

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015



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

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

Prepared by:

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

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

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

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

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NORTH CLACKAMAS

PARKS & RECREATION DISTRICT

Administration

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Oregon City, OR 97045
503.742.4348 phone 503.742.4349 fax
ncprd.com

November 2, 2015

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, 2015.

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

Moss Adams, LLP, Certified Public Accountants, have issued an unmodified opinion on NCPRD's financial statements for the year ended June 30, 2015. The Independent Auditor's Report is located at the front of the financial section of this report.

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

Profile of the Government

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

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

The District was established as a County Service District (under ORS 451) and is a component unit of the County. The five-member Board of County Commissioners serves as the Board of

Directors (Board) for the District and the Commissioners are elected on a non-partisan basis. The Board appoints the County Administrator who oversees the District Director. Board members serve four-year terms and the Chair is specifically elected by voters. The Chair and other Board members are elected not by geographic region but at large.

The Budget Committee is composed of the Commissioners and five citizen members 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 has improved 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. economic expansion is now entering its 6th year, and there are no signs that the growth is going to end anytime soon. The current expansion, at 75 months is younger than both the 1980 and 1990 expansions and just passed the mid-2000s expansion. The nation's unemployment rate, one of the most significant economic indicators, hit a low of 5.1 percent in September 2015. Even though this is considered full employment, there are still indications that the economy, and labor market in particular, are still recovering - increased number of employees working part-time who want full-time work, wage growth is still weak and the participation in the labor market remains weak. For comparison purposes and to illustrate the nation's job growth over the past few years, in September 2015 the unemployment rate was 5.1 percent, down from 9.8 percent six years ago in September 2009. However, all expansions eventually end and the economy may be closer to its next recession than one may think. Once an economy reaches full employment and based on the past three expansion cycles, we have an average of 3 years before the next recession.

Similar to the nation, Oregon's economy in 2015 continued to see an improving job market, fueling growth in Oregon tax revenues. Oregon added nearly 60,000 jobs in the past year, a growth rate of 3.4 percent. In addition, Oregon has regained its traditional advantage in growth

relative to the nation, with Oregon's job growth increasing one percentage point faster than in the typical state. Another important factor to note is that the average Oregon worker is now experiencing stronger wage gains and the state is experiencing better wage growth than the typical state. While there remains much room for improvement in average income levels in Oregon, wages have not been this high, relatively, for more than a generation. One of the factors contributing to the job growth is the influx of new workers from other states.

According to the recent job growth rankings, published by Arizona State University W.P. Carey School of Business in June 2015, Oregon ranked 4th in the nation for job growth, up from a ranking of 9th last year. Over the past year the state has added 59,300 jobs, an increase of 3.4 percent. For comparison purposes and to illustrate Oregon's acceleration over the past few years, in 2013 Oregon ranked 11th fastest with growth of just 2.1 percent.

In the second quarter of 2015, Oregon private sector jobs grew at a rate of 3.5 percent, up from 2.8 percent in 2014. Public sector jobs grew at a rate of 2.8 percent, up from 1.1 percent in second quarter of 2014. These rates of growth are the best Oregon has experienced since 2006, the height of the housing boom. 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. Recovery rates in the Tri-County area have also varied. Washington County has added back 45,500 or 176 percent of the 25,900 jobs lost since the start of the recession. Multnomah County has added back 59,200 or 136 percent of the 43,500 jobs lost during the recession. Finally, Clackamas County has added back 15,400 or 84 percent of jobs lost since the start of the recession but still needs to add 3,000 jobs to fully recover. This variance is reflective of the type of industry located in each area. Clackamas County has a large percentage of employment in the manufacturing sector – metals, machinery, computer, and electrical equipment manufacturing which had some of the largest job losses during the recession.

Currently five major industries account for over 40 percent of statewide jobs. The *Private Sector Education, Health, and Food Manufacturing* industries never really suffered losses during the recession. The *Professional and Business Services and Leisure and Hospitality* industries have now regained all of their recession losses and are leading in growth today. Among the hardest hit industries during the recession were the *Wood Products, Construction, Mining and Logging, and Financial Services*. These housing-related sectors are now beginning to recover, although they still have a long way to go. *Metals and Machinery Manufacturing*, along with *Mining and Logging*, have shown the largest improvements since the depths of the recession. Also, Oregon's *Food Processing* industry continues to boom.

The State of Oregon unemployment rate was at its lowest level in eight years, sitting at 5.2 percent in April 2015. The rate has increased to 6.2 percent as of September 2015 down from 6.9 percent one year ago in September 2014. The measurements of the labor market are showing steady improvements with wages, jobs being added and the unemployment rate declining. Finally, since the beginning of 2013, Oregon job growth has picked up from 1.5 to 2.0 percent to 3.5 percent today. The forecast is for this growth to continue for another two years.

