - | - |
| Interagency transfer in | - | - | - | - |
| Payment to the escrow account for refunding debt | - | - | - | - |
| Total other financing sources | - | - | - | - |
| Net Change in Fund Balances | \$ (941,693) | \$ 229,744 | \$ 1,280,415 | \$ 1,549,464 |
| Debt service as a percentage of noncapital expenditures | 15.0% | 16.8% | 19.8% | 15.7% |

Source: Clackamas County Finance Department

| | Fiscal Year | | | | | |
|----|------------------|---------------------|-----------------------|-------------------|---------------------|---------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| \$ | 4,299,108 | \$ 4,588,601 | \$ 4,850,010 | \$ 5,076,968 | \$ 5,190,484 | \$ 5,292,033 |
| | 1,251,602 | 1,962,160 | 1,752,008 | 2,628,682 | 1,403,186 | 1,733,102 |
| | 943,009 | 4,509,277 | 570,109 | 759,979 | 22,844 | 749,943 |
| | 2,719,057 | 1,566,915 | 877,062 | 981,100 | 891,019 | 2,576,527 |
| | 363,496 | 433,408 | 196,715 | 32,243 | 2,089,346 | 36,493 |
| | 227,858 | 182,750 | 188,442 | 176,137 | 182,152 | 126,944 |
| | - | 68,373 | 573,421 | - | - | - |
| | - | 247,246 | 203,092 | 333,691 | 110,349 | 59,764 |
| | <u>9,804,130</u> | <u>13,558,730</u> | <u>9,210,859</u> | <u>9,988,800</u> | <u>9,889,380</u> | <u>10,574,806</u> |
| | 3,271,209 | 4,048,501 | 4,965,560 | 4,523,581 | 4,728,427 | 4,984,606 |
| | 1,473,169 | 1,722,159 | 1,916,666 | 1,947,534 | 1,945,635 | 2,008,466 |
| | 3,449,743 | 9,420,705 | 10,248,820 | 1,723,430 | 735,632 | 559,030 |
| | 345,000 | 365,000 | 713,054 | 564,755 | 457,391 | 427,128 |
| | 413,397 | 388,558 | 600,000 | 700,000 | 600,000 | 630,000 |
| | - | - | - | 167,987 | - | - |
| | <u>8,952,518</u> | <u>15,944,923</u> | <u>18,444,100</u> | <u>9,627,287</u> | <u>8,467,085</u> | <u>8,609,230</u> |
| | 851,612 | (2,386,193) | (9,233,241) | 361,513 | 1,422,295 | 1,965,576 |
| | - | 8,000,000 | - | 5,820,100 | - | - |
| | - | 17,998 | - | - | - | - |
| | - | - | 2,000,000 | - | - | - |
| | - | - | - | (5,711,099) | - | - |
| | <u>-</u> | <u>8,017,998</u> | <u>2,000,000</u> | <u>109,001</u> | <u>-</u> | <u>-</u> |
| \$ | <u>851,612</u> | <u>\$ 5,631,805</u> | <u>\$ (7,233,241)</u> | <u>\$ 470,514</u> | <u>\$ 1,422,295</u> | <u>\$ 1,965,576</u> |
| | 13.8% | 11.6% | 16.0% | 16.0% | 13.7% | 13.1% |

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

| Fiscal Year Ended June 30, | Real Property | Personal Property | Mobile Homes | Public Utility Property | Less: Tax-Exempt Property |
|-------------------------------------|------------------|----------------------|-----------------|-------------------------------|---------------------------------|
| 2003 | 5,912,012,601 | 299,211,432 | 51,844,233 | 131,532,196 | N/A |
| 2004 | 6,182,592,859 | 298,776,530 | 46,652,891 | 131,046,219 | N/A |
| 2005 | 6,447,265,416 | 305,929,208 | 42,412,215 | 143,343,249 | N/A |
| 2006 | 7,449,304,590 | 329,099,861 | 47,158,845 | 144,738,575 | \$ 693,321,506 |
| 2007 | 8,868,116,348 | 317,851,180 | 46,306,758 | 143,420,970 | 753,409,368 |
| 2008 | 9,536,743,361 | 321,849,290 | 46,697,288 | 164,021,680 | 814,691,217 |
| 2009 | 10,213,372,174 | 348,185,015 | 46,657,462 | 170,819,050 | 894,355,117 |
| 2010 | 10,663,564,256 | 438,992,435 | 44,405,581 | 246,059,663 | 1,073,825,814 |
| 2011 | 11,003,575,011 | 436,101,204 | 33,947,637 | 253,070,684 | 1,160,989,821 |
| 2012 | 11,354,569,712 | 386,090,839 | 32,711,207 | 247,419,694 | 1,241,400,122 |

