

A Component Unit of Clackamas County, Oregon

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## For the Fiscal Year Ended June 30, 2014





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

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

Prepared by:

Clackamas County Department of Business & Community Services and Department of Finance

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David Bodway, Finance Manager

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

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(A Component Unit of Clackamas County, Oregon)**

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**INTRODUCTORY SECTION**

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# **NORTH CLACKAMAS PARKS & RECREATION DISTRICT**

Administration

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

October 31, 2014

To the Honorable Chair John Ludlow, Commissioner Jim Bernard, Commissioner Paul Savas, Commissioner Martha Schrader, Commissioner Tootie Smith 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, 2014.

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, 2014. 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 177<sup>th</sup> 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 made up of District residents, who review and approve the budget for the fiscal year. A nine-member citizen District Advisory Board exists to make recommendations to the Board of Directors and Budget Committee.

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

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 economic downturn in 2008. The 2008 downturn resulted in annual property tax revenue increasing at a rate below the 3 percent allowed by law. In addition, System Development Charges revenue was impacted by the downturn. Fortunately, the revenue picture is slowly improving with annual property tax revenue once again above the 3 percent allowed by Measure 47/50. In addition, strong construction activity continues throughout the eastern portion of the District resulting in increased revenues to respond to increased demand for services.

The U.S. economy remains intact, and may finally be exhibiting signs that growth is picking up. Through July, employment gains across the U.S. are the strongest since 2000, averaging 230,000 per month across the country and outpacing the gains seen during the housing boom. Despite the improvement, there are strong indications that the economy and, labor market in particular, are still recovering. The number of long-term unemployed and part-time workers who want to work full-time remain larger than before the financial crisis and the pace of hiring by businesses, an indication of labor market health, is just now returning to rates seen during the depths of the 2001 recession, suggesting that the economy is not yet at full employment. The nation's unemployment rate for September 2014 sits at 5.9 percent down from 7.2 percent a year ago in September 2013.

Similar to the nation, Oregon's economy in 2014 continued to see an improving job market, fueling growth in Oregon tax revenues. Oregon is now adding jobs about one percentage point faster than the nation as a whole, a growth advantage typical for Oregon during economic expansions. In the early stages of employment growth following the recession, jobs in Oregon increased at a rate of 1.0 – 1.2 percent per year. Over the past year growth rates have accelerated to 2.5 – 3.0 percent, which is almost as strong as the state experienced during the housing boom. This growth rate is unique across the country. Other areas of the country, such as the South and West have picked up slightly while most of the Northeast and Midwest have actually decelerated. Only four states, Oregon, Delaware, Florida and Nevada have seen job growth improve by 1.5 percentage

points or more. Fortunately, Oregon is actually expected to regain all of its recessionary job losses in the next 4-6 months.

According to the recent job growth rankings, published by Arizona State University W.P. Carey School of Business, in July 2014, Oregon ranked 9<sup>th</sup> in the nation for job growth. Over the past year the state has added 47,500 jobs, an increase of 2.85 percent. When compared to one year ago in July of 2013, Oregon ranked 14<sup>th</sup> with growth of 2.05 percent and 29,300 jobs added.

In the second quarter of 2014, Oregon private sector jobs grew at a rate of 2.8 percent and public sector at 1.1 percent. While Oregon's economic and labor market recoveries are improving and even accelerating, these gains have not been uniform across the state. For the most part, the counties within Oregon that experienced an average or below average hit during the recession have fared better so far in recovery as well. Only two regional economies have fully regained their recessionary job losses – the Portland metropolitan area and Columbia Gorge. The state's other metropolitan areas including Clackamas County, have regained about half of their recessionary job losses. This is reflective of the type of industry located in each area. Clackamas County has over 60 percent of employment in the manufacturing sector – metals, machinery, computer, and electrical equipment manufacturing. Unfortunately, the manufacturing sector has added back only approximately one-third of pre-recession job losses.

As has been the case in the recovery to date, the large, service sector jobs have led growth in terms of outright job gains and above average growth rates. The *Professional and Business Services, Health Services and Leisure and Hospitality* industries are leading in overall employment gains. These three industries accounted for over 50 percent of the job increases and a gain of over 21,100 jobs in Oregon in the past year. The good news is this represents the smallest share these industries have contributed so far since employment began growing, as other industries continue to strengthen. *Mining and Logging* and *Manufacturing* continue to add jobs comparable to the average industry, while *Construction* is growing at rates significantly faster than average. All together, *Mining and Logging* have regained nearly half of their recessionary losses while both *Construction* and *Manufacturing* have added back approximately one-third of their job losses.

The September 2014 unemployment rate for Oregon was 7.1 percent, down from 7.6 percent a year ago in September 2013. As mentioned above, measurements of the labor market are showing steady improvements with wages increasing at nearly 7 percent per year, jobs being added and the unemployment rate declining. Average wages per worker are currently increasing at 3 percent per year, slightly above the rate of inflation. Real wages, however, have increased less than one-half of one percent per year since 2000.

Consistent with the past several years, there are many risks in the near-term economic outlook for both the State of Oregon and Clackamas County. These include the federal fiscal policy, the strength and durability of the housing market recovery, ongoing European debt problems, commodity price inflation, federal timber payments, and finally initiatives and referendums. Because the federal government has a small presence in Oregon, the federal fiscal policy risk is significantly lower in Oregon than in other states. However, Oregon is impacted by the other factors such as the housing market recovery and inflation. The housing market that was growing briskly in terms of home sales and new construction in 2012 and much of 2013 has recently stalled out. How long this lasts will have a direct impact on Oregon and Clackamas County. Fortunately, Oregon with the rest of the nation is predicted to see sizable improvements of construction activity in 2014, 2015 and 2016. The risk of higher gas prices is always worrisome. With any surge in

gas prices, a consumers' disposable income is reduced, leaving less income to spend on all other goods and services. Finally, the upcoming election brings uncertainty – the ballot box and legislative changes could cause a number of unknowns with significant impacts on the Oregon economy and revenue outlook.

Clackamas County economic data is comparable to the State and National data. The housing market was strong in 2012 and most of 2013 and has recently stalled out. NCPRD is directly impacted by the housing market in collection of Parks System Development Charges. During fiscal year 2013/14, in all areas of the District excluding the City of Happy Valley, the Parks District issued 71 residential and commercial permits for new construction, a drop from 94 permits issued in fiscal year 2012/13 reflective of the recent slowdown in the housing market. The City of Happy Valley is the exception - building activity has not slowed like the other areas of the District. During fiscal year 2013/14, the City issued 340 commercial and residential permits for new construction, an increase from 247 in fiscal year 2012/13. Meanwhile, the unemployment rate is at its lowest level in six years, at 6.2 percent as of September 2014 down from 6.6 percent as of September 2013. Job growth, as mentioned above, has accelerated to 2.5 percent per year. Like much of the nation, the GDP and economic output within Clackamas County has been growing at a faster rate than job growth, with GDP and output increasing by over 4 percent over the past decade. This is an indication that companies are becoming much more efficient and productive - adding fewer employees who are producing greater output.

According to IHS Economics, the extended outlook for Oregon is good, and Oregon is expected to fare well relative to the rest of the country in the coming years. The state's Real Gross State Product is projected to be the third strongest among all states across the country in terms of growth with gains averaging 3.7 percent over the next five years through 2019. Total employment is expected to be the eighth strongest among all states at an annualized 2.0 percent, while manufacturing employment will be the fastest growing in the country at 1.6 percent. Total personal income growth is expected to be 5.4 percent per year, the eighth fastest among all states.

### *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 at June 2013 was \$2.9 million and increased to \$3.3 million at the end of fiscal year 2013/14. This increase can be largely attributed to an increase in property tax revenue due to the closure of the Clackamas County Town Center Urban renewal district. Upon closure at the end of fiscal year 2012/2013, \$551 million in assessed value was returned to the tax rolls which generated an additional \$300,000 for the District.

The Business Operations Director has also enhanced the financial reporting of the District to include a five-year forecast as well as quarterly financial updates. This additional reporting has provided the management team, the District Advisory Board and the District Budget Committee with insight and knowledge of the District's current and projected fiscal position. This enhanced

reporting has enabled District staff to continually assess operations, set priorities, evaluate services and programs, and pursue new ways to deliver services more effectively and efficiently to District residents.

District staff completed their annual analysis update of the capital assets inventory which is used to determine the dollars needed each year for the replacement and repair of the District's aging assets. This analysis and annual update help to ensure that funds are systematically set aside each year to make certain capital assets are replaced as needed and remain in good repair. The analysis and information have also been incorporated into the District's Five-Year Forecast.

Over the past several years, the District has had an ambitious long-term capital improvement projects plan. Although the District's capital improvement plan has been somewhat curtailed by the economic downturn, the District continued to move forward with the planning and construction of two District neighborhood parks during fiscal year 2013/2014.

NCPRD partnered with Icon Development to acquire and develop Pioneer Park, a new two-acre neighborhood park which includes a playground with climbing boulders and logs, swings, a basketball court, picnic shelter and tables, a perimeter trail and open play areas. Pioneer Park was the last of the six Sunnyside Village parks that were identified in the Sunnyside Village Plan, adopted within the Clackamas County Comprehensive Plan in 1993. Funding of these parks was provided by a special park acquisition and development fee paid by developers in the community. The grand opening of Pioneer Park occurred in September 2013.

NCPRD partnered with the City of Damascus to complete construction of Trillium Creek Park, a new one-acre neighborhood park in the Anderegg neighborhood. The land for the park was acquired by NCPRD prior to Damascus incorporating and now resides in the City of Damascus. The design includes a playground, walking path, covered picnic area, basketball court, and open play areas. The park includes a climbing and bouldering element for children. Park development was made possible with funding provided by the City of Damascus, the 2006 Metro Natural Areas Bond Measure and NCPRD. The grand opening of Trillium Creek Park occurred in June 2014.

NCPRD partnered with Metro and Happy Valley to acquire and develop the new Scouter Mountain Nature Park. NCPRD wrote a state parks grant for \$295,000 that was awarded to Metro for construction. Staff also assisted with design and construction management, and took part in a public art design process. The park opened in late summer 2014.

### *Major Initiatives*

In 2012, the District began the process to update the District's Master Plan. The current plan was adopted by the Board of County Commissioners in 2004. The process to update our Parks and Recreation Master Plan and Strategic Plan with revised goals, objectives and policies that address current and future desires and needs of our residents began in the spring of 2012. The original Parks and Recreation Master Plan was developed in 1990 upon creation of the District and the Plans were subsequently updated in 2004. Since that last update, the City of Happy Valley annexed into the District and the population of the District grew considerably. The District has also added a number of new parks, including Hood View Park, Mount Talbert Nature Park, Pfeifer Park, Stringfield Park, and the Trolley Trail and acquired a number of properties that need to be incorporated into the new plan. The updated plan reflects this growth and the evolving needs of the community, providing a road map for the future direction of the District now entering its third decade of existence.

To engage District residents in this update, the District hosted a number of community meetings, conducted a statistically valid survey and completed an inventory of park resources.

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

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

The NCPRD management team is working in conjunction with the District Advisory Board and Board of County Commissioners, serving in their capacity as the NCPRD Board, to implement the Master Plan and establish a sustainable, long-term strategy for the District moving forward.

Implementing the vision developed throughout this planning process will require effort, creativity, and additional resources in order to fund acquisition, development, operations and maintenance. Through a focused and thoughtful effort, together with partners and stakeholders, the District can achieve strategic growth to meet the needs and desires of District residents into the next decade.