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 the economic slowdown in China. Newly added to this list of risks are the drought and its impact on much of the West Coast and Southern United States. This drought has reached the southern and eastern counties in Oregon and is largely impacting the agriculture industry. The severity and duration is unknown at this time but remains a risk to rural economies. 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, federal funding for transportation is a major local concern and federal policy changes could directly impact Clackamas County. Oregon is also heavily impacted by other factors such as the housing market recovery and inflation. The housing market grew briskly in terms of home sales and new construction in 2012, stalled out in 2013 and has had moderate growth in 2014. How long this unusual pattern of growth lasts will have a direct impact on Oregon and Clackamas County. Fortunately, Oregon with the rest of the nation is predicted to see continued improvements of construction activity in 2015 and 2016. Finally, commodity price inflation is a risk and commodity prices are tied to growth. Always worrisome is the possibility of higher oil and gasoline prices as anytime there is a surge in gas prices, it takes away consumers disposable income leaving less to spend on all other goods and services. Foremost, the slowdown and weakness from China is concerning and presents a risk. Not only does the US trade heavily with China, approximately one-third of global economic growth since 2010 is from China alone. As the world's second largest economy and an integral part of the global economy, China's current slowdown could turn into something much worse.

As mentioned above, the growth pattern in Oregon's construction industry has been unusual with up and downs. This data aligns well with Clackamas County data which also reflects an uneven growth pattern. NCPRD is directly impacted by the construction industry and housing market with regards to the collection of Parks System Development Charges. During fiscal year 2014/15, in all areas of the District excluding the City of Happy Valley, Clackamas County issued 101 residential and commercial permits for new construction, an increase from 71 permits issued in fiscal year 2013/14. The City of Happy Valley building activity remains strong; however, activity has been trending down in comparison to the prior year. During fiscal year 2014/15, the City issued 256 commercial and residential permits for new construction, a decrease from 340 in fiscal year 2013/14 again reflective of the unusual growth pattern. Having said that, Oregon and Clackamas County are expected to see continued growth in the construction industry in 2015 and 2016.

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 that we will fare well relative to the rest of the country in the coming years. Real Gross State Product is projected to be the third fastest among all states across the country in terms of growth with gains averaging 3.8 percent through 2020. Oregon's total employment is expected to be the tenth strongest among all states at an annualized rate of 1.8 percent. Employment manufacturing is expected to be the second fastest in the country at 1.7 percent. Finally total personal income growth is expected to be the ninth fastest among all states or 5.3 percent per year.

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 General Fund ending fund balance at June 2014 was \$3.3 million and increased to \$3.5 million at the end of fiscal year 2014/15. This increase can be largely attributed to an increase in property tax revenue and lower expenditures due to two vacant positions during the fiscal year.

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 limited capital funding, the District continued to move forward with the planning of several District parks and the construction of two District parks during fiscal year 2014/2015.

The District partnered with the City of Milwaukie to supervise construction of phase two improvements to Milwaukie Riverfront Park including: new entries and exits to the site, new traffic control and pedestrian crossings, new parking and stormwater facilities, a river walk, new boat ramp and boating floats, and a new restroom facility. Additionally, NCPRD is assuming maintenance responsibilities for the new park features, including an expansive open lawn area. The grand opening for the much improved park was held on May 1, 2015.

The District 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 selection process. The site includes a large picnic facility with a restroom, parking, a one-mile trail system, viewpoints and public art installations. The park was opened to the public in August 2014.

The District partnered with the City of Milwaukie to further efforts to develop four future park sites including preliminary construction drawings for Wichita Neighborhood Park and master

plans for Balfour, Bowman and Brae Neighborhood Parks, and for Kronberg Nature Park. City approvals for the master plans are in process and future efforts will focus on identifying potential funding sources for project implementation.

Major Initiatives

Master Plan/Election Results

Fiscal year 2014/2015 was a critical year for NCPRD as the District completed the final draft of an updated District-wide Master Plan to guide the District for the next 10 years. The new Master Plan provided the history, investments and funding sources of the District. Most importantly, it provided input from our residents regarding their wants and needs for parks and recreation facilities and services in the future.

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

- Adopt an aspirational Capital Improvement Plan to meet the needs of residents and balance levels of service throughout the District.
- Identify funding sources for the aspirational Capital Improvement Plan: explore issuing a 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.

Based on the Master Plan recommendations, approval from the District Advisory Board and approval from the Board of County Commissioners, the District put a measure on the November 2014 ballot with the goal of establishing a sustainable, long-term funding strategy for the District moving forward. This measure would have:

- Reformed the District as a new, independent park and recreation district with its own, local, elected governing board.
- Established a tax rate of .89 cents/\$1,000 in assessed home value (this was a 35 cents per \$1,000 increase from current rates or \$7 per month more for a \$250,000 home).

The increased funding would have:

1. Enabled the District to repair, replace and refurbish aging assets.
2. Enhanced efforts to acquire and protect land important for wildlife habitat and natural ecological processes while providing high quality passive recreation.
3. Expanded recreational programs and services to meet growing demand, particularly for older adults and youth.
4. Allowed the District to acquire and develop new trail links.
5. Allowed the District to create partnership opportunities to develop sports fields, improve spaces for seniors and establish community gathering spaces.

Unfortunately Measure 3-451 did not pass - with 46 percent of District voters supporting the measure and 56 percent opposing the measure.

Based on the outcome of the election, District staff was directed by the Board to update the Master Plan and SDC Ordinance to reflect the results of Measure 3-451. This update will include revisions to the Capital Improvement Plan including a revision of capital projects as well as revisions to the SDC rates to reflect the funding that will be available. This update will also include a revised forecast of the assessed value growth projected throughout the District and the estimated SDC revenue to be collected in the future throughout the District.