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

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

Source: Clackamas County Department of Assessment and Taxation

| <u>Total Taxable Assessed Value</u> | <u>Total Direct Tax Rate</u> | <u>True Cash Value</u> | <u>Assessed Value as a Percentage of True Cash Value</u> |
|---|--|----------------------------|--|
| 6,394,600,462 | 0.4879 | 8,113,244,686 | 78.82 % |
| 6,659,068,499 | 0.4885 | 8,453,958,495 | 78.77 |
| 6,938,950,088 | 0.4890 | 9,126,179,245 | 76.03 |
| 7,276,980,365 | 0.4893 | 10,134,214,099 | 71.81 |
| 8,622,285,888 | 0.5125 | 13,401,583,777 | 64.34 |
| 9,254,620,402 | 0.5111 | 15,555,384,495 | 59.49 |
| 9,884,678,584 | 0.5085 | 16,512,824,110 | 59.86 |
| 10,319,196,121 | 0.5049 | 14,799,900,037 | 69.72 |
| 10,565,704,715 | 0.5047 | 13,285,445,756 | 79.53 |
| 10,779,391,330 | 0.5069 | 12,527,289,343 | 86.05 |

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
DIRECT AND OVERLAPPING PROPERTY TAX RATES (2)
LAST TEN FISCAL YEARS
(Rate per \$1,000 of Assessed Value)