The District is also in the process of completing a Cost Recovery Model. Cost Recovery Models are used to prioritize and rank programs and services with their associated level of tax base subsidy. This model will give management the tools needed to make appropriate pricing decisions for the District's recreation and sports programs as well as provide information on program use and effectiveness to determine which programs should be retained or expanded and which programs are in decline and should be eliminated.

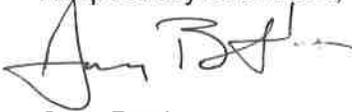
#### *Awards and Acknowledgements*

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, 2013. This was the twentieth 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.

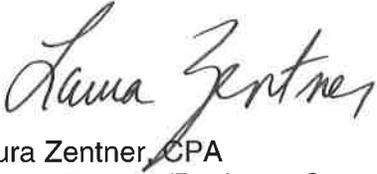
A Certificate of Achievement is valid for one year. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the Government Finance Officers Association to determine its eligibility for another certificate.

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,



Gary Barth  
Director  
North Clackamas Parks and Recreation District



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

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Government Finance Officers Association

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

Presented to

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

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

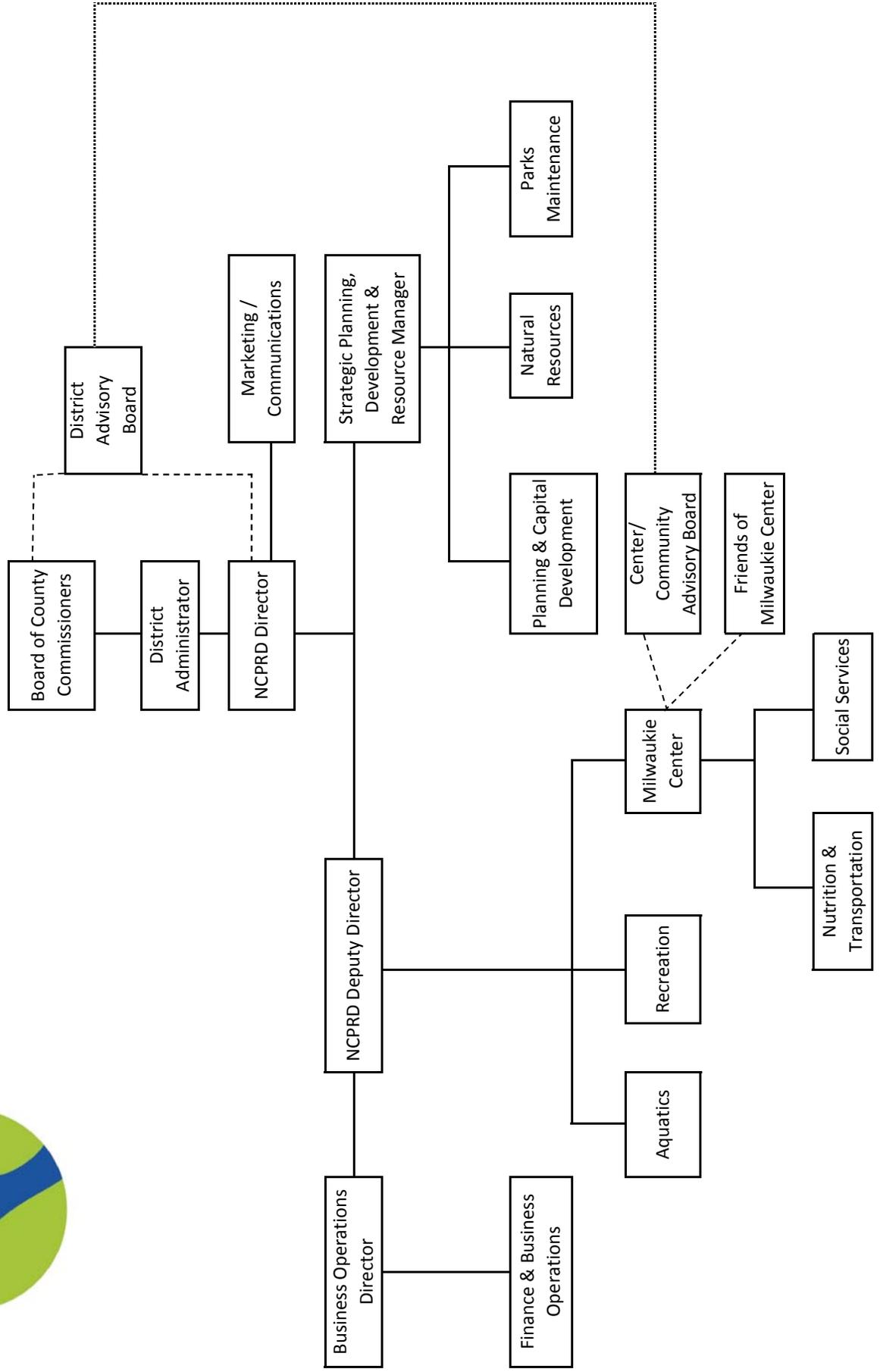
**June 30, 2013**

Executive Director/CEO

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# North Clackamas Parks and Recreation District 2013-2014 Organization Chart



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

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

Public Services Building  
2051 Kaen Road  
Oregon City, Oregon 97045

**COMMISSIONERS AS OF JUNE 30, 2014**

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

**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

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**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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, Nutrition and Transportation Fund, System Development Charges District-Wide Fund, and System Development Charges Zone 3 Fund of North Clackamas Parks and Recreation District (the District), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## MOSS ADAMS LLP

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2014, 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 accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory 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.

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

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



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 31, 2014, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in cursive script, appearing to read "James C. Lanyon".

For Moss Adams, LLP  
Eugene, Oregon  
October 31, 2014

**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, 2014**

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, 2014. 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 \$41,803,856. Of this amount, \$7,111,677 may be used to meet ongoing obligations.
- Net position increased by \$3,168,947. 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 \$11,612,441, an increase of \$1,537,321 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 position.
- The District's total debt decreased by \$665,000 due to payments on existing debt principal.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT**  
**(A Component Unit of Clackamas County, Oregon)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2014**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

**Statement of Net Position**

A condensed version of the Statement of Net Position for fiscal years ended June 30, 2014 and June 30, 2013 follows:

	2014	2013
<b>Assets:</b>		
Current assets	\$ 13,608,958	\$ 11,437,150
Capital assets	39,430,985	39,485,636
<b>Total assets</b>	<b>53,039,943</b>	<b>50,922,786</b>
<b>Deferred Outflows of Resources</b>	173,477	-
<b>Liabilities:</b>		
Current liabilities	1,359,178	1,616,823
Liabilities due after one year	10,050,386	10,671,054
<b>Total liabilities</b>	<b>11,409,564</b>	<b>12,287,877</b>
<b>Net position:</b>		
Net investment in capital assets	28,695,599	28,149,582
Restricted for debt service	108,503	108,550
Restricted for acquisition and development	5,888,077	5,190,846
Unrestricted	7,111,677	5,185,931
<b>Total net position</b>	<b>\$ 41,803,856</b>	<b>\$ 38,634,909</b>

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT**  
**(A Component Unit of Clackamas County, Oregon)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2014**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

Total net position from governmental activities increased by \$3,168,947 or 8.2%. Net investment in capital assets increased by \$546,017 or 1.9%. This increase can be attributed to payment of principal on the debt in the amount of \$665,000 and the net effect of capital asset additions, deletions and depreciation expense during the fiscal year. The most significant capital asset additions were the completion of Trillium Creek Park and Pioneer Park. Net position restricted for acquisition and development increased by \$697,231 or 13.4%. These restricted assets are primarily system development charge revenues which are generated by commercial and residential development activity.

It should be noted that the Statement of Net Position now reflects the implementation of GASB 65. The Deferred Outflow of Resources in the amount of \$173,477 reflects the reclassification of the deferred debt refunding expense being reclassified to Deferred Outflows of Resources. In prior year, this amount was netted in the liabilities line item.

**Statement of Activities** The Statement of Activities for fiscal years ended June 30, 2014 and 2013 follows:

	2014	2013
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 4,892,226	\$ 4,536,423
Operating grants and contributions	1,099,899	812,842
Capital grants and contributions	508,379	6,892,951
<b>Total program revenues</b>	6,500,504	12,242,216
General revenues:		
Property taxes	5,989,488	5,414,332
Earnings on investments	52,818	50,801
Loss on disposal of capital assets	-	(10,782)
Miscellaneous	47,322	154,387
<b>Total general revenues</b>	6,089,628	5,608,738
<b>Total revenues</b>	12,590,132	17,850,954
<b>Expenses</b>		
Culture and recreation	6,400,741	6,594,107
Health and welfare	2,557,450	2,653,230
Interest on long-term debt	462,994	409,488
<b>Total expenses</b>	9,421,185	9,656,825
Changes in net position	3,168,947	8,194,129
Net position, beginning of year	38,634,909	30,440,780
Net position, end of year	\$ 41,803,856	\$ 38,634,909

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT**  
**(A Component Unit of Clackamas County, Oregon)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2014**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

District program expenditure categories include culture, education and recreation, and health and welfare. Culture, education and recreation includes all activities in the aquatic, sports 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 decreased by \$5,741,702 or 46.9%. This decrease can be attributed to a decrease in *Contributed Capital* from prior year in the amount of \$6,226,143 mainly due to the addition of the Trolley Trail in fiscal year 2012/2013 in the amount of \$5,836,565. In fiscal year 2013/2014, *Contributed Capital* was \$508,379 which reflects the addition of Pioneer Park. In addition, charges for services increased due to additional sports programs offered throughout the district.

District general revenues increased by \$480,890 or 8.6%, in part due to increased property tax receipts of approximately \$570,000. *Miscellaneous revenue* decreased by \$107,065 due to a prior year rebate from the Energy Trust of Oregon in the amount of \$94,623. The loss on disposal of capital assets decreased by \$10,782 due to a reclassification of the current year loss of \$8,010 into direct program expenses. Finally, earnings on investments increased by \$2,017 due to a higher cash balance throughout the fiscal year and slightly higher interest rates; unfortunately, the interest rates continue to remain low.

Program specific expenses decreased by \$235,640 or 2.4%, largely due to a decrease in the depreciation expense from prior year in the amount of \$200,910. The District continues to put forth a strong effort to provide services in the most cost effective manner possible and thus has been able to hold expenses steady despite rising wage and benefit costs and increases in energy costs.

Program specific expenses exceeded program revenues in 2014 by \$2,920,681. The change from prior year is reflective of the *Contributed Capital* in the amount of \$5,836,565 recognized as program revenue in fiscal year 2012/2013 due to the addition of the Trolley Trail.

The District is currently working on implementing a cost analysis methodology to determine the actual costs of running individual programs. Once we have this detailed information, we can strategically decide which programs the District will subsidize and to what degree those programs will be subsidized with property tax dollars.

**FUND ANALYSIS**

The primary fund of the District, the General Fund, ended the year with a fund balance of \$3,399,553, an increase of \$393,434 from prior year. The key factors contributing to this increase are the increase in property tax revenue of approximately \$564,000 from prior year and decrease of over \$162,000 in operating expenditures from prior year due to two personnel vacancies during the year.

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT  
(A Component Unit of Clackamas County, Oregon)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2014**

**FUND ANALYSIS (Continued)**

The Nutrition and Transportation Fund ended the year with a fund balance of \$609,719, down \$22,880 from 2013. The decrease is primarily due to a slight decrease in intergovernmental revenues from prior year and an increase of approximately \$25,000 in program expenditures from prior year. Expenditures exceed revenues in this fund; therefore a transfer from the General Fund of \$200,000 was needed to subsidize program expenditures.