Performance Clackamas Initiative

In September 2014, Clackamas County embarked on a new strategic initiative, Performance Clackamas. Adoption of Performance Clackamas demonstrates the county's intent to focus on the customer outcomes while also keeping taxpayers informed about how public funds are being used to achieve adopted County Goals. The format of Performance Clackamas is based on Managing for Results (MFR), a comprehensive and integrated management system focused on achieving results for the customer. Five basic components capture the essence of MFR:

1. Identify the priorities the county is trying to address on behalf of its residents.
2. Develop an overall plan for addressing those priorities.
3. Develop policies, programs, activities and services that align to those priority areas.
4. Organize and implement budgeting, accounting and management systems to support the strategies, goals and objectives specified in the plan.
5. Develop and track costs and performance data to allow the county and its residents to gauge the county's progress toward reaching its goals and objectives.

NCPRD is part of Business and Community Services, and was one of three departments in the County that was selected to be the first to implement Performance Clackamas. To that end, the NCPRD managers and staff spent two intensive weeks learning about the MFR process, identifying NCPRD services and breaking those services into Lines of Business and various programs.

During fiscal year 2015/2016, NCPRD staff will continue learning about MFR and begin implementing Performance Clackamas; however, the budget document will not reflect the new MFR format until fiscal year 2016/2017. Performance Clackamas also aligns well with the implementation of NCPRD's Cost Recovery Pyramid Plan and we anticipate incorporating critical elements of the cost recovery pyramid into the Performance Clackamas Management approach.

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, 2014. 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



Government Finance Officers Association

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

Presented to

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

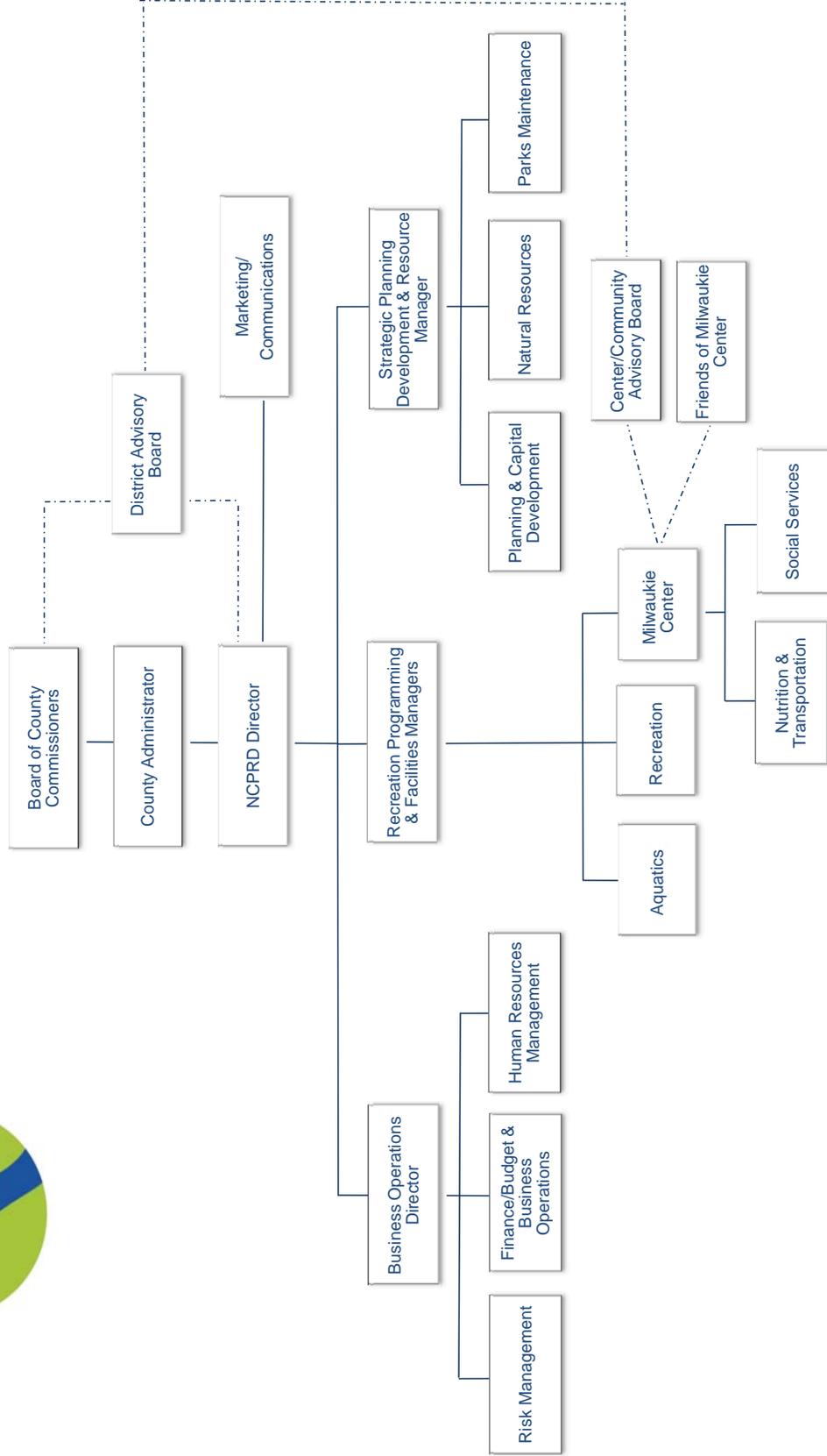
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



**North Clackamas Parks and Recreation District
2014-2015 Organization Chart**



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

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

Public Services Building
2051 Kaen Road
Oregon City, Oregon 97045

COMMISSIONERS AS OF JUNE 30, 2015

<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

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, 2015, 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, 2015, 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.