| Taxing Entity | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|-----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| North Clackamas Parks and Recreation District direct rate | \$ 0.5069 | 0.5047 | 0.5049 | 0.5085 | 0.5111 | 0.5125 | 0.4893 | 0.4890 | 0.4885 | 0.4879 |
| Clackamas County: | | | | | | | | | | |
| Rural | 2.8671 | 2.8590 | 2.8600 | 2.8469 | 2.8615 | 2.8683 | 2.8129 | 2.8235 | 2.8214 | 2.8262 |
| City | 2.4041 | 2.4042 | 2.4042 | 2.4042 | 2.4042 | 2.4042 | 2.4042 | 2.4042 | 2.4042 | 2.4042 |
| Public Safety Option 2006 ⁽⁸⁾ | 0.2480 | 0.2480 | 0.2480 | 0.2480 | 0.2480 | - | - | - | - | - |
| Clackamas County Component Units: | | | | | | | | | | |
| Clackamas County Enhanced Law Enforcement District | 0.6640 | 0.6602 | 0.6609 | 0.6672 | 0.6725 | 0.6759 | 0.6462 | 0.6472 | 0.6468 | 0.6520 |
| Clackamas County Development Agency | 0.6661 | 0.7128 | 0.7086 | 0.6121 | 0.5762 | 0.5752 | 1.0221 | 1.0550 | 1.0853 | 1.1121 |
| Clackamas County Extension and 4H Service District ⁽⁶⁾ | 0.0492 | 0.0493 | 0.0493 | - | - | - | - | - | - | - |
| Library Service District of Clackamas County ⁽⁶⁾ | 0.3909 | 0.3903 | 0.3902 | - | - | - | - | - | - | - |
| Estacada Area County Service District for Library Services ⁽⁷⁾ | - | - | - | 0.1210 | 0.1222 | 0.1287 | 0.1414 | 0.1287 | - | - |
| City rates: | | | | | | | | | | |
| Damascus | 3.3000 | 3.3000 | 3.3000 | 3.3000 | 3.3000 | 3.3000 | 3.3000 | - | - | - |
| Gladstone | - | - | - | 4.4811 | - | - | - | - | - | - |
| Gladstone local option levy | - | - | - | 0.9900 | - | - | - | - | - | - |
| Gladstone UR | - | - | - | 0.6144 | - | - | - | - | - | - |
| Happy Valley permanent rate | 0.6710 | 0.6710 | 0.6710 | 0.6710 | 0.6710 | 0.6710 | 0.6710 | 0.6710 | 0.6710 | 0.6710 |
| Happy Valley local option levy | 1.3800 | 1.3800 | 1.3800 | 1.3800 | 1.3800 | 1.3800 | 1.3800 | 1.3800 | 1.3800 | - |
| Milwaukie permanent rate | 4.0677 | 4.0681 | 4.0660 | 4.1291 | 4.0512 | 3.9898 | 4.1367 | 6.5379 | 6.5379 | 6.5379 |
| Milwaukie exempt bond rate | - | - | - | 0.3909 | 0.3996 | 0.1791 | 0.2237 | 0.2348 | 0.2410 | 0.2480 |
| School district rates: | | | | | | | | | | |
| Centennial | 4.7448 | 4.7448 | 4.7448 | 4.7448 | 4.7448 | 4.7448 | - | - | - | - |
| Gladstone | 4.8650 | 4.8650 | 4.8650 | 4.8650 | 4.8650 | 4.8650 | 4.8650 | 4.8650 | 4.8650 | 4.8650 |
| Oregon City | 4.9629 | 4.9629 | 4.9629 | 4.9629 | 4.9629 | 4.9629 | 4.9629 | 4.9629 | 4.9629 | 4.9629 |
| North Clackamas | 4.5851 | 4.5650 | 4.5680 | 4.5995 | 4.6244 | 4.6376 | 4.4715 | 4.4649 | 4.4593 | 4.4517 |
| 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 | - | - | - | - |
| Clackamas ESD | 0.3624 | 0.3619 | 0.3620 | 0.3611 | 0.3620 | 0.3624 | 0.3590 | 0.3591 | 0.3590 | 0.3588 |
| Multnomah ESD | 0.4576 | 0.4576 | 0.4576 | 0.4576 | 0.4576 | 0.4576 | - | - | - | - |
| Education 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 |
| Centennial | 1.9357 | 2.2566 | 1.9736 | 1.8563 | 1.9007 | 2.2173 | - | - | - | - |
| Gladstone | 2.0521 | 2.0596 | 1.9970 | 2.0208 | 2.0608 | 2.1785 | 2.0629 | 2.0999 | 2.1252 | 2.0856 |
| Gladstone 2006 | 2.4880 | 2.4813 | 2.3616 | 2.2937 | 2.2021 | - | - | - | - | - |
| 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 City | 1.4160 | 1.4138 | 1.4552 | 1.4881 | 1.5623 | 1.4351 | 1.5149 | 1.5872 | 1.8181 | 1.7931 |
| Clackamas County Fire District: | | | | | | | | | | |
| Fire District No. 1 | 2.3043 | 2.2971 | 2.2976 | 2.3085 | 2.3030 | 2.3085 | 2.2427 | 2.2153 | 2.2125 | 2.2043 |
| Fire District No. 1 exempt bond rate | 0.0595 | 0.0638 | 0.0732 | 0.0648 | 0.0752 | 0.0851 | 0.1421 | 0.1716 | 0.1532 | 0.1280 |
| 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 |
| 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 | - | - | - |
| Service District 2 Metro-exempt bond rate | 0.1282 | 0.1497 | 0.1502 | 0.1529 | 0.1684 | 0.1783 | 0.1818 | 0.1814 | 0.1874 | 0.1809 |
| Service District 2 Metro-exempt 2006 | 0.0877 | 0.1589 | 0.1864 | 0.1457 | 0.1609 | - | - | - | - | - |
| Transportation Trimet-exempt bond rate | 0.0571 | 0.0857 | 0.0842 | 0.0786 | 0.0839 | 0.0955 | 0.1154 | 0.1069 | 0.1045 | 0.1199 |
| Water District 3-Mt Scott B1-exempt bond rate | - | - | - | - | 0.0493 | 0.0609 | 0.0777 | 0.0954 | 0.1109 | 0.1183 |
| Water District 4-Oak Lodge-exempt bond rate | 0.1434 | 0.1472 | 0.1511 | 0.1559 | 0.1629 | 0.1698 | 0.1767 | 0.2032 | 0.2104 | 0.2516 |