The Capital Projects Fund ended the year with an ending fund balance of \$2,666,554, a decrease of \$199,911 from prior year. This decrease can be attributed to the net effect of the revenues and expenditures related to two capital projects – Pioneer Park and Trillium Creek Park. In addition, the District changed the procedure for managing capital projects and, effective July 1, 2013, system development charge revenue is only transferred after an expenditure occurs - on a reimbursement basis. The impacts of this new procedure can be seen in the significant decrease in *Transfers In* compared to prior year.

The System Development Charges Fund (District-wide) and the System Development Charges Fund (Zone 3) have a combined ending fund balance of \$3,046,919, an increase of \$813,107 from prior year. This increase is primarily due to a change in the procedure for managing System Development Charges (SDC's). As mentioned above, SDC's are only transferred to the Capital Projects Fund on a reimbursement basis after the expenditure has occurred; in the past, transfers occurred prior to the expenditure and annually as SDC's were received.

The Capital Asset Replacement Fund ended the year with an ending fund balance of \$1,507,304, an increase of \$466,039 from prior year. This increase can be attributed to an increase in the General Fund transfer into the Capital Asset Replacement Fund of approximately \$240,000 as well as a decrease in repair and replacement expenditures in fiscal year 2013/2014. The remaining fund balance will carry forward for future repair and replacement needs.

**General Fund Budgetary Highlights**

When comparing final budget to actual revenues, total actual General Fund revenues are higher than budget by \$166,757. This variance is primarily due to the property taxes revenue category which came in higher than budget by \$259,278. Total expenditures (excluding contingency) in the General Fund Programs are under budget by \$920,452. This is primarily due to an intentional staff effort to examine and reduce expenditures where possible and also reflects two vacant positions during fiscal year 2013/2014. 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 amended two times during fiscal year 2013/2014 in various divisions to account for additional expenditures related to program changes and to recognize additional beginning fund balance for programs and projects.

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT**  
**(A Component Unit of Clackamas County, Oregon)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2014**

**CAPITAL ASSETS**

As of June 30, 2014 and 2013, the District had invested \$39,430,985 and \$39,485,636 in capital assets, respectively, net of depreciation as reflected in the following table:

	<u>2014</u>	<u>2013</u>
Land	\$ 18,313,129	\$ 18,069,199
Construction in progress	362,312	465,457
Buildings	1,726,659	2,219,678
Office equipment	151,173	189,076
Improvements	18,696,894	18,381,842
Vehicles	180,818	160,384
	<u>\$ 39,430,985</u>	<u>\$ 39,485,636</u>

Overall, investment in capital assets decreased \$54,651 during the year. This decrease is due to the combination of depreciation expense on current assets as well as the addition of Pioneer Park and Trillium Creek Parks. Please refer to Notes to Basic Financial Statements - Note 1 for capital asset policy, and Note 6 for a detailed summary of activity.

**DEBT ADMINISTRATION**

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

Oregon Full Faith and Credit bonds were issued in 2008 to acquire and develop approximately 35 acres of land in the City of Happy Valley for District facilities. In FY 2009-10, the District completed Phase I of this 35-acre sports complex which includes four full-size, all-weather turf softball/baseball fields with lights, one overlaid multipurpose field, a gravel walking trail, parking areas, utilities, landscaping and a concessions building. The Full Faith and Credit Obligations have a term of twenty years and a variable interest rate of 3.25 to 4.00% per annum.

The following condensed schedule compares year end balances for 2014 and 2013. Please refer to Notes to Basic Financial Statements - Note 10 for additional detail.

	<u>2014</u>	<u>2013</u>
Full Faith and Credit Obligations	\$ 10,610,000	\$ 11,275,000
	<u>\$ 10,610,000</u>	<u>\$ 11,275,000</u>

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT**  
**(A Component Unit of Clackamas County, Oregon)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2014**

**ECONOMIC FACTORS**

Property taxes represent a significant revenue source for the District's governmental funds, approximately 47.6% and 30.3% of total revenues in 2014 and 2013, respectively. This increase in the percentage of property taxes in relation to total revenues in fiscal year 2013/2014 is reflective of the addition of the Trolley Trail as Contributed Capital in fiscal year 2012/2013 as mentioned previously. Property tax revenue increased by \$575,156 or 10.6% from prior year due in part to the assessed value of properties in the District increasing more than projected. Additionally, a significant portion of the increase is due to the closure of the Town Center Urban Renewal District which accounts for over \$300,000 of the increase noted above. 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 "growth related" capital projects within the District. In fiscal year 2012/2013, System Development Charge revenue was \$2,483,299 and in fiscal year 2013/2014 decreased to \$1,720,686. The decrease is reflective of a delay of System Development Charge receipts in the amount of \$888,321 from the City of Happy Valley for the period March through June, 2014. After adding the delayed revenue, the recalculated SDC revenue for fiscal year 2013/2014 would have been \$2,609,007 reflecting an actual increase of 5.06% from prior year. The delayed payment will be recognized as revenue for the governmental funds in fiscal year 2014/2015. The District is dependent on this revenue to construct new capital assets throughout the District.

**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 Beavercreek Road, Oregon City, Oregon 97045. The District's telephone number is (503)742-4351. You can also reach us through our web page at <http://ncprd.com>.

**BASIC FINANCIAL STATEMENTS**

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT**  
**(A Component Unit of Clackamas County, Oregon)**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Cash and investments	\$ 12,025,059
Property taxes receivable	369,815
Accounts receivable	1,212,382
Prepaid expense	1,702
Capital assets	
Capital assets not being depreciated	18,675,441
Capital assets being depreciated, net	<u>20,755,544</u>
<b>TOTAL ASSETS</b>	<u><b>53,039,943</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred charge on debt refunding	<u>173,477</u>
<b>LIABILITIES:</b>	
Accounts payable	164,074
Accrued interest payable	70,532
Due to Clackamas County	439,572
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	685,000
Portion due or payable after one year:	
Bonds payable	<u>10,050,386</u>
<b>TOTAL LIABILITIES</b>	<u><b>11,409,564</b></u>
<b>NET POSITION:</b>	
Net investment in capital assets	28,695,599
Restricted for debt service	108,503
Restricted for acquisition and development	5,888,077
Unrestricted	<u>7,111,677</u>
<b>TOTAL NET POSITION</b>	<u><u><b>\$ 41,803,856</b></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, 2014**

<b>FUNCTIONS/PROGRAMS</b>	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Culture, education and recreation	\$ 6,400,741	\$ 3,501,228	\$ 650,916	\$ 508,379	\$ (1,740,218)
Health and welfare	2,557,450	1,390,998	448,983	-	(717,469)
Interest on long-term debt	462,994	-	-	-	(462,994)
<b>Total</b>	<b>9,421,185</b>	<b>4,892,226</b>	<b>1,099,899</b>	<b>508,379</b>	<b>(2,920,681)</b>
<b>GENERAL REVENUES</b>					
					5,989,488
					52,818
					47,322
					<b>6,089,628</b>
					<b>3,168,947</b>
					<b>38,634,909</b>
					<b>\$ 41,803,856</b>

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, 2014**

	Special Revenue Funds							Total
	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	
<b>ASSETS</b>								
Cash and investments	\$ 3,770,584	\$ 659,176	\$ 1,605,755	\$ 1,437,851	\$ 2,643,120	\$ 1,529,561	\$ 379,012	\$ 12,025,059
Taxes receivable	369,815	-	-	-	-	-	-	369,815
Accounts receivable	65,826	-	483,006	408,628	60,915	190,627	3,380	1,212,382
Prepaid items	1,582	120	-	-	-	-	-	1,702
<b>TOTAL ASSETS</b>	<b>\$ 4,207,807</b>	<b>\$ 659,296</b>	<b>\$ 2,088,761</b>	<b>\$ 1,846,479</b>	<b>\$ 2,704,035</b>	<b>\$ 1,720,188</b>	<b>\$ 382,392</b>	<b>\$ 13,608,958</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 106,931	\$ 7,470	\$ -	\$ -	\$ 27,416	\$ 22,257	\$ -	\$ 164,074
Due to Clackamas County	387,400	42,107	-	-	10,065	-	-	439,572
<b>TOTAL LIABILITIES</b>	<b>494,331</b>	<b>49,577</b>	<b>-</b>	<b>-</b>	<b>37,481</b>	<b>22,257</b>	<b>-</b>	<b>603,646</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable Revenue	313,923	-	479,693	408,628	-	190,627	-	1,392,871
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>313,923</b>	<b>-</b>	<b>479,693</b>	<b>408,628</b>	<b>-</b>	<b>190,627</b>	<b>-</b>	<b>1,392,871</b>
<b>FUND BALANCES</b>								
Nonspendable	1,582	120	-	-	-	-	-	1,702
Restricted	-	-	1,609,068	1,437,851	2,666,554	-	283,107	5,996,580
Assigned	-	609,599	-	-	-	1,507,304	99,285	2,216,188
Unassigned	3,397,971	-	-	-	-	-	-	3,397,971
<b>TOTAL FUND BALANCES</b>	<b>3,399,553</b>	<b>609,719</b>	<b>1,609,068</b>	<b>1,437,851</b>	<b>2,666,554</b>	<b>1,507,304</b>	<b>382,392</b>	<b>11,612,441</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<b>\$ 4,207,807</b>	<b>\$ 659,296</b>	<b>\$ 2,088,761</b>	<b>\$ 1,846,479</b>	<b>\$ 2,704,035</b>	<b>\$ 1,720,188</b>	<b>\$ 382,392</b>	<b>\$ 13,608,958</b>

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

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT  
(A Component Unit of Clackamas County, Oregon)  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2014**