Supplementary Information

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

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

Other Information

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

MOSS ADAMS LLP

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2015 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 November 2, 2015, 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.



For Moss Adams, LLP
Eugene, Oregon
November 2, 2015

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, 2015**

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, 2015. 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 \$47,612,094. Of this amount, \$6,835,003 may be used to meet ongoing obligations.
- Net position increased by \$5,808,238. 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 \$15,527,221 an increase of \$3,914,780 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 \$685,000 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, 2015

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, 2015 and June 30, 2014 follows:

	2015	2014
Assets:		
Current assets	\$ 16,447,740	\$ 13,608,958
Capital assets	41,526,298	39,430,985
Total assets	57,974,038	53,039,943
 Deferred Outflows of Resources	 144,566	 173,477
 Liabilities:		
Current liabilities	1,172,697	1,359,178
Liabilities due after one year	9,333,813	10,050,386
Total liabilities	10,506,510	11,409,564
 Net position:		
Net investment in capital assets	31,487,485	28,695,599
Restricted for debt service	108,956	108,503
Restricted for acquisition and development	9,180,650	5,888,077
Unrestricted	6,835,003	7,111,677
Total net position	\$ 47,612,094	\$ 41,803,856

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Total net position from governmental activities increased by \$5,808,238 or 13.9%. Net investment in capital assets increased by \$2,791,886 or 9.7%. This increase can be attributed to payment of principal on the debt in the amount of \$685,000 and the net effect of capital asset additions, deletions and depreciation expense during the fiscal year. The most significant capital asset additions were *Contributed Capital* for sport fields at North Clackamas Park and the addition of a playground at Hood View Park. Net position restricted for acquisition and development increased by \$3,292,573 or 55.9%. 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 reflects the implementation of GASB 65. The Deferred Outflow of Resources in the amount of \$144,566 reflects the reclassification of the deferred debt refunding expense being reclassified to Deferred Outflows of Resources.

Statement of Activities The Statement of Activities for fiscal years ended June 30, 2015 and 2014 follows:

	2015	2014
Revenues		
Program revenues:		
Charges for services	\$ 5,095,950	\$ 4,892,226
Operating grants and contributions	1,283,192	1,099,899
Capital grants and contributions	3,590,561	508,379
Total program revenues	9,969,703	6,500,504
General revenues:		
Property taxes	6,240,654	5,989,488
Earnings on investments	61,274	52,818
Miscellaneous	19,828	47,322
Total general revenues	6,321,756	6,089,628
Total revenues	16,291,459	12,590,132
Expenses		
Culture and recreation	6,941,053	6,400,741
Health and welfare	3,151,514	2,557,450
Interest on long-term debt	390,654	462,994
Total expenses	10,483,221	9,421,185
Changes in net position	5,808,238	3,168,947
Net position, beginning of year	41,803,856	38,634,909
Net position, end of year	\$ 47,612,094	\$ 41,803,856

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

District program revenues increased by \$3,469,199 or 53.4%. This increase can be attributed to an increase in *Contributed Capital* from prior year by over \$3 million for sports fields at North Clackamas Park, Lot Whitcomb and View Acres schools. In addition, charges for services increased due to an overall increase in System Development Charges revenue.

District general revenues increased by \$232,128 or 3.8%, in part due to increased property tax receipts of approximately \$251,166. *Miscellaneous revenue* decreased by \$27,494 due to a concerted effort to properly post revenue to the correct category. Finally, earnings on investments increased by \$8,456 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 increased by \$1,062,036 or 11.3%, largely due to an increase in the depreciation expense from prior year in the amount of \$448,918. In addition, the District added a new Sports program which contributed to the increase. The District continues to put forth a strong effort to provide services in the most cost effective manner possible; however we are also faced with a steady increase in wage, benefit and energy costs.

Program specific expenses exceeded program revenues in 2015 by \$513,518. The change is largely reflective of the increase in *Contributed Capital* in the amount of over \$3 million from prior year due to the addition of the sports fields at North Clackamas Park, Lot Whitcomb and View Acres Schools.

The District continues to work on a cost analysis methodology to determine the actual costs of running individual programs. With 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 \$3,560,178 - an increase of \$160,625 from prior year. The key factors contributing to this increase are the increase in property tax revenue of over \$250,000 from prior year and an increase in Charges for Services revenue of over \$160,000 related to the addition of a new Sports program. Operating expenditures also increased by approximately \$690,000 from prior year related to the additional expenditures of a new Sports program and expenditures related to placing Measure 3-451 on the ballot in November 2014.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015

FUND ANALYSIS (Continued)

The Nutrition and Transportation Fund ended the year with a fund balance of \$352,593, down \$257,126 from 2014. The decrease is primarily due to an increase in a Transfers Out to the Capital Asset Replacement Fund in the amount of \$200,000 to fund a capital project. Expenditures exceed revenues in this fund; therefore a transfer from the General Fund of \$100,000 was needed to subsidize program expenditures.