Notes:

- (1) Overlapping rates are those of local governments that apply to property owners within District geographical boundaries. Not all overlapping rates apply to all District property owners; for example, although County property taxes apply to all District property owners, only those in the City of Damascus, City of Milwaukie and City of Happy Valley pay the city rate for Clackamas County. Other property owners pay County taxes at the rural rate. Only a small portion of the taxpayers within the Cities of Damascus and Gladstone are within the District boundaries.
- (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.
- (3) Rates are summary for all Tax Code Areas where North Clackamas Parks and Recreation District taxes are assessed. From *2011 Tax District Summary* for FY ending 06/30/2012 found on the Clackamas County website under the Department of Assessment and Taxation.
- (4) Direct Rate is actual rate charged each property that falls within the boundaries of the North Clackamas Parks and Recreation District for District support after application of property tax limitation.
- (5) Permanent rates are ad valorem tax rates. No action of the local government can increase this limit.
- (6) New districts effective with the 2009-2010 tax year.
- (7) Estacada Area County Service District was dissolved with the formation of the new Library Service District of Clackamas County effective with the 2009-2010 tax year.
- (8) Public Safety Local Option Levy 2006 for support of jail and sheriff operations was approved by voters in November 2006. Property taxes levied fiscal year 07-08.

Source: Clackamas County Department of Assessment and Taxation

(This page intentionally left blank)

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(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 |
| General Growth Properties Inc. | \$ 205,653,826 | 1 | 1.91 % | \$ 111,390,181 | 2 | 1.74 % |
| Clackamas Baking Plant/Fred Meyer | 133,247,687 | 2 | 1.24 | 120,186,036 | 1 | 1.88 |
| PCC Structurals Inc. | 76,107,459 | 3 | 0.71 | 55,603,520 | 3 | 0.87 |
| Portland General Electric Company | 69,963,000 | 4 | 0.65 | 41,819,200 | 4 | 0.65 |
| Blount, Incorporated | 68,429,283 | 5 | 0.63 | 33,913,937 | 6 | 0.53 |
| Comcast Corporation | 64,622,000 | 6 | 0.60 | | | |
| Northwest Natural Gas | 52,911,500 | 7 | 0.49 | 26,969,200 | 10 | 0.42 |
| Kaiser Foundation Hospital | 49,120,685 | 8 | 0.46 | | | |
| Marvin F Poer & Company | 48,832,415 | 9 | 0.45 | | | |
| CH Realty III/Clackamas LLC | 43,470,164 | 10 | 0.40 | | | |
| Qwest Communications | | | | 39,212,573 | 5 | 0.61 |
| US Retail Partners LLC | | | | 32,307,055 | 7 | 0.51 |
| Unified Western Grocers/United Grocers | | | | 31,980,547 | 8 | 0.50 |
| SSR Realty Advisors | | | | 31,585,579 | 9 | 0.49 |
| Total | \$ 812,358,019 | | 7.54 % | \$ 524,967,828 | | 8.20 % |

Source: Clackamas County Department of Assessment and Taxation

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

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|----------------------------|----------------------------------|--|--------------------|---------------------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2003 | 3,120,928 | 2,929,514 | 93.9 | 95,545 | 3,025,059 | 96.9 % |
| 2004 | 3,256,491 | 3,068,208 | 94.2 | 87,730 | 3,155,938 | 96.9 |
| 2005 | 3,397,351 | 3,208,802 | 94.5 | 85,108 | 3,293,910 | 97.0 |
| 2006 | 3,566,536 | 3,384,291 | 94.9 | 87,769 | 3,472,060 | 97.4 |
| 2007 | 4,428,044 | 4,195,481 | 94.7 | 123,591 | 4,319,072 | 97.5 |
| 2008 | 4,754,017 | 4,471,437 | 94.1 | 169,424 | 4,640,861 | 97.6 |
| 2009 | 5,031,319 | 4,687,127 | 93.2 | 215,834 | 4,902,961 | 97.4 |
| 2010 | 5,211,357 | 4,883,899 | 93.7 | 136,890 | 5,020,789 | 96.3 |
| 2011 | 5,330,887 | 4,991,388 | 93.6 | 100,764 | 5,092,152 | 95.5 |
| 2012 | 5,460,383 | 5,132,683 | 94.0 | - | 5,132,683 | 94.0 |