TOTAL FUND BALANCE		\$ 11,612,441
Total net position shown in the Statement of Net Position and the Statement of Activities are different because:		
Capital assets are not financial resources for fund reporting purposes and therefore are not reported in the governmental funds.		39,430,985
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.		1,392,871
Deferred charge on debt refunding.		173,477
Long-term assets, such as bond discounts, are not reported as governmental fund assets and liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when it is due. These long-term assets and liabilities consist of:		
Accrued interest payable	(70,532)	
Bonds payable, net of bond premium	<u>(10,735,386)</u>	
Total effect of long-term assets and liabilities		<u>(10,805,918)</u>
TOTAL NET POSITION		<u><u>\$ 41,803,856</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 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Special Revenue Funds							Total
	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	
<b>REVENUES:</b>								
Property taxes	\$ 5,978,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,978,500
Licenses and permits	-	-	924,581	712,575	-	-	83,530	1,720,686
Interest	18,351	2,637	11,629	4,304	10,253	4,303	1,340	52,817
Intergovernmental	133,956	301,328	-	-	305,833	-	-	741,117
Charges for services	1,928,357	24,573	-	-	354,865	-	-	2,307,795
Contributions	20,500	141,702	-	-	-	-	-	162,202
Miscellaneous	14,877	13,825	-	-	-	-	-	28,702
<b>TOTAL REVENUES</b>	<b>8,094,541</b>	<b>484,065</b>	<b>936,210</b>	<b>716,879</b>	<b>670,951</b>	<b>4,303</b>	<b>84,870</b>	<b>10,991,819</b>
<b>EXPENDITURES:</b>								
Current:								
Culture, education and recreation	5,297,436	-	-	-	-	-	-	5,297,436
Health and welfare	1,406,485	674,613	-	-	-	23,513	-	2,104,611
Capital outlay	-	-	-	-	870,862	122,251	-	993,113
Debt service:								
Principle	-	-	-	-	-	-	665,000	665,000
Interest and fiscal charges	-	-	-	-	-	-	394,338	394,338
<b>TOTAL EXPENDITURES</b>	<b>6,703,921</b>	<b>674,613</b>	<b>-</b>	<b>-</b>	<b>870,862</b>	<b>145,764</b>	<b>1,059,338</b>	<b>9,454,498</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,390,620</b>	<b>(190,548)</b>	<b>936,210</b>	<b>716,879</b>	<b>(199,911)</b>	<b>(141,461)</b>	<b>(974,468)</b>	<b>1,537,321</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers in	302,814	200,000	-	-	-	607,500	1,062,000	2,172,314
Transfers out	(1,300,000)	(32,332)	(839,982)	-	-	-	-	(2,172,314)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(997,186)</b>	<b>167,668</b>	<b>(839,982)</b>	<b>-</b>	<b>-</b>	<b>607,500</b>	<b>1,062,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>393,434</b>	<b>(22,880)</b>	<b>96,228</b>	<b>716,879</b>	<b>(199,911)</b>	<b>466,039</b>	<b>87,532</b>	<b>1,537,321</b>
<b>FUND BALANCE, JUNE 30, 2013</b>	<b>3,006,119</b>	<b>632,599</b>	<b>1,512,840</b>	<b>720,972</b>	<b>2,866,465</b>	<b>1,041,265</b>	<b>294,860</b>	<b>10,075,120</b>
<b>FUND BALANCE, JUNE 30, 2014</b>	<b>\$ 3,399,553</b>	<b>\$ 609,719</b>	<b>\$ 1,609,068</b>	<b>\$ 1,437,851</b>	<b>\$ 2,666,554</b>	<b>\$ 1,507,304</b>	<b>\$ 382,392</b>	<b>\$ 11,612,441</b>

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, 2014**

NET CHANGE IN FUND BALANCES		\$ 1,537,321
<p>The change in net position 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	951,074	
Contributed capital asset	508,379	
Loss on disposal of asset	(8,010)	
Depreciation	(1,506,094)	(54,651)
<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 position and the payment of long-term debt principal increases net position.</p>		
Amortization of bond premium		11,573
Implementation of GASB 65 - bond issuance costs expensed		(183,430)
Amortization of deferred refunding		97,573
Payment of long-term debt principal		665,000
<p>In the Statement of Activities interest is accrued on long-term debt and the expense reduces net position. In the governmental funds interest expense is only recognized when it is due.</p>		
		5,625
<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>		
		1,089,936
CHANGE IN NET POSITION		\$ 3,168,947

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, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 5,720,803	\$ 5,720,803	\$ 5,980,081	\$ 259,278
Charges for services	2,014,662	2,014,662	1,928,357	(86,305)
Intergovernmental	145,900	145,900	133,956	(11,944)
Interest	12,500	12,500	18,351	5,851
Donations	14,000	14,000	20,500	6,500
Miscellaneous	21,500	21,500	14,877	(6,623)
<b>TOTAL REVENUES</b>	<b>7,929,365</b>	<b>7,929,365</b>	<b>8,096,122</b>	<b>166,757</b>
<b>EXPENDITURES:</b>				
Current:				
Administration	920,021	890,021	761,679	128,342
Park services	1,861,207	1,841,207	1,638,274	202,933
Program services	1,242,520	1,172,520	976,815	195,705
Milwaukie Center	639,715	639,715	574,295	65,420
Aquatic Park	1,780,234	1,795,234	1,735,869	59,365
Marketing and communications	323,081	323,081	288,766	34,315
Planning and development	380,064	650,064	487,278	162,786
Natural Resources	342,531	312,531	240,945	71,586
Contingency	1,752,869	2,161,452	-	2,161,452
<b>TOTAL EXPENDITURES</b>	<b>9,242,242</b>	<b>9,785,825</b>	<b>6,703,921</b>	<b>3,081,904</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,312,877)</b>	<b>(1,856,460)</b>	<b>1,392,201</b>	<b>3,248,661</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	312,814	312,814	302,814	(10,000)
Transfers out	(1,405,000)	(1,405,000)	(1,300,000)	105,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,092,186)</b>	<b>(1,092,186)</b>	<b>(997,186)</b>	<b>95,000</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,405,063)</b>	<b>(2,948,646)</b>	<b>395,015</b>	<b>3,343,661</b>
<b>FUND BALANCE, JUNE 30, 2013</b>	<b>2,405,063</b>	<b>2,948,646</b>	<b>2,948,646</b>	<b>-</b>
<b>FUND BALANCE, JUNE 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,343,661</b>	<b>\$ 3,343,661</b>
<b>ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (U.S. GAAP BASIS):</b>				
Property taxes susceptible to accrual recognized as revenue on the U.S. GAAP basis			55,892	
<b>FUND BALANCE (U.S. GAAP BASIS) - June 30, 2014</b>			<b>\$ 3,399,553</b>	

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, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 8,500	\$ 8,500	\$ 24,573	\$ 16,073
Intergovernmental	318,926	318,926	301,328	(17,598)
Interest	2,800	2,800	2,637	(163)
Donations	142,000	142,000	141,702	(298)
Miscellaneous	11,500	11,500	13,825	2,325
<b>TOTAL REVENUES</b>	<b>483,726</b>	<b>483,726</b>	<b>484,065</b>	<b>339</b>
<b>EXPENDITURES:</b>				
Current:				
Health and welfare				
Nutrition and Transportation Division	670,995	691,995	674,613	17,382
Contingency	609,403	588,403	-	588,403
<b>TOTAL EXPENDITURES</b>	<b>1,280,398</b>	<b>1,280,398</b>	<b>674,613</b>	<b>605,785</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(796,672)</b>	<b>(796,672)</b>	<b>(190,548)</b>	<b>606,124</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	200,000	200,000	200,000	-
Transfers out	(32,332)	(32,332)	(32,332)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>167,668</b>	<b>167,668</b>	<b>167,668</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(629,004)</b>	<b>(629,004)</b>	<b>(22,880)</b>	<b>606,124</b>
<b>FUND BALANCE, JUNE 30, 2013</b>	<b>629,004</b>	<b>629,004</b>	<b>632,599</b>	<b>3,595</b>
<b>FUND BALANCE, JUNE 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 609,719</b>	<b>\$ 609,719</b>

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**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 1,000,000	\$ 1,000,000	\$ 924,581	\$ (75,419)
Interest	6,500	6,500	11,629	5,129
<b>TOTAL REVENUES</b>	<u>1,006,500</u>	<u>1,006,500</u>	<u>936,210</u>	<u>(70,290)</u>
<b>EXPENDITURES:</b>				
Contingency	1,314,331	1,314,331	-	1,314,331
<b>TOTAL EXPENDITURES</b>	<u>1,314,331</u>	<u>1,314,331</u>	<u>-</u>	<u>1,314,331</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(307,831)</u>	<u>(307,831)</u>	<u>936,210</u>	<u>1,244,041</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(839,982)	(839,982)	(839,982)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(839,982)</u>	<u>(839,982)</u>	<u>(839,982)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,147,813)	(1,147,813)	96,228	1,244,041
<b>FUND BALANCE, JUNE 30, 2013</b>	<u>1,147,813</u>	<u>1,147,813</u>	<u>1,512,840</u>	<u>365,027</u>
<b>FUND BALANCE, JUNE 30, 2014</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,609,068</u>	<u>\$ 1,609,068</u>

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

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT**  
**(A Component Unit of Clackamas County, Oregon)**  
**SYSTEM DEVELOPMENT CHARGES ZONE 3 FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 700,000	\$ 700,000	\$ 712,575	\$ 12,575
Interest	3,000	3,000	4,304	1,304
<b>TOTAL REVENUES</b>	<u>703,000</u>	<u>703,000</u>	<u>716,879</u>	<u>13,879</u>
<b>EXPENDITURES:</b>				
Contingency	<u>1,272,527</u>	<u>1,272,527</u>	<u>-</u>	<u>1,272,527</u>
<b>TOTAL EXPENDITURES</b>	<u>1,272,527</u>	<u>1,272,527</u>	<u>-</u>	<u>1,272,527</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(569,527)</u>	<u>(569,527)</u>	<u>716,879</u>	<u>1,286,406</u>
<b>NET CHANGE IN FUND BALANCE</b>	(569,527)	(569,527)	716,879	1,286,406
<b>FUND BALANCE, JUNE 30, 2013</b>	<u>569,527</u>	<u>569,527</u>	<u>720,972</u>	<u>151,445</u>
<b>FUND BALANCE, JUNE 30, 2014</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,437,851</u></u>	<u><u>\$ 1,437,851</u></u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT  
(A Component Unit of Clackamas County, Oregon)  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014**

**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 provides a full range of park and recreation services to the community. These services include natural and developed park areas, recreational programs and activities, a full-service senior center providing social and recreational programs, a full-service aquatic center with multiple pools, water recreation, instruction programs, and a full-service sports complex with world-class ball fields with all-weather turf and a walking path. Personnel of the Clackamas County Finance Department provide partial assistance to Business and Community Services staff, which is responsible for District fiscal and accounting functions. Since the County is financially accountable for and significantly influences the operations of the District, the District is included in the financial statements of the County.

**Basis of Presentation, Measurement Focus, and Basis of Accounting**

**Government-wide Financial Statements**

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

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

Net position 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, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Fund Financial Statements (Continued)**

The District reports the following major funds:

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

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

The 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, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Measurement Focus and Basis of Accounting**

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

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

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

**Fund Balances**

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

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

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

Fund balance is reported as *Restricted* when the resources have 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, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Balances (Continued)**

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

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.

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

Fund balances by classification for the year ended June 30, 2014 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	\$ 1,582	\$ 120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,702
Restricted for:								
Debt service reserve	-	-	-	-	-	-	108,503	108,503
Acquisition and development	-	-	1,609,068	1,437,851	2,666,554	-	174,604	5,888,077
Assigned to:								
Health and welfare	-	609,599	-	-	-	-	-	609,599
Debt service reserve	-	-	-	-	-	-	99,285	99,285
Acquisition and development	-	-	-	-	-	1,507,304	-	1,507,304
Unassigned:	3,397,971	-	-	-	-	-	-	3,397,971
Total fund balances	<u>\$ 3,399,553</u>	<u>\$ 609,719</u>	<u>\$ 1,609,068</u>	<u>\$ 1,437,851</u>	<u>\$ 2,666,554</u>	<u>\$ 1,507,304</u>	<u>\$ 382,392</u>	<u>\$ 11,612,441</u>

**Use of Estimates**

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

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT**  
**(A Component Unit of Clackamas County, Oregon)**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Investments**

ORS 294.035 authorizes the District to invest in general obligations of the United States and its agencies, debt obligations of the state of Oregon, California, Idaho, and Washington and their political subdivisions, banker's acceptances, corporate indebtedness, commercial paper, repurchase agreements, time certificates of deposit, fixed or variable life insurance contracts, and the State Treasurer's Local Government Investment Pool (LGIP).

Cash and investments comprise funds held and invested by the County Treasurer and the LGIP. 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, 2014.

**Property Taxes Receivable**

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

**Accounts Receivable**

Accounts receivable primarily consist of outstanding system development charges generated from new residential and commercial development throughout the District. All accounts receivable are shown net of an allowance for uncollectible accounts. As of June 30, 2014, the District believes all accounts receivable are fully collectible and an allowance for uncollectible accounts is not warranted.