The Capital Projects Fund ended the year with an ending fund balance of \$1,785,343, a decrease of \$881,211 from prior year. This decrease can primarily be attributed to the transfer of \$1,157,086 to the System Development Charges Fund Zone 3 which reflects the District's change in procedure for managing capital projects to a reimbursement basis – the System Development Charge revenue is transferred to the Capital Projects Fund only after the expenditure occurs.

The System Development Charges Fund (District-wide) ended the year with an ending fund balance of \$0. This is reflective of a new Ordinance passed in November 2014 which eliminated the District-wide System Development Charges Fund and stipulated that all system development charge revenue be directly deposited into the Zone from which the revenue was generated.

The System Development Charges Fund (Zone 3) ended the year with an ending fund balance of \$6,285,193, an increase of \$4,847,342 from prior year. This increase is primarily due the new Ordinance mentioned above which eliminated the District-wide System Development Charges Fund and stipulated that all revenue be directly deposited into the Zone from which the revenue was generated. The increase is also reflective of a District change in the procedure for managing System Development Charges (SDC's) where 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 \$2,187,916, an increase of \$680,612 from prior year. This increase can be attributed to an increase in the General Fund transfer to the Capital Asset Replacement Fund of approximately \$192,500 as well as not repairing and replacing a portion of the items that were budgeted to be replaced in fiscal year 2014/2015. 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 \$120,499. This variance is primarily due to the property taxes revenue category which came in higher than budget by \$89,715. Total expenditures (excluding contingency) in the General Fund Programs are under budget by \$1,032,266. 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 2014/2015. 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.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015

FUND ANALYSIS (Continued)

The General Fund expenditure budget was amended two times during fiscal year 2014/2015 in various divisions to account for additional expenditures related to program changes and to recognize additional beginning fund balance for programs and projects.

CAPITAL ASSETS

As of June 30, 2015 and 2014, the District had invested \$41,526,298 and \$39,430,985 in capital assets, respectively, net of depreciation as reflected in the following table:

	2015	2014
Land	\$ 18,359,560	\$ 18,313,129
Construction in progress	437,624	362,312
Buildings	1,549,678	1,726,659
Office equipment	304,912	151,173
Improvements	20,736,083	18,696,894
Vehicles	138,441	180,818
	<u>\$ 41,526,298</u>	<u>\$ 39,430,985</u>

Overall, investment in capital assets increased \$2,095,313 during the year. This increase is due to the combination of depreciation expense on current assets as well as the addition of *Contributed Capital* for sports fields at North Clackamas Park, Lot Whitcomb and View Acres Schools. 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.

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

DEBT ADMINISTRATION (Continued)

The following condensed schedule compares year end balances for 2015 and 2014. Please refer to Notes to Basic Financial Statements - Note 10 for additional detail.

	2015	2014
Full Faith and Credit Obligations	\$ 9,925,000	\$ 10,610,000
	\$ 9,925,000	\$ 10,610,000

ECONOMIC FACTORS

Property taxes represent a significant revenue source for the District's governmental funds, 38.3% and 47.6% of total revenues in 2015 and 2014, respectively. This decrease in the percentage of property taxes in relation to total revenues in fiscal year 2014/2015 is reflective of the addition of sports fields at North Clackamas Park, Lot Whitcomb and View Acres schools. Property tax revenue increased by \$251,166 or 4.2% from prior year due in part to the assessed value of properties in the District increasing. 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 Charges 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 2013/2014, System Development Charge revenue was \$2,609,006 and increased to \$2,970,066 in fiscal year 2014/2015. This increase is partially due to a large development in the unincorporated area of the District. Since SDCs are one of the only revenue sources available to construct new capital assets throughout the District, staff must monitor and forecast this revenue on a consistent basis to ensure projections reflect the economic climate of the County and surrounding Portland Metro area.

FINANCIAL CONTACT

The District's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact the Chief Financial Officer at 150 Beaver Creek Road, Oregon City, Oregon 97045. The District's telephone number is (503)742-4351. You can also reach us through our web page at <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, 2015

	<u>Governmental Activities</u>
ASSETS:	
Cash and investments	\$ 15,650,655
Property taxes receivable	369,013
Accounts receivable	377,310
Prepaid expense	50,762
Capital assets	
Capital assets not being depreciated	18,797,184
Capital assets being depreciated, net	<u>22,729,114</u>
TOTAL ASSETS	<u>57,974,038</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred charge on debt refunding	<u>144,566</u>
LIABILITIES:	
Accounts payable	149,599
Accrued interest payable	66,765
Due to Clackamas County	251,333
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	705,000
Portion due or payable after one year:	
Bonds payable	<u>9,333,813</u>
TOTAL LIABILITIES	<u>10,506,510</u>
NET POSITION:	
Net investment in capital assets	31,487,485
Restricted for debt service	108,956
Restricted for acquisition and development	9,180,650
Unrestricted	<u>6,835,003</u>
TOTAL NET POSITION	<u><u>\$ 47,612,094</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, 2015

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Culture, education and recreation	\$ 6,941,053	\$ 3,469,954	\$ 760,915	\$ 3,590,561	\$ 880,377
Health and welfare	3,151,514	1,625,996	522,277	-	(1,003,241)
Interest on long-term debt	390,654	-	-	-	(390,654)
Total	<u>10,483,221</u>	<u>5,095,950</u>	<u>1,283,192</u>	<u>3,590,561</u>	<u>(513,518)</u>
GENERAL REVENUES					
Property taxes levied for general purposes					6,240,654
Earnings on investments					61,274
Miscellaneous					<u>19,828</u>
TOTAL GENERAL REVENUES					<u>6,321,756</u>
CHANGE IN NET POSITION					5,808,238
NET POSITION, July 1, 2014					<u>41,803,856</u>
NET POSITION, June 30, 2015					<u><u>\$ 47,612,094</u></u>