Source: Clackamas County Department of Assessment and Taxation

(This page intentionally left blank)

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

| Fiscal Year | Assessment Debt | General Bonded Debt | | | Total General Bonded Debt | General Bonded Debt Percentage of Taxable Property Value | General Bonded Debt Per Capita |
|-------------|-----------------|---|---|---|---------------------------|--|--------------------------------|
| | | Limited Tax Revenue Series 2000 Refunding Bonds | Full Faith & Credit Obligations Series 2008 Bonds | Full Faith & Credit Obligations Series 2010 Bonds | | | |
| 2003 | 224,283 | 8,005,000 | - | - | 8,005,000 | 0.13 | 96.45 |
| 2004 | 211,090 | 7,710,000 | - | - | 7,710,000 | 0.12 | 90.71 |
| 2005 | - | 7,400,000 | - | - | 7,400,000 | 0.11 | 84.57 |
| 2006 | - | 7,070,000 | - | - | 7,070,000 | 0.10 | 76.43 |
| 2007 | - | 6,725,000 | - | - | 6,725,000 | 0.08 | 71.93 |
| 2008 | - | 6,360,000 | 8,000,000 | - | 14,360,000 | 0.16 | 127.75 |
| 2009 | - | 5,975,000 | 7,785,000 | - | 13,760,000 | 0.14 | 120.98 |
| 2010 | - | - | 7,490,000 | 5,660,000 | 13,150,000 | 0.13 | 115.48 |
| 2011 | - | - | 7,185,000 | 5,365,000 | 12,550,000 | 0.12 | 110.21 |
| 2012 | - | - | 6,875,000 | 5,045,000 | 11,920,000 | 0.11 | 104.27 |

Notes:

- (1) Details regarding the District's outstanding debt can be found in the notes to the financial statements.
- (2) See page 51 for personal income, population data, and data source.
- (3) See page 44 for property value data.

N/A: Not available

Source: Clackamas County Finance Department

| Total Debt | | |
|-----------------------------------|-------------------------------------|---------------|
| Total Bonded and Other Debt | Percentage of Personal Income | Per Capita |
| 8,229,283 | 0.28 | 99.15 |
| 7,921,090 | 0.25 | 93.19 |
| 7,400,000 | 0.21 | 84.57 |
| 7,070,000 | 0.18 | 76.43 |
| 6,725,000 | 0.16 | 71.93 |
| 14,360,000 | 0.29 | 127.75 |
| 13,760,000 | 0.28 | 120.98 |
| 13,150,000 | N/A | 115.48 |
| 12,550,000 | N/A | 110.21 |
| 11,920,000 | N/A | 104.27 |