**Deferred Outflows/Inflows of Resources**

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

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

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT**  
**(A Component Unit of Clackamas County, Oregon)**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated 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. The District is paying for contracted services from the County that includes the amount to cover employee benefits. Since District personnel are employees of the County, the District has no obligation for related personnel expense accruals not currently reimbursed through the contracted rate.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY [BUDGET]**

A budget is prepared and legally adopted for all funds on the modified accrual basis of accounting, except for property taxes in the General Fund which are budgeted on the cash basis. The budget is adopted by the Board, appropriations made and the tax levy is declared no later than June 30. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The General Fund has appropriations made at the program level – administration, park services, program services, Milwaukie Center, Aquatic Center, marketing and communications, 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 recognized on a cash basis.

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

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT  
(A Component Unit of Clackamas County, Oregon)  
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2014**

**3. CHANGE IN ACCOUNTING PRINCIPLE**

The District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, as of June 30, 2013. This standard impacted financial reporting by establishing accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The District's beginning net position was not restated because the effect of expensing bond issuance costs is immaterial.

**4. CASH AND INVESTMENTS**

Cash and investments are comprised of the following:

Petty cash/change fund	\$ 3,546
Cash and cash equivalents with the County Treasurer	1,116,828
State of Oregon Treasurer's Local Government Investment Pool	10,904,685
	\$ 12,025,059

Investments with the County Treasurer represent the District's equity in pooled accounts maintained by the County Treasurer. Investments with a remaining maturity of more than one year, at the time of purchase, are stated at fair value, which approximates cost. Fair value is determined by the quoted market price, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. State statutes authorize the 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, 2014 Comprehensive Annual Financial Report of Clackamas County for compliance with these statutes.

Investments in the LGIP are stated at fair value, which approximates cost. The Oregon State Treasury administers the LGIP. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local government in Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board, which is not registered with the U.S. Securities and Exchange Commission as an investment company. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. The Oregon Short-Term Fund financial statements and its portfolio rules can be obtained at [www.ost.state.or.us](http://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, 2014**

**5. ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2014, are as follows:

Accounts receivable	General Fund	System	System	Capital Projects Fund	Capital Asset Replacement Fund	Other Governmental Funds	Total
		Development Charges District-Wide Fund	Development Charges Zone 3 Fund				
System development charges	\$ -	\$ 483,006	\$ 408,628	\$ -	\$ -	\$ 3,380	\$ 895,014
Energy incentives tax credit	-	-	-	-	190,627	-	190,627
Intergovernmental	-	-	-	60,915	-	-	60,915
Charges for services	65,826	-	-	-	-	-	65,826
Gross receivables	65,826	483,006	408,628	60,915	190,627	3,380	1,212,382
Less: allowance for uncollectibles	-	-	-	-	-	-	-
Net total accounts receivable	\$ 65,826	\$ 483,006	\$ 408,628	\$ 60,915	\$ 190,627	\$ 3,380	\$ 1,212,382

\* Accounts receivable at June 30, 2014 includes deferred inflows of resources of \$190,627 for the Energy Incentives Tax Credit and \$888,321 in System Development Charges.

**6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance				Balance June 30, 2014
	June 30, 2013	Increases	Transfers	Deletions	
Capital assets not being depreciated:					
Land	\$ 18,069,199	\$ 18,930	\$ 225,000	\$ -	\$ 18,313,129
Construction in progress	465,457	802,181	(905,326)	-	362,312
Total capital assets not being depreciated	18,534,656	821,111	(680,326)	-	18,675,441
Capital assets being depreciated:					
Buildings	12,355,056	-	-	-	12,355,056
Office equipment	696,753	9,807	-	(5,401)	701,159
Improvements	21,263,847	559,878	680,326	-	22,504,051
Vehicles	600,020	68,657	-	(74,693)	593,984
Total capital assets being depreciated	34,915,676	638,342	680,326	(80,094)	36,154,250
Less accumulated depreciation for:					
Buildings	(10,135,378)	(493,019)	-	-	(10,628,397)
Office equipment	(507,677)	(47,170)	-	4,861	(549,986)
Improvements	(2,882,005)	(925,152)	-	-	(3,807,157)
Vehicles	(439,636)	(40,753)	-	67,223	(413,166)
Total accumulated depreciation	(13,964,696)	(1,506,094)	-	72,084	(15,398,706)
Total capital assets being depreciated, net	20,950,980	(867,752)	680,326	(8,010)	20,755,544
Total capital assets, net	\$ 39,485,636	\$ (46,641)	\$ -	\$ (8,010)	\$ 39,430,985

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT  
(A Component Unit of Clackamas County, Oregon)  
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)  
YEAR ENDED JUNE 30, 2014**

**6. CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged as follows:

Culture and recreation	\$ 1,069,327
Health and welfare	436,767
	<u>1,506,094</u>

**7. DUE TO/FROM CLACKAMAS COUNTY**

\$439,572 is due to Clackamas County as of June 30, 2014 related to services received.

**8. TRANSFERS TO/FROM OTHER FUNDS**

Transfers to/from other funds for the year ended June 30, 2014, consisted of the following:

<u>Amount</u>	<u>Description</u>
\$ 500,000	From the General Fund to Other Governmental Funds for bond payments.
600,000	From the General Fund to the Capital Asset Replacement Fund for capital asset repair, replacement and acquisition.
200,000	From the General Fund to the Nutrition and Transportation Fund to support the Nutrition and Transportation programs.
24,832	From the Nutrition and Transportation Fund to the General Fund for the reimbursement of various utility costs.
7,500	From the Nutrition and Transportation Fund to the Capital Asset Replacement Fund for capital asset repair, replacement and acquisition.
277,982	From the System Development Charges District-Wide Fund to the General Fund to reimburse labor expenditures related to capital asset construction and acquisition.
562,000	From the System Development Charges District-Wide Fund to Other Governmental Funds for bond payments.
<u>\$ 2,172,314</u>	

**9. 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.

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT**  
**(A Component Unit of Clackamas County, Oregon)**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2014**

**9. RISK MANAGEMENT (CONTINUED)**

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.

**10. LONG-TERM DEBT**

In 2008 the District issued Full Faith and Credit Obligations in the amount of \$8,000,000 to fund the creation of a new District park. The remaining annual principal and semi-annual interest payments are approximately \$572,000 per year with the final payment scheduled on December 1, 2027.

The Aquatic Park debt issued in 1993 was refunded in May 2000 by the issuance of \$8,560,000 in Limited Tax Revenue Refunding Bonds. To take advantage of low interest rates, the debt was again refunded in January 2010 by the issuance of Full Faith and Credit Refunding Bonds in the amount of \$5,660,000; life of debt was extended by 5 years. The remaining annual principal and semi-annual interest payments are approximately \$494,000 per year with the final payment scheduled on March 1, 2025.

Changes in long-term debt for the year ended June 30, 2014, are as follows:

	Interest Rates	Original Amount	Outstanding June 30, 2013	Increases	Decreases	Outstanding June 30, 2014
Full Faith and Credit Obligations						
Series 2008	3.25% - 4.00%	\$ 8,000,000	\$ 6,555,000	\$ -	\$ (330,000)	\$ 6,225,000
Full Faith and Credit Refunding Bonds						
Series 2010	2.50% - 4.00%	5,660,000	4,720,000	-	(335,000)	4,385,000
			11,275,000	-	(665,000)	10,610,000
Premiums			136,959	-	(11,573)	125,386
			11,411,959	\$ -	\$ (676,573)	10,735,386
Current Portion						(685,000)
						<u>\$ 10,050,386</u>

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT**  
**(A Component Unit of Clackamas County, Oregon)**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2014**

**10. LONG-TERM DEBT (CONTINUED)**

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
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	380,000	186,305	370,000	126,025	750,000	312,330
2019	395,000	173,320	380,000	114,925	775,000	288,245
2020-2024	2,235,000	637,736	2,115,000	353,025	4,350,000	990,761
2025-2028	2,150,000	174,546	475,000	19,000	2,625,000	193,546
	<u>\$ 6,225,000</u>	<u>\$ 1,802,200</u>	<u>\$ 4,385,000</u>	<u>\$ 1,050,750</u>	<u>\$ 10,610,000</u>	<u>\$ 2,852,950</u>

**11. GROUND LEASE**

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

**12. RELATED-PARTY TRANSACTIONS**

Labor and fringe benefit costs, administrative expenses for accounting, risk management, human resource management, technology services, public and government affairs, records management and other professional services totaling \$4,983,296 were paid to various County departments. At June 30, 2014, the District owed the County \$439,572 for such services. Internal County departments allocate their expenses to all county departments including the District. Labor and fringe benefit costs for the District are based on actual costs and all other administrative costs are based on historical actual costs and allocated based on a "cost driver".

**13. COMMITMENTS**

The District has commitments under various contracts for approximately \$82,728 at June 30, 2014. This includes construction of the Hood View Park Playground, concept plans for Spring Park, and various other small contracts.

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT**  
**(A Component Unit of Clackamas County, Oregon)**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2014**

**14. SUBSEQUENT EVENTS**

In November 2014, voters will vote on a District ballot measure that would re-form the District as an independent district separate from county government, at a new higher tax rate. The District's current tax rate is 54 cents per \$1,000 of assessed property value; the ballot measure will ask voters if they approve increasing that to 89 cents per \$1,000 (an increase which equates to about \$7 per month more on a \$250,000 home). The new rate would allow additional funding for park maintenance and programming, as well as the creation of new parks, natural areas and open spaces. Voters will be asked if they approve of this new governance model, which would provide a board of directors made up of district residents, elected by voters, to focus solely on governing the District.

**SUPPLEMENTARY INFORMATION**

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT**  
**(A Component Unit of Clackamas County, Oregon)**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

	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	
	<b>ASSETS:</b>				
Cash and Investments	\$ 8,123	\$ 163,101	\$ 99,285	\$ 108,503	\$ 379,012
Accounts receivable	-	3,380	-	-	3,380
<b>TOTAL ASSETS</b>	<b>8,123</b>	<b>166,481</b>	<b>99,285</b>	<b>108,503</b>	<b>382,392</b>
<b>FUND BALANCES:</b>					
Restricted	8,123	166,481	-	108,503	283,107
Assigned	-	-	99,285	-	99,285
<b>TOTAL FUND BALANCES</b>	<b>\$ 8,123</b>	<b>\$ 166,481</b>	<b>\$ 99,285</b>	<b>\$ 108,503</b>	<b>\$ 382,392</b>