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds						Other Governmental 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		
ASSETS								
Cash and investments	\$ 3,821,615	\$ 370,531	\$ -	\$ 6,108,802	\$ 1,826,986	\$ 2,187,004	\$ 1,335,718	\$ 15,650,656
Taxes receivable	369,013	-	-	-	-	-	-	369,013
Accounts receivable	43,560	-	-	170,316	20,464	142,970	-	377,310
Due from Clackamas County	-	-	-	6,075	-	912	20,280	27,267
Prepaid items	18,362	-	-	-	32,400	-	-	50,762
TOTAL ASSETS	\$ 4,252,550	\$ 370,531	\$ -	\$ 6,285,193	\$ 1,879,850	\$ 2,330,886	\$ 1,355,998	\$ 16,475,008
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 115,836	\$ 9,801	\$ -	\$ -	\$ 23,962	\$ -	\$ -	\$ 149,599
Due to Clackamas County	252,782	8,137	-	-	17,681	-	-	278,600
TOTAL LIABILITIES	368,618	17,938	-	-	41,643	-	-	428,199
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	323,754	-	-	-	52,864	142,970	-	519,588
TOTAL DEFERRED INFLOWS OF RESOURCES	323,754	-	-	-	52,864	142,970	-	519,588
FUND BALANCES								
Nonspendable	18,362	-	-	-	32,400	-	-	50,762
Restricted	-	-	-	6,285,193	1,752,943	-	1,251,470	9,289,606
Assigned	-	352,593	-	-	-	2,187,916	104,528	2,645,037
Unassigned	3,541,816	-	-	-	-	-	-	3,541,816
TOTAL FUND BALANCES	3,560,178	352,593	-	6,285,193	1,785,343	2,187,916	1,355,998	15,527,221
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,252,550	\$ 370,531	\$ -	\$ 6,285,193	\$ 1,879,850	\$ 2,330,886	\$ 1,355,998	\$ 16,475,008

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, 2015

TOTAL FUND BALANCE		\$ 15,527,221
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.		41,526,298
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.		519,588
Long-term assets, such as bond discounts, are not reported as governmental fund assets and liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when it is due. These long-term assets and liabilities consist of:		
Deferred charge on debt refunding	144,566	
Accrued interest payable	(66,765)	
Bonds payable, net of bond premium	<u>(10,038,814)</u>	
Total effect of long-term assets and liabilities		<u>(9,961,013)</u>
TOTAL NET POSITION		<u><u>\$ 47,612,094</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, 2015

	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	
REVENUES:								
Property taxes	\$ 6,230,823	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,230,823
Licenses and permits	-	-	1,063,939	1,814,724	-	-	979,724	3,858,387
Interest	18,268	2,062	10,586	9,651	11,313	6,961	2,433	61,274
Intergovernmental	136,968	352,685	-	-	584,062	12,000	-	1,085,715
Charges for services	2,092,702	32,771	-	-	410	-	-	2,125,883
Donations	22,678	169,592	-	-	-	-	-	192,270
Miscellaneous	9,723	-	616	526	-	8,963	-	19,828
TOTAL REVENUES	8,511,162	557,110	1,075,141	1,824,901	595,785	27,924	982,157	13,574,180
EXPENDITURES:								
Current:								
Culture, education and recreation	5,841,971	-	-	-	32,382	-	700	5,875,053
Health and welfare	1,552,929	692,955	-	-	-	5,800	-	2,251,684
Capital outlay	-	-	-	-	329,770	141,512	-	471,282
Debt service:								
Principal	-	-	-	-	-	-	685,000	685,000
Interest and fiscal charges	-	-	-	-	-	-	376,381	376,381
TOTAL EXPENDITURES	7,394,900	692,955	-	-	362,152	147,312	1,062,081	9,659,400
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,116,262	(135,845)	1,075,141	1,824,901	233,633	(119,388)	(79,924)	3,914,780
OTHER FINANCING SOURCES (USES):								
Transfers in	273,135	100,000	-	3,022,441	42,242	800,000	1,067,000	5,304,818
Transfers out	(1,228,772)	(221,281)	(2,684,209)	-	(1,157,086)	-	(13,470)	(5,304,818)
TOTAL OTHER FINANCING SOURCES (USES)	(955,637)	(121,281)	(2,684,209)	3,022,441	(1,114,844)	800,000	1,053,530	-
NET CHANGE IN FUND BALANCE	160,625	(257,126)	(1,609,068)	4,847,342	(881,211)	680,612	973,606	3,914,780
FUND BALANCE, JUNE 30, 2014	3,399,553	609,719	1,609,068	1,437,851	2,666,554	1,507,304	382,392	11,612,441
FUND BALANCE, JUNE 30, 2015	\$ 3,560,178	\$ 352,593	\$ -	\$ 6,285,193	\$ 1,785,343	\$ 2,187,916	\$ 1,355,998	\$ 15,527,221