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(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 | 27.0744 % | \$ 19,739,945 |
| Oak Lodge Water District | 430,000 | 98.5234 | 423,651 |
| Clackamas County Rural Fire Protection District #1 | 2,655,000 | 68.5197 | 1,819,198 |
| Clackamas County School District #12 (North Clackamas) | 354,352,747 | 96.2454 | 341,048,219 |
| Clackamas County School District #62 (Oregon City) | 89,085,000 | 8.5262 | 7,595,565 |
| Clackamas County School District #115 (Gladstone) | 54,481,929 | 4.6455 | 2,530,958 |
| Clackamas Community College | 30,100,000 | 37.3341 | 11,237,564 |
| City of Happy Valley | 4,365,000 | 100.0000 | 4,365,000 |
| Metro | 273,485,000 | 6.6562 | 18,203,709 |
| Tri-Metropolitan Transportation District | 240,000 | 6.4881 | 15,571 |
| Multnomah Cty SD 28J(Centennial) | 32,935,434 | 1.0158 | 334,558 |
| Mt Hood Community College | 22,330,000 | 0.0942 | 21,035 |
| Other debt: | | | |
| Clackamas County | 25,705,000 | 27.0744 | 6,959,475 |
| Oak Lodge Sanitary District #2 | 22,245,000 | 97.9510 | 21,789,200 |
| Clackamas County Rural Fire Protection District #1 | 19,635,000 | 68.5197 | 13,453,843 |
| Clackamas Community College | 49,205,000 | 37.3341 | 18,370,244 |
| City of Gladstone | 1,935,000 | 0.0022 | 43 |
| City of Milwaukie | 4,135,000 | 99.1099 | 4,098,194 |
| Port of Portland | 69,304,574 | 6.0814 | 4,214,688 |
| Metro | 49,385,000 | 6.6562 | 3,287,164 |
| Multnomah Education Service District | 34,745,000 | 0.0275 | 9,555 |
| Mt Hood Community College | 46,638,749 | 0.0942 | 43,934 |
| Clackamas County Education Service District | 25,520,000 | 28.3595 | 7,237,344 |
| Subtotal overlapping debt | | | 486,798,657 |
| District direct debt | | | <u>11,920,000</u> |
| Total direct and overlapping debt | | | <u><u>\$ 498,718,657</u></u> |

Note:

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

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

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

| Year | True Cash Value | Debt Percentage | Debt Limit | Total net debt applicable to limit | Legal debt margin | Total net debt applicable to the limit as a percentage of debt limit |
|------|-----------------|-----------------|---------------|------------------------------------|-------------------|--|
| 2003 | 8,113,244,686 | 13 | 1,054,721,809 | 8,005,000 | 1,046,716,809 | 0.76 % |
| 2004 | 8,453,958,495 | 13 | 1,099,014,604 | 7,710,000 | 1,091,304,604 | 0.7 |
| 2005 | 9,126,179,245 | 13 | 1,186,403,302 | 7,400,000 | 1,179,003,302 | 0.62 |
| 2006 | 10,134,214,099 | 13 | 1,317,447,833 | 7,070,000 | 1,310,377,833 | 0.54 |
| 2007 | 13,401,583,777 | 13 | 1,742,205,891 | 6,725,000 | 1,735,480,891 | 0.39 |
| 2008 | 15,555,384,495 | 13 | 2,022,199,984 | 14,360,000 | 2,007,839,984 | 0.71 |
| 2009 | 16,512,824,110 | 13 | 2,146,667,134 | 13,760,000 | 2,132,907,134 | 0.64 |
| 2010 | 14,799,900,037 | 13 | 1,923,987,005 | 13,150,000 | 1,910,837,005 | 0.68 |
| 2011 | 13,285,445,756 | 13 | 1,727,107,948 | 12,550,000 | 1,714,557,948 | 0.73 |
| 2012 | 12,527,289,343 | 13 | 1,628,547,615 | 11,920,000 | 1,616,627,615 | 0.73 |

Note:

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

Source: Clackamas County Finance Department

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

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

| Year | Population | Personal Income (thousands of dollars) | Per Capita Personal Income ⁽¹⁾ | Portland Metropolitan Area Unemployment Rate ⁽²⁾ |
|---------------------|------------|---|---|---|
| 2003 | 83,000 | 2,950,899 | 35,553 | 7.9 |
| 2004 | 85,000 | 3,152,990 | 37,094 | 6.8 |
| 2005 | 87,500 | 3,476,288 | 39,729 | 6.0 |
| 2006 | 92,500 | 3,827,465 | 41,378 | 5.0 |
| 2007 | 93,500 | 4,110,728 | 43,965 | 5.0 |
| 2008 ⁽³⁾ | 112,404 | 5,036,036 | 44,803 | 5.4 |
| 2009 ⁽⁴⁾ | 113,742 | 4,964,383 | 43,646 | 9.3 |
| 2010 ⁽⁵⁾ | 113,869 | 5,118,867 | 44,954 | 10.7 |
| 2011 ⁽⁶⁾ | 113,869 | N/A | N/A | 9.9 |
| 2012 | 114,321 | N/A | N/A | 8.5 |

Notes:

(1) Figures are for calendar year.