**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, 2014**

	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	
	Fund	Fund	Fund	Fund	
<b>REVENUES:</b>					
Licenses and permits	\$ 1,814	\$ 81,716	\$ -	\$ -	\$ 83,530
Interest	29	476	394	441	1,340
<b>TOTAL REVENUES</b>	<u>1,843</u>	<u>82,192</u>	<u>394</u>	<u>441</u>	<u>84,870</u>
<b>EXPENDITURES:</b>					
Debt service:					
Principle	-	-	335,000	330,000	665,000
Interest and fiscal charges	-	-	161,850	232,488	394,338
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>496,850</u>	<u>562,488</u>	<u>1,059,338</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,843</u>	<u>82,192</u>	<u>(496,456)</u>	<u>(562,047)</u>	<u>(974,468)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	500,000	562,000	1,062,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>562,000</u>	<u>1,062,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,843	82,192	3,544	(47)	87,532
<b>FUND BALANCE, JUNE 30, 2013</b>	<u>6,280</u>	<u>84,289</u>	<u>95,741</u>	<u>108,550</u>	<u>294,860</u>
<b>FUND BALANCE, JUNE 30, 2014</b>	<u>\$ 8,123</u>	<u>\$ 166,481</u>	<u>\$ 99,285</u>	<u>\$ 108,503</u>	<u>\$ 382,392</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, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 2,000	\$ 2,000	\$ 1,814	\$ (186)
Interest	15	15	29	14
<b>TOTAL REVENUES</b>	<u>2,015</u>	<u>2,015</u>	<u>1,843</u>	<u>(172)</u>
<b>EXPENDITURES:</b>				
Contingency	6,152	6,152	-	6,152
<b>TOTAL EXPENDITURES</b>	<u>6,152</u>	<u>6,152</u>	<u>-</u>	<u>6,152</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,137)</u>	<u>(4,137)</u>	<u>1,843</u>	<u>5,980</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,137)	(4,137)	1,843	5,980
<b>FUND BALANCE, JUNE 30, 2013</b>	<u>4,137</u>	<u>4,137</u>	<u>6,280</u>	<u>2,143</u>
<b>FUND BALANCE, JUNE 30, 2014</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,123</u>	<u>\$ 8,123</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, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 150,000	\$ 150,000	\$ 81,716	\$ (68,284)
Interest	600	600	476	(124)
<b>TOTAL REVENUES</b>	<u>150,600</u>	<u>150,600</u>	<u>82,192</u>	<u>(68,408)</u>
<b>EXPENDITURES:</b>				
Contingency	224,275	224,275	-	224,275
<b>TOTAL EXPENDITURES</b>	<u>224,275</u>	<u>224,275</u>	<u>-</u>	<u>224,275</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(73,675)</u>	<u>(73,675)</u>	<u>82,192</u>	<u>155,867</u>
<b>NET CHANGE IN FUND BALANCE</b>	(73,675)	(73,675)	82,192	155,867
<b>FUND BALANCE, JUNE 30, 2013</b>	<u>73,675</u>	<u>73,675</u>	<u>84,289</u>	<u>10,614</u>
<b>FUND BALANCE, JUNE 30, 2014</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,481</u>	<u>\$ 166,481</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, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ 350	\$ 350	\$ 394	\$ 44
<b>TOTAL REVENUES</b>	<b>350</b>	<b>350</b>	<b>394</b>	<b>44</b>
<b>EXPENDITURES:</b>				
Debt Service:				
Principle	335,000	335,000	335,000	-
Interest and fiscal charges	163,000	163,000	161,850	1,150
<b>TOTAL EXPENDITURES</b>	<b>498,000</b>	<b>498,000</b>	<b>496,850</b>	<b>1,150</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(497,650)</b>	<b>(497,650)</b>	<b>(496,456)</b>	<b>1,194</b>
<b>OTHER FINANCING SOURCE:</b>				
Transfers in	500,000	500,000	500,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,350</b>	<b>2,350</b>	<b>3,544</b>	<b>1,194</b>
<b>FUND BALANCE, JUNE 30, 2013</b>	<b>95,088</b>	<b>95,088</b>	<b>95,741</b>	<b>653</b>
<b>FUND BALANCE, JUNE 30, 2014</b>	<b>\$ 97,438</b>	<b>\$ 97,438</b>	<b>\$ 99,285</b>	<b>\$ 1,847</b>

**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, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ 400	\$ 400	\$ 441	\$ 41
<b>TOTAL REVENUES</b>	<b>400</b>	<b>400</b>	<b>441</b>	<b>41</b>
<b>EXPENDITURES:</b>				
Debt Service:				
Principle	330,000	330,000	330,000	-
Interest and fiscal charges	234,000	234,000	232,488	1,512
<b>TOTAL EXPENDITURES</b>	<b>564,000</b>	<b>564,000</b>	<b>562,488</b>	<b>1,512</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(563,600)</b>	<b>(563,600)</b>	<b>(562,047)</b>	<b>1,553</b>
<b>OTHER FINANCING SOURCE:</b>				
Transfers in	562,000	562,000	562,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,600)</b>	<b>(1,600)</b>	<b>(47)</b>	<b>1,553</b>
<b>FUND BALANCE, JUNE 30, 2013</b>	<b>107,711</b>	<b>107,711</b>	<b>108,550</b>	<b>839</b>
<b>FUND BALANCE, JUNE 30, 2014</b>	<b>\$ 106,111</b>	<b>\$ 106,111</b>	<b>\$ 108,503</b>	<b>\$ 2,392</b>

**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, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 542,106	\$ 542,106	\$ 354,865	\$ (187,241)
Interest	4,000	4,000	10,253	6,253
Intergovernmental	2,148,000	2,148,000	305,833	(1,842,167)
<b>TOTAL REVENUES</b>	<u>2,694,106</u>	<u>2,694,106</u>	<u>670,951</u>	<u>(2,023,155)</u>
<b>EXPENDITURES:</b>				
Capital outlay	4,547,106	4,547,106	870,862	3,676,244
Contingency	836,725	836,725	-	836,725
<b>TOTAL EXPENDITURES</b>	<u>5,383,831</u>	<u>5,383,831</u>	<u>870,862</u>	<u>4,512,969</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,689,725)</u>	<u>(2,689,725)</u>	<u>(199,911)</u>	<u>2,489,814</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	105,000	105,000	-	(105,000)
Transfers out	(10,000)	(10,000)	-	10,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>95,000</u>	<u>95,000</u>	<u>-</u>	<u>(95,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,594,725)	(2,594,725)	(199,911)	2,394,814
<b>FUND BALANCE, JUNE 30, 2013</b>	<u>2,594,725</u>	<u>2,594,725</u>	<u>2,866,465</u>	<u>271,740</u>
<b>FUND BALANCE, JUNE 30, 2014</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,666,554</u>	<u>\$ 2,666,554</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, 2014**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ 4,000	\$ 4,000	\$ 4,303	\$ 303
Miscellaneous	100,000	100,000	-	(100,000)
<b>TOTAL REVENUES</b>	<u>104,000</u>	<u>104,000</u>	<u>4,303</u>	<u>(99,697)</u>
<b>EXPENDITURES:</b>				
Current:				
Materials and services	25,000	25,000	23,513	1,487
Capital outlay	329,345	329,345	122,251	207,094
Contingency	<u>1,328,961</u>	<u>1,328,961</u>	<u>-</u>	<u>1,328,961</u>
<b>TOTAL EXPENDITURES</b>	<u>1,683,306</u>	<u>1,683,306</u>	<u>145,764</u>	<u>1,537,542</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,579,306)</u>	<u>(1,579,306)</u>	<u>(141,461)</u>	<u>1,437,845</u>
<b>OTHER FINANCING SOURCE:</b>				
Transfers in	<u>607,500</u>	<u>607,500</u>	<u>607,500</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(971,806)	(971,806)	466,039	1,437,845
<b>FUND BALANCE, JUNE 30, 2013</b>	<u>971,806</u>	<u>971,806</u>	<u>1,041,265</u>	<u>69,459</u>
<b>FUND BALANCE, JUNE 30, 2014</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,507,304</u>	<u>\$ 1,507,304</u>

**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, 2014**

Tax Year	Taxes Receivable June 30, 2013	Levy as Extended by Assessor	Discounts Allowed	Interest	Adjustments	Collections	Taxes Receivable June 30, 2014
2013-14	\$ -	\$ 6,097,777	\$ (154,821)	\$ 3,009	\$ (9,994)	\$ (5,782,712)	\$ 153,259
2012-13	164,145	-	87	7,947	8,590	(94,168)	86,601
2011-12	91,926	-	29	8,687	5,852	(45,922)	60,572
2010-11	58,570	-	6	10,056	4,688	(38,376)	34,944
2009-10	32,973	-	1	4,480	2,196	(14,779)	24,871
2008-09	5,907	-	4	752	(498)	(1,903)	4,262
2007-08 and prior	6,888	-	-	(109)	(439)	(1,034)	5,306
	<u>\$ 360,409</u>	<u>\$ 6,097,777</u>	<u>\$ (154,694)</u>	<u>\$ 34,822</u>	<u>\$ 10,395</u>	<u>\$ (5,978,894)</u>	<u>\$ 369,815</u>

**STATISTICAL INFORMATION**

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## Statistical Section

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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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b><i>Financial Trends</i></b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	42-45
<b><i>Revenue Capacity</i></b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	46-49
<b><i>Debt Capacity</i></b> 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.	50-53
<b><i>Demographic and Economic Information</i></b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	54-56
<b><i>Operating Information</i></b> 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.	57-58

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.

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

Fiscal Year Ended June 30,	Net Investment in Capital Assets	Restricted for Debt Service	Restricted for Acquisition and Development	Unrestricted	Total Net Position
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
2013	28,149,582	108,550	5,190,846	5,185,931	38,634,909
2014	28,695,599	108,503	5,888,077	7,111,677	41,803,856

Source: Clackamas County Finance Department

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

	Fiscal Year			
	2005	2006	2007	2008
Expenses:				
Culture, education and recreation	\$ 3,258,493	\$ 3,369,398	\$ 3,884,175	\$ 4,433,921
Health and welfare	1,278,330	1,314,110	1,488,166	1,895,318
Interest on long-term debt	426,783	418,824	407,458	485,395
Total expenses	<u>4,963,606</u>	<u>5,102,332</u>	<u>5,779,799</u>	<u>6,814,634</u>
Program Revenues:				
Charges for services:				
Culture, education and recreation	2,113,522	2,195,110	4,203,073	2,435,062
Health and welfare	40,565	29,569	26,767	1,094,013
Operating grants and contributions:				
Culture, education and recreation	259,470	32,139	212,603	3,284,676
Health and welfare	545,392	585,932	666,391	1,475,724
Capital grants and contributions:				
Culture, education and recreation	-	-	-	-
Total program revenues	<u>2,958,949</u>	<u>2,842,750</u>	<u>5,108,834</u>	<u>8,289,475</u>
Net Expense	<u>(2,004,657)</u>	<u>(2,259,582)</u>	<u>(670,965)</u>	<u>1,474,841</u>
General Revenues:				
Property taxes levied for general purposes	3,293,561	3,467,569	4,331,039	4,644,258
Earnings on investments	81,386	216,720	363,496	433,408
Interagency transfer in	-	-	-	-
Loss on disposal of capital assets	-	-	-	-
Miscellaneous	82,730	78,853	32,692	247,246
Total general revenues	<u>3,457,677</u>	<u>3,763,142</u>	<u>4,727,227</u>	<u>5,324,912</u>
Change In Net Position	1,453,020	1,503,560	4,056,262	6,799,753
Cumulative effect of correction of error	-	-	-	-
Total Change In Net Position	<u>\$ 1,453,020</u>	<u>\$ 1,503,560</u>	<u>\$ 4,056,262</u>	<u>\$ 6,799,753</u>

Notes:

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

Source: Clackamas County Finance Department

		Fiscal Year									
		2009	2010	2011 (Restated)	2012	2013	2014				
\$	5,517,296	\$	5,151,374	\$	6,003,725	\$	5,686,708	\$	6,594,107	\$	6,400,741
	2,162,530		2,185,918		2,429,902		2,282,523		2,653,230		2,557,450
	638,719		603,945		475,573		430,037		409,488		462,994
	<u>8,318,545</u>		<u>7,941,237</u>		<u>8,909,200</u>		<u>8,399,268</u>		<u>9,656,825</u>		<u>9,421,185</u>
	1,814,058		2,490,750		2,409,847		3,102,933		3,220,860		3,501,228
	815,012		1,119,032		1,082,685		1,206,696		1,315,563		1,390,998
	919,061		811,586		780,870		383,558		328,305		650,916
	412,911		364,626		350,825		493,329		484,537		448,983
	-		-		-		-		6,892,951		508,379
	<u>3,961,042</u>		<u>4,785,994</u>		<u>4,624,227</u>		<u>5,186,516</u>		<u>12,242,216</u>		<u>6,500,504</u>
	<u>(4,357,503)</u>		<u>(3,155,243)</u>		<u>(4,284,973)</u>		<u>(3,212,752)</u>		<u>2,585,391</u>		<u>(2,920,681)</u>
	4,912,438		5,089,720		5,168,112		5,347,036		5,414,332		5,989,488
	196,715		32,243		22,844		36,493		50,801		52,818
	2,000,000		-		-		-		-		-
	-		-		-		-		(10,782)		-
	203,092		333,690		110,349		59,764		154,387		47,322
	<u>7,312,245</u>		<u>5,455,653</u>		<u>5,301,305</u>		<u>5,443,293</u>		<u>5,608,738</u>		<u>6,089,628</u>
	2,954,742		2,300,410		1,016,332		2,230,541		8,194,129		3,168,947
	-		-		2,236,375		-		-		-
\$	<u>2,954,742</u>	\$	<u>2,300,410</u>	\$	<u>3,252,707</u>	\$	<u>2,230,541</u>	\$	<u>8,194,129</u>	\$	<u>3,168,947</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)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund:				
Reserved for prepaid items	\$ -	\$ -	\$ -	\$ 52,650
Unreserved	2,152,979	2,456,136	2,373,420	2,731,915
Nonspendable	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 2,152,979</u>	<u>\$ 2,456,136</u>	<u>\$ 2,373,420</u>	<u>\$ 2,784,565</u>
All Other Governmental Funds:				
Special revenue funds:				
Unreserved	\$ 1,566,419	\$ 2,230,820	\$ 3,016,770	\$ 3,964,821
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Capital project funds:				
Unreserved	338,740	894,724	1,046,500	5,293,877
Restricted	-	-	-	-
Assigned	-	-	-	-
Debt service funds:				
Unreserved	22,867	48,789	45,392	70,624
Restricted	-	-	-	-
Assigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 1,928,026</u>	<u>\$ 3,174,333</u>	<u>\$ 4,108,662</u>	<u>\$ 9,329,322</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					
2009	2010	2011	2012	2013	2014
\$ 53,375	\$ -	\$ -	\$ -	\$ -	\$ -
1,547,530	-	-	-	-	-
-	7,167	840	1,640	12,530	1,582
-	2,857,900	3,369,492	2,719,137	2,993,589	3,397,971
<u>\$1,600,905</u>	<u>\$2,865,067</u>	<u>\$3,370,332</u>	<u>\$2,720,777</u>	<u>\$3,006,119</u>	<u>\$3,399,553</u>
\$ 954,203	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	99	-	120
-	811,687	1,590,255	2,596,596	2,324,381	3,221,523
-	673,843	763,252	763,156	632,599	609,599
2,137,160	-	-	-	-	-
-	595,725	393,982	1,036,967	2,866,465	2,666,554
-	321,766	572,292	1,424,499	1,041,265	1,507,304
188,378	-	-	-	-	-
-	249	251	196,938	108,550	108,503
-	82,823	83,092	-	95,741	99,285
<u>\$3,279,741</u>	<u>\$2,486,093</u>	<u>\$3,403,124</u>	<u>\$6,018,255</u>	<u>\$7,069,001</u>	<u>\$8,212,888</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			
	2005	2006	2007	2008
<b>Revenues:</b>				
Property taxes	\$ 3,313,663	\$ 3,478,838	\$ 4,299,108	\$ 4,588,601
Charges for services	1,215,846	1,313,467	1,251,602	1,962,160
Intergovernmental	663,042	677,230	943,009	4,509,277
Licenses and permits	938,241	674,111	2,719,057	1,566,915
Interest	81,386	216,720	363,496	433,408
Contributions	224,546	256,794	227,858	182,750
Grants	-	-	-	68,373
Miscellaneous	-	-	-	247,246
<b>Total revenues</b>	<b>6,436,724</b>	<b>6,617,160</b>	<b>9,804,130</b>	<b>13,558,730</b>
<b>Expenditures:</b>				
Culture and recreation	2,668,098	2,756,578	3,271,209	4,048,501
Health and welfare	1,273,234	1,305,173	1,473,169	1,722,159
Capital outlay	242,520	251,440	3,449,743	9,420,705
Debt service:				
Interest	521,090	330,000	345,000	365,000
Principal	451,367	424,505	413,397	388,558
Bond miscellaneous charges	-	-	-	-
<b>Total expenditures</b>	<b>5,156,309</b>	<b>5,067,696</b>	<b>8,952,518</b>	<b>15,944,923</b>
Excess (deficiency) of revenues over (under) expenditures	1,280,415	1,549,464	851,612	(2,386,193)
<b>Other Financing Sources:</b>				
Bond sale proceeds	-	-	-	8,000,000
Bond premium	-	-	-	17,998
Interagency transfer in	-	-	-	-
Payment to the escrow account for refunding debt	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,017,998</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,280,415</b>	<b>\$ 1,549,464</b>	<b>\$ 851,612</b>	<b>\$ 5,631,805</b>
Debt service as a percentage of noncapital expenditures	19.8%	15.7%	13.8%	11.6%

Source: Clackamas County Finance Department

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 4,850,010	\$ 5,076,968	\$ 5,190,484	\$ 5,292,033	\$ 5,414,738	\$ 5,978,500	
1,752,008	2,628,682	1,403,186	1,733,102	1,982,668	2,307,795	
570,109	759,979	22,844	749,943	883,538	741,117	
877,062	981,100	891,019	2,576,527	2,483,299	1,720,686	
196,715	32,243	2,089,346	36,493	50,801	52,817	
188,442	176,137	182,152	126,944	158,187	162,202	
573,421	-	-	-	-	-	
203,092	333,691	110,349	59,764	154,387	28,702	
<u>9,210,859</u>	<u>9,988,800</u>	<u>9,889,380</u>	<u>10,574,806</u>	<u>11,127,618</u>	<u>10,991,819</u>	
4,965,560	4,523,581	4,728,427	4,984,606	5,367,104	5,297,436	
1,916,666	1,947,534	1,945,635	2,008,466	2,158,197	2,104,611	
10,248,820	1,723,430	735,632	559,030	1,210,641	993,113	
713,054	564,755	457,391	427,128	410,588	394,338	
600,000	700,000	600,000	630,000	645,000	665,000	
-	167,987	-	-	-	-	
<u>18,444,100</u>	<u>9,627,287</u>	<u>8,467,085</u>	<u>8,609,230</u>	<u>9,791,530</u>	<u>9,454,498</u>	
<u>(9,233,241)</u>	<u>361,513</u>	<u>1,422,295</u>	<u>1,965,576</u>	<u>1,336,088</u>	<u>1,537,321</u>	
-	5,820,100	-	-	-	-	
-	-	-	-	-	-	
2,000,000	-	-	-	-	-	
-	(5,711,099)	-	-	-	-	
<u>2,000,000</u>	<u>109,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>\$ (7,233,241)</u>	<u>\$ 470,514</u>	<u>\$ 1,422,295</u>	<u>\$ 1,965,576</u>	<u>\$ 1,336,088</u>	<u>\$ 1,537,321</u>	
16.0%	16.0%	13.7%	13.1%	12.3%	12.5%	

**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	Manufactured Structures	Utilities	Less: Tax-Exempt Property
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
2013	11,632,776,998	410,864,016	32,752,744	243,708,401	1,330,931,617
2014	12,148,737,452	412,784,559	31,933,209	253,752,914	1,400,266,009

(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>
\$	6,938,950,088	\$ 0.49	\$ 9,126,179,245	76.03 %
	7,276,980,365	0.49	10,134,214,099	71.81
	8,622,285,888	0.51	13,401,583,777	64.34
	9,254,620,402	0.51	15,555,384,495	59.49
	9,884,678,584	0.51	16,512,824,110	59.86
	10,319,196,121	0.50	14,799,900,037	69.72
	10,565,704,715	0.50	13,285,445,756	79.53
	10,779,391,330	0.51	12,527,289,343	86.05
	10,989,170,542	0.51	13,497,590,811	81.42
	11,446,942,125	0.53	12,850,318,591	89.08

**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)**

Year	North Clackamas Parks & Recreation District		Overlapping Rates <sup>(3)</sup>								Total Direct & Overlapping	Total Direct & Overlapping Range
	General Operations	Total Direct <sup>(2)</sup> Rate	Clackamas County	County Component Units	Cities	Schools	College/ESD	Fire	Other Special			
2005	\$ 0.49	\$ 0.49	\$ 2.76	\$ 1.53	\$ 0.62	\$ 5.64	\$ 1.14	\$ 2.24	\$ 0.49	\$	14.91	\$13.90-17.73
2006	0.49	0.49	2.70	1.43	0.86	5.66	1.12	2.38	0.52		15.16	13.93-17.90
2007	0.51	0.51	2.67	0.91	1.13	5.94	1.08	2.39	0.47		15.10	13.73-17.49
2008	0.51	0.51	2.93	0.93	1.05	6.57	1.06	2.38	0.67		16.10	10.09-19.03
2009	0.51	0.51	2.90	0.94	1.18	6.64	1.09	2.37	0.63		16.26	14.91-20.14
2010	0.50	0.50	2.91	1.44	1.11	6.65	1.07	2.37	0.67		16.72	15.46-19.49
2011	0.50	0.50	2.91	1.43	1.12	6.74	1.05	2.36	0.64		16.75	15.47-19.12
2012	0.51	0.51	2.91	1.42	1.20	7.29	1.04	2.36	0.51		17.24	15.60-19.58
2013	0.51	0.51	2.92	1.44	1.15	6.88	1.06	2.36	0.54		16.86	15.54-19.04
2014	0.53	0.53	2.92	0.82	1.38	7.10	1.05	2.44	0.62		16.87	15.45-18.95

Notes:

- (1) Rates are summary for all Tax Code Areas where North Clackamas Parks and Recreation District taxes are assessed. From 2012 Tax District Summary for FY ending 06/30/2013 found on the Clackamas County website under the Department of Assessment and Taxation.
- (2) Direct Rate is actual rate charged each property that falls within the boundaries of the North Clackamas Parks and Recreation District for district support after application of property tax limitation.
- (3) Overlapping rates are those of local governments that apply to property owners within District geographical boundaries. Not all overlapping rates apply to all District property owners; for example, although County property taxes apply to all District property owners, only those in the cities of Damascus, Happy Valley and Milwaukie pay the city rate for Clackamas County. Other property owners pay County taxes at the rural rate. Only a small portion of the taxpayers within the cities of Happy Valley and Milwaukie are within the District boundaries. The average rate has been used for each category for comparison purposes, but a range of total rates has also been provided.
- (4) Property tax levies may only be approved by a majority vote in elections in which a majority of voters cast a ballot. In November elections of even numbered years a majority vote in favor of a tax levy is sufficient to enact a levy, regardless of voter turnout.