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, 2015

NET CHANGE IN FUND BALANCES		\$ 3,914,780
<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	463,565	
Contributed capital asset	3,590,561	
Loss on disposal of asset	(3,801)	
Depreciation	<u>(1,955,012)</u>	2,095,313
<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
Amortization of deferred refunding		(28,911)
Payment of long-term debt principal		685,000
<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>		
		3,767
<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>		
		<u>(873,284)</u>
CHANGE IN NET POSITION		<u>\$ 5,808,238</u>

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 6,151,741	\$ 6,151,741	\$ 6,241,456	\$ 89,715
Charges for services	2,079,725	2,079,725	2,092,702	12,977
Intergovernmental	128,830	128,830	136,968	8,138
Interest	15,000	15,000	18,268	3,268
Donations	24,000	24,000	22,678	(1,322)
Miscellaneous	2,000	2,000	9,723	7,723
TOTAL REVENUES	8,401,296	8,401,296	8,521,795	120,499
EXPENDITURES:				
Current:				
Administration	716,094	730,094	669,020	61,074
Park services	1,869,179	1,984,397	1,695,972	288,425
Program services	441,408	475,240	398,983	76,257
Sports	978,057	1,053,908	925,359	128,549
Milwaukie Center	655,696	711,557	691,320	20,237
Aquatic Park	1,876,679	2,014,148	1,875,227	138,921
Marketing and communications	368,244	420,418	350,996	69,422
Planning and development	621,403	655,167	466,598	188,569
Natural Resources	350,647	382,237	321,425	60,812
Contingency	2,199,276	2,228,426	-	2,228,426
TOTAL EXPENDITURES	10,076,683	10,655,592	7,394,900	3,260,692
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,675,387)	(2,254,296)	1,126,895	3,381,191
OTHER FINANCING SOURCES (USES):				
Transfers in	273,135	273,135	273,135	-
Transfers out	(1,362,500)	(1,362,500)	(1,228,772)	133,728
TOTAL OTHER FINANCING SOURCES (USES)	(1,089,365)	(1,089,365)	(955,637)	133,728
NET CHANGE IN FUND BALANCE	(2,764,752)	(3,343,661)	171,258	3,514,919
FUND BALANCE, JUNE 30, 2014	2,764,752	3,343,661	3,343,661	-
FUND BALANCE, JUNE 30, 2015	\$ -	\$ -	\$ 3,514,919	\$ 3,514,919

ADJUSTMENT TO ACCOUNTING PRINCIPLES

**GENERALLY ACCEPTED IN THE UNITED
STATES OF AMERICA (U.S. GAAP BASIS):**

Property taxes susceptible to accrual
recognized as revenue on the U.S. GAAP basis

45,259

FUND BALANCE (U.S. GAAP BASIS) - June 30, 2015

\$ 3,560,178

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, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 31,000	\$ 31,000	\$ 32,771	\$ 1,771
Intergovernmental	315,395	315,395	352,685	37,290
Interest	2,300	2,300	2,062	(238)
Donations	134,500	134,500	169,592	35,092
TOTAL REVENUES	<u>483,195</u>	<u>483,195</u>	<u>557,110</u>	<u>73,915</u>
EXPENDITURES:				
Current:				
Health and welfare				
Nutrition Division	493,248	538,248	505,566	32,682
Transportation Division	209,301	209,301	187,389	21,912
Contingency	329,941	284,941	-	284,941
TOTAL EXPENDITURES	<u>1,032,490</u>	<u>1,032,490</u>	<u>692,955</u>	<u>339,535</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(549,295)</u>	<u>(549,295)</u>	<u>(135,845)</u>	<u>413,450</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	100,000	100,000	100,000	-
Transfers out	(221,281)	(221,281)	(221,281)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(121,281)</u>	<u>(121,281)</u>	<u>(121,281)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(670,576)	(670,576)	(257,126)	413,450
FUND BALANCE, JUNE 30, 2014	<u>670,576</u>	<u>670,576</u>	<u>609,719</u>	<u>(60,857)</u>
FUND BALANCE, JUNE 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 352,593</u>	<u>\$ 352,593</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 DISTRICT-WIDE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 1,118,537	\$ 1,118,537	\$ 1,063,939	\$ (54,598)
Interest	4,000	4,000	10,586	6,586
Miscellaneous	-	-	616	616
TOTAL REVENUES	<u>1,122,537</u>	<u>1,122,537</u>	<u>1,075,141</u>	<u>(47,396)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,122,537</u>	<u>1,122,537</u>	<u>1,075,141</u>	<u>(47,396)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(2,967,437)</u>	<u>(2,967,437)</u>	<u>(2,684,209)</u>	<u>283,228</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,967,437)</u>	<u>(2,967,437)</u>	<u>(2,684,209)</u>	<u>283,228</u>
NET CHANGE IN FUND BALANCE	(1,844,900)	(1,844,900)	(1,609,068)	235,832
FUND BALANCE, JUNE 30, 2014	<u>1,844,900</u>	<u>1,844,900</u>	<u>1,609,068</u>	<u>(235,832)</u>
FUND BALANCE, JUNE 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SYSTEM DEVELOPMENT CHARGES ZONE 3 FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 858,168	\$ 858,168	\$ 1,814,724	\$ 956,556
Interest	3,000	3,000	9,651	6,651
Miscellaneous	-	-	526	526
TOTAL REVENUES	<u>861,168</u>	<u>861,168</u>	<u>1,824,901</u>	<u>963,733</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>861,168</u>	<u>861,168</u>	<u>1,824,901</u>	<u>963,733</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,876,545	2,876,545	3,022,441	145,896
Transfers out	(5,338,453)	(5,338,453)	-	5,338,453
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,461,908)</u>	<u>(2,461,908)</u>	<u>3,022,441</u>	<u>5,484,349</u>
NET CHANGE IN FUND BALANCE	(1,600,740)	(1,600,740)	4,847,342	6,448,082
FUND BALANCE, JUNE 30, 2014	<u>1,600,740</u>	<u>1,600,740</u>	<u>1,437,851</u>	<u>(162,889)</u>
FUND BALANCE, JUNE 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,285,193</u>	<u>\$ 6,285,193</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District