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

(3) Addition of City of Happy Valley to District in 2007. Population estimate from Metro.

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

(5) From Claritas Software from Nielsen Corp-

(6) From Claritas Software from Nielsen Corp-no significant changes this last fiscal year.

N/A Not available

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(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 | Employees | Rank | Percentage of Total |
| State of Oregon | 18,400 | 1 | .02 % | 4,475 | 10 | .00 % |
| Intel Corp. | 15,636 | 2 | .02 | 15,000 | 1 | .02 |
| Providence Heath 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 Service Area employment used to calculate percentages is from the Oregon Employment Department.

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

| <u>Year Ended June 30,</u> | <u>Health and Welfare</u> | <u>Culture and Recreation</u> | <u>Total</u> |
|----------------------------|-------------------------------|-----------------------------------|--------------|
| 2003 | 13.80 | 20.00 | 33.80 |
| 2004 | 9.70 | 25.00 | 34.70 |
| 2005 | 9.20 | 22.60 | 31.80 |
| 2006 | 9.20 | 20.40 | 29.60 |
| 2007 | 9.00 | 20.35 | 29.35 |
| 2008 | 9.48 | 22.54 | 32.02 |
| 2009 | 9.00 | 24.54 | 33.54 |
| 2010 | 9.00 | 26.35 | 35.35 |
| 2011 | 9.00 | 25.67 | 34.67 |
| 2012 | 10.31 | 25.94 | 36.25 |

Note:

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

Source: Clackamas County Finance Department.

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

| Function | Year Ended June 30, | | | | | | | | | |
|--|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Health and welfare: | | | | | | | | | | |
| Social service units provided (2) | 16,945 | 15,451 | 13,777 | 17,859 | 15,277 | 13,783 | 16,657 | 15,675 | 6,006 | 6,186 |
| Meals on Wheels and on-site meals served | 68,691 | 65,176 | 65,805 | 66,983 | 73,777 | 75,821 | 72,850 | 66,903 | 66,903 | 65,752 |
| One way rides, older adults and disabled | 13,885 | 11,404 | 10,800 | 12,310 | 11,440 | 11,210 | 14,652 | 14,662 | 12,967 | 12,541 |
| Culture and recreation: | | | | | | | | | | |
| Recreation programs | N/A | 73 | 54 | 58 | 53 | 67 | 66 | 69 | 66 | 80 |
| Recreation class participants | N/A | 2,679 | 1,940 | 2,180 | 2,273 | 3,083 | 3,486 | 3,419 | 3,355 | 4,281 |
| Recreation classes | N/A | 280 | 179 | 185 | 239 | 268 | 292 | 281 | 264 | 380 |
| Swim lesson participants | 2,744 | 3,000 | 3,643 | 3,612 | 4,292 | 4,347 | 4,306 | 4,481 | 4,593 | 5,303 |
| Aquatic park total customers served (1) | 255,072 | 231,189 | 240,928 | 245,928 | 238,703 | 251,056 | 246,857 | 245,905 | 312,909 | 271,638 |

Note: Operating indicators data not retained for years prior to 6/30/03.

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

(2) Senior Companion and RSVP programs were eliminated in 2010. Other units of social services previously provided by the Milwaukie Center were shifted to the State of Oregon Social Services Department around the same time.