Source: Clackamas County Department of Assessment and Taxation

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT**  
**(A Component Unit of Clackamas County, Oregon)**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**JUNE 30, 2014 AND NINE YEARS AGO**

Taxpayer	2014			2005		
	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.	\$ 212,327,904	1	1.85 %	\$ 118,173,842	1	1.70 %
Clackamas Baking Plant/Fred Meyer	119,204,704	2	1.04	114,274,187	2	1.65
PCC Structurals Inc.	94,917,666	3	0.83	55,580,182	3	0.80
Portland General Electric Company	74,705,000	4	0.65	44,597,000	6	0.64
Comcast Corporation	73,562,500	5	0.64			
Blount, Incorporated	68,716,770	6	0.60	50,176,766	4	0.72
Northwest Natural Gas	52,265,000	7	0.46	33,538,400	9	0.48
Kaiser Foundation Hospital	52,112,135	8	0.46			
WH Portland Industrial LLC	46,197,963	9	0.40	33,737,014	8	0.49
CH Realty III/Clackamas LLC	46,150,421	10	0.40	35,283,798	7	0.51
Warn Industries Inc				46,073,565	5	0.66
Marvin F Poer & Company				33,102,401	10	0.48
<b>Total</b>	<b>\$ 840,160,063</b>		<b>7.34 %</b>	<b>\$ 564,537,155</b>		<b>8.14 %</b>

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
2005	\$ 3,397,351	\$ 3,208,802	94.5 %	\$ 85,548	\$ 3,294,350	97.0 %
2006	3,566,536	3,384,291	94.9	88,080	3,472,371	97.4
2007	4,428,044	4,195,481	94.7	124,424	4,319,905	97.6
2008	4,754,017	4,471,437	94.1	171,718	4,643,155	97.7
2009	5,031,319	4,687,127	93.2	234,049	4,921,176	97.8
2010	5,211,357	4,883,899	93.7	186,233	5,070,132	97.3
2011	5,330,887	4,991,388	93.6	173,428	5,164,816	96.9
2012	5,460,383	5,132,683	94.0	133,012	5,265,695	96.4
2013	5,552,565	5,236,985	94.3	94,186	5,330,703	96.0
2014	6,097,777	5,782,712	94.8	-	5,782,712	94.8

Source: Clackamas County Department of Assessment and Taxation

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

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	Assessment Debt	Limited Tax Revenue Series 2000 Refunding Bonds	Full Faith & Credit Obligations Series 2008 Bonds	Full Faith & Credit Obligations Series 2010 Bonds			
2005	\$ -	\$ 7,400,000	\$ -	\$ -	\$ 7,400,000	0.21 %	\$ 84.57
2006	-	7,070,000	-	-	7,070,000	0.18	76.43
2007	-	6,725,000	-	-	6,725,000	0.16	71.93
2008	-	6,360,000	8,017,712	-	14,377,712	0.29	127.91
2009	-	5,975,000	7,801,812	-	13,776,812	0.28	121.12
2010	-	-	7,505,912	5,705,248	13,211,160	0.26	116.02
2011	-	-	7,200,012	5,411,095	12,611,107	0.24	110.75
2012	-	-	6,889,112	5,091,942	11,981,054	0.22	104.80
2013	-	-	6,568,212	4,767,842	11,336,054	N/A	99.22
2014	-	-	6,237,312	4,498,074	10,735,386	N/A	92.15

Source: Clackamas County Finance Department

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

Fiscal Year	Limited Tax Revenue Refunding Bonds	Full Faith & Credit Obligation Bonds	Total General Bonded Debt	Less Amounts Restricted to Repaying Principal	Net General Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
2005	\$ 7,400,000	\$ -	\$ 7,400,000	\$ (22,867)	\$ 7,377,133	0.11 %	\$ 84.31
2006	7,070,000	-	7,070,000	(48,789)	7,021,211	0.10	75.90
2007	6,725,000	-	6,725,000	(45,392)	6,679,608	0.08	71.44
2008	6,360,000	8,000,000	14,360,000	(70,624)	14,289,376	0.15	127.13
2009	5,975,000	7,785,000	13,760,000	(188,378)	13,571,622	0.14	119.32
2010	-	13,150,000	13,150,000	(83,072)	13,066,928	0.13	114.75
2011	-	12,550,000	12,550,000	(83,344)	12,466,656	0.12	109.48
2012	-	11,920,000	11,920,000	(196,938)	11,723,062	0.11	102.55
2013	-	11,275,000	11,275,000	(108,550)	11,166,450	0.10	97.74
2014	-	10,610,000	10,610,000	(108,503)	10,501,497	0.09	90.14

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT  
(A Component Unit of Clackamas County, Oregon)  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
JUNE 30, 2014**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes:</b>			
Clackamas County	\$ 103,805,000	28.8637 %	\$ 29,962,068
Clackamas County Rural Fire Protection District #1	910,000	70.5108	641,648
Clackamas County School District #12 (North Clackamas)	327,271,595	96.4634	315,697,635
Clackamas County School District #62 (Oregon City)	79,290,000	8.2347	6,529,294
Clackamas County School District #115 (Gladstone)	48,373,647	4.8320	2,337,415
Clackamas Community College	24,370,000	39.4226	9,607,312
City of Happy Valley	3,965,000	100.0000	3,965,000
Metro	222,955,000	7.1100	15,852,100
Multnomah Cty SD 28J(Centennial)	28,866,858	1.0085	291,151
Mt Hood Community College	25,100,000	0.0944	23,694
<b>Other debt:</b>			
Clackamas County	5,175,000	28.8637	1,493,701
Oak Lodge Sanitary District #2	20,450,000	97.8546	20,011,286
Clackamas County Rural Fire Protection District #1	18,830,000	70.5108	13,277,184
Clackamas Community College	45,635,000	39.4226	17,990,549
City of Gladstone	1,815,000	0.0021	38
City of Milwaukie	3,965,000	99.0968	3,929,192
Port of Portland	66,738,667	6.5281	4,356,767
Metro	31,865,000	7.1100	2,265,602
Multnomah Education Service District	32,655,000	0.0268	8,752
Mt Hood Community College	42,937,683	0.0944	40,534
Clackamas County Education Service District	24,190,000	30.4482	7,365,420
Subtotal overlapping debt			455,646,342
<b>District direct debt</b>			<u>10,735,386</u>
<b>Total direct and overlapping debt</b>			<u>\$ 466,381,728</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
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
2013	13,497,590,811	13	1,754,686,805	11,336,054	1,743,350,751	0.65
2014	12,850,318,591	13	1,670,541,417	10,735,386	1,659,806,031	0.64

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 <sup>(1)</sup>	Portland Metropolitan Area Unemployment Rate <sup>(2)</sup>
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 <sup>(3)</sup>	112,404	5,036,036	44,803	5.4
2009 <sup>(4)</sup>	113,742	4,964,383	43,646	9.3
2010 <sup>(5)</sup>	113,869	5,118,867	44,954	10.7
2011 <sup>(6)</sup>	113,869	5,228,295	45,915	9.9
2012	114,321	5,520,104	48,286	8.5
2013	114,251	N/A	N/A	7.8
2014	116,505	N/A	N/A	6.6

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, 2014 AND NINE YEARS AGO**

Employer	2014			2005		
	Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
Intel Corp.	16,700	1	.02 %	14,363	1	.01 %
Providence Health System	14,132	2	.01	13,753	2	.01
Oregon Health & Sciences University	14,106	3	.01	11,400	3	.01
U.S. Federal Govt.	13,900	4	.01			
Fred Meyer Stores	10,176	5	.01	5,300	9	.01
Kaiser Foundation Health Plan of the Northwest	9,896	6	.01	7,433	5	.01
Legacy Health System	9,835	7	.01	7,907	4	.01
City of Portland	9,318	8	.01	5,355	8	.01
State of Oregon	7,559	9	.01			
Nike Inc.	7,000	10	.01	5,742	7	.01
Portland SD				6,700	6	.01
Safeway, Inc., Portland Division				5,282	10	.01
<b>Total</b>	<u>112,622</u>		<u>0.11 %</u>	<u>83,235</u>		<u>0.10 %</u>

Sources;

(1) Statistics are the latest available data published in the Portland Business Journal *Book of Lists 2014* and *Book of Lists 2005*. 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>
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
2013	10.44	26.84	37.28
2014	10.65	26.85	37.50

Note:

(1) Reported full-time equivalent employees are budgeted employees per final budgets at each year-end. Budgeted employees do not necessarily reflect 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,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Health and welfare:</b>										
Social service units provided	13,777	17,859	15,277	13,783	16,657	15,675	6,006	6,186	6,718	6,647
Meals on Wheels and on-site meals served	65,805	66,983	73,777	75,821	72,850	66,903	66,903	65,752	66,299	70,966
One way rides, older adults and disabled	10,800	12,310	11,440	11,210	14,652	14,662	12,967	12,541	11,935	10,360
<b>Culture and recreation:</b>										
Recreation programs	54	58	53	67	66	69	66	80	95	97
Recreation class participants	1,940	2,180	2,273	3,083	3,486	3,419	3,355	4,281	4,443	4,483
Recreation classes	179	185	239	268	292	281	264	380	293	298
Swim lesson participants <sup>(3)</sup>	3,643	3,612	4,292	4,347	4,306	4,481	4,593	5,303	4,247	4,253
Aquatic park total customers served <sup>(1)</sup>	240,928	245,928	238,703	251,056	246,857	245,905	312,909	271,638	250,863	262,812

(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.

(3) New swim lesson program with lower ratios.

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

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

Function	Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Health and welfare:										
Milwaukie Center (serving senior and disabled citizens)										
Activity Rooms	9	9	9	9	9	9	9	9	9	9
Congregate dining room & café	1	1	1	1	1	1	2	2	2	2
Transportation vehicles (one each of 14, 16 & 20 passenger)	3	3	3	3	3	3	3	3	4	3
Culture and recreation:										
Acreage-maintained	101	101	101	498	519.5	523.2	504.5	517	592	596
Parks maintained	34	34	34	54	60	60	51	52	53	55
Play structures	26	26	26	26	29	30	30	30	30	32
Maintenance vehicles/equipment	14	14	14	20	21	22	25	30	30	31
Passenger van (Recmobile)	1	1	1	1	1	1	1	2	1	1
Buses	4	4	4	4	4	4	4	4	4	3
Sports fields:										
Baseball	3	3	5	5	9	11	11	11	11	11
Soccer	3	3	7	3	4	6	6	6	6	6
Tennis courts	3	3	3	3	3	3	3	3	3	3
Basketball	15	15	15	15	15	16	16	16	16	18
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

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***

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, Nutrition and Transportation Fund, System Development Charges District-Wide Fund, and System Development Charges Zone 3 Fund of North Clackamas Parks and Recreation District (the District), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 31, 2014.

**Internal Control Over Financial Reporting**

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

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

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

**MOSS ADAMS<sub>LLP</sub>****Compliance and Other Matters**

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

**Purpose of this Report**

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

*Moss Adams, LLP*

Eugene, Oregon  
October 31, 2014

**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, Oregon (the District) as of and for the year ended June 30, 2014, and have issued our report thereon dated October 31, 2014. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Oregon Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

**Compliance**

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

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2014 and 2015.
- 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 tests disclosed no instances of noncompliance or other matters that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Oregon Secretary of State.



### **Internal Control Over Financial Reporting**

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

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

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

### **Purpose of this Report**

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

A handwritten signature in black ink, appearing to read "James C. Layanotta".

For Moss Adams LLP  
Eugene, Oregon  
October 31, 2014