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

Basis of Presentation, Measurement Focus, and Basis of Accounting

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements (Continued)

The District reports the following major funds:

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

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

The System Development Charges District – Wide Fund is a special revenue fund accounting for the District – Wide system development fees on new residential and commercial development benefiting residents in the entire District. The fund has been closed as of June 30, 2015 and has no proposed budget for fiscal-year ending June 30, 2016. The Fund does not meet the calculations of a major fund, and the District believes the closure of the Fund is important enough to merit major fund reporting. The remaining resources of the fund were transferred to the System Development Charges Zone 3 Fund.

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

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

The 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.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Continued)

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

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

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

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

Fund balances by classification for the year ended June 30, 2015 were as follows:

	General Fund	Nutrition and Transportation Fund	System Development Charges Zone 3 Fund	Capital Projects Fund	Capital Asset Replacement Fund	Other Governmental Fund	Total
Nonspendable:							
Prepays	\$ 18,362	\$ -	\$ -	\$ 32,400	\$ -	\$ -	\$ 50,762
Restricted for:							
Debt service reserve	-	-	-	-	-	108,956	108,956
Acquisition and development	-	-	6,285,193	1,752,943	-	1,142,514	9,180,650
Assigned to:							
Health and welfare	-	352,593	-	-	-	-	352,593
Debt service reserve	-	-	-	-	-	104,528	104,528
Acquisition and development	-	-	-	-	2,187,916	-	2,187,916
Unassigned:	3,541,816	-	-	-	-	-	3,541,816
Total fund balances	<u>\$ 3,560,178</u>	<u>\$ 352,593</u>	<u>\$ 6,285,193</u>	<u>\$ 1,785,343</u>	<u>\$ 2,187,916</u>	<u>\$ 1,355,998</u>	<u>\$ 15,527,221</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, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

ORS 294.035 authorizes the District to invest in general obligations of the United States and its agencies, debt obligations of the state of Oregon, California, Idaho, and Washington and their political subdivisions, banker's acceptances, corporate indebtedness, commercial paper, repurchase agreements, time certificates of deposit, fixed or variable life insurance contracts, and the State Treasurer's Local Government Investment Pool (LGIP). Cash and investments comprise funds held and invested by the County Treasurer and the LGIP. Authority to manage the investment program is granted to the publicly elected County Treasurer, and the District may not engage in an investment transaction without approval of the Treasurer. All bank deposits shall be held in qualified Oregon depositories in accordance with ORS Chapter 295. Financial information required by Governmental Accounting Standards Board Statements (GASB) No. 3 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, 2015.

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, 2015, 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, 2015

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), special payments, capital outlay, debt service, operating contingency and operating transfers - are the levels of control established by the resolution. The detail budget document, however, is required to contain more specific, detailed information for the above mentioned expenditure categories. The budget is adopted on a modified accrual basis with the exception of the following:

- Property taxes susceptible to accrual are recognized on a cash basis.

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, 2015

3. CASH AND INVESTMENTS

Cash and investments are comprised of the following:

Petty cash/change fund	\$ 3,571
Cash and cash equivalents with the County Treasurer	127,826
State of Oregon Treasurer's Local Government Investment Pool	15,519,258
	\$ 15,650,655

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, 2015 Comprehensive Annual Financial Report of Clackamas County for compliance with these statutes.

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

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015, are as follows:

	System				
	General	Development	Capital	Capital Asset	
Accounts receivable	Fund	Charges Zone 3	Projects	Replacement	Total
	Fund	Fund	Fund	Fund	
System development charges	\$ -	\$ 170,316	\$ -	\$ -	\$ 170,316
Energy incentives tax credit	-	-	-	142,970	142,970
Intergovernmental	7,586	-	20,464	-	28,050
Charges for services	35,974	-	-	-	35,974
Gross receivables	43,560	170,316	20,464	142,970	377,310
Less: allowance for uncollectibles	-	-	-	-	-
Net total accounts receivable	\$ 43,560	\$ 170,316	\$ 20,464	\$ 142,970	\$ 377,310

* Accounts receivable at June 30, 2015 includes deferred inflows of resources of \$142,970 for the Energy Incentives Tax Credit.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Increases	Transfers	Deletions	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 18,313,129	\$ 46,431	\$ -	\$ -	\$ 18,359,560
Construction in progress	362,312	107,319	(32,007)	-	437,624
Total capital assets not being depreciated	<u>18,675,441</u>	<u>153,750</u>	<u>(32,007)</u>	<u>-</u>	<u>18,797,184</u>
Capital assets being depreciated:					
Buildings	12,355,056	-	-	-	12,355,056
Office equipment	701,159	194,507	-	-	895,666
Improvements