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

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

| Function | Year Ending June 30, | | | | | | | | | |
|---|----------------------|------|------|------|------|------|-------|-------|-------|-------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Health and welfare: | | | | | | | | | | |
| Milwaukie Center (serving senior and disabled citizens) | | | | | | | | | | |
| Activity Rooms | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Congregate dining room | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 |
| Transportation vehicles (one each of 14, 16 & 20 passenger) | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Culture and recreation: | | | | | | | | | | |
| Acreage-maintained | 93 | 95 | 101 | 101 | 101 | 498 | 519.5 | 523.2 | 504.5 | 517.3 |
| Parks maintained | 30 | 31 | 34 | 34 | 34 | 54 | 60 | 60 | 51 | 52 |
| Play structures | 23 | 24 | 26 | 26 | 26 | 26 | 29 | 30 | 30 | 30 |
| Maintenance vehicles/equipment | 13 | 14 | 14 | 14 | 14 | 20 | 21 | 22 | 25 | 30 |
| Passenger van (Recmobile) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 |
| Sports fields: | | | | | | | | | | |
| Baseball | 3 | 3 | 3 | 3 | 5 | 5 | 9 | 11 | 11 | 11 |
| Soccer | 3 | 3 | 3 | 3 | 7 | 3 | 4 | 6 | 6 | 6 |
| Tennis courts | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Basketball | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 16 | 16 | 16 |
| Volleyball courts | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Aquatic Park (five pools, game room, activity rooms) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Note: Operating indicators data not retained for years prior to 6/30/03.

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

**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***

(This page intentionally left blank)

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

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

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, Nutrition and Transportation Fund, System Development Charges District-Wide Fund, and System Development Charges Zone 3 Fund of North Clackamas Parks and Recreation District, Oregon (“the District”) as of and for the year ended June 30, 2012, which collectively comprise the District’s basic financial statements and have issued our report thereon dated October 31, 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 District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District’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 District’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District’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 District'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 District's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the District'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
October 31, 2012

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A COMPONENT UNIT OF CLACKAMAS COUNTY, OREGON)
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2012**

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

FINDING 2012-1—TRANSFERRED PROPERTY

Criteria – Property and equipment records should represent a complete listing of the capitalizable 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.

Condition –The District has been the beneficiary of property constructed by the Clackamas County Development Agency (the Agency), a related entity responsible for redeveloping properties benefitting the community. It is common for the Agency to convey the property rights to another entity upon project completion. When the District receives property rights from the Agency, the District should reflect the property addition in its capital asset records.

Effect – Since fiscal year 2007, the District’s financial statements omitted real property transferred from the Agency. This omission resulted in a \$2,236,375 understatement of capital assets and net assets.

Cause – Clackamas County (the County), the Agency and the District did not have procedures in place to recognize and record inter-agency property transfers.

Recommendation – We understand County management identified this error during its 2012 financial close and reporting procedures upon its review of capital assets reported on the Agency’s books. In order to prevent future errors, we recommend the County, the Agency and the District improve communications and procedures to properly record capital asset transfer transactions. Such communications could include recognition of projects, monitoring project status and completion dates, and communicating with all appropriate staff responsible for ultimately recording these transactions in the books of each entity, including the District. We further recommend each entity, including the District, periodically reconcile County tax assessor real property records with the respective entities capital asset records, as well as conduct periodic physical inspections of recorded capital assets.

Response - The District has a new management team in place and has been working to develop procedures to ensure the financial statements are presented completely and accurately. The District’s asset management is assigned to both County Finance and District staff. County Finance performs an annual review of all capital outlay expenditures and determines capital asset additions, as well as requests an inventory of current capital assets from District staff to account for transfers and disposals. Although these procedures identified current year activity, they failed to indentify prior year transfers of assets from other County component units.

During the audit of the Clackamas County Development Agency (CCDA), another County component unit, the Audit Manager and Finance staff identified an unusually large amount of capital assets that needed to be transferred to other entities. Of the assets identified, there were legal transfers of land that occurred from CCDA to the District, dating back to 2006, which had not been accounted for. Therefore, we concur with your recommendations of periodically reconciling to the County tax assessor real property records and periodically performing physical inspections of capital assets. The District will implement these procedures in fiscal year 2012-2013.

**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
 North Clackamas Parks and Recreation District
 Oregon City, Oregon

We have audited the basic financial statements of North Clackamas Parks and Recreation District ("the District") as of and for the year ended June 30, 2012 and have issued our report thereon dated October 31, 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 District'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 District'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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District'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.

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.



For Moss Adams LLP
Eugene, Oregon
October 31, 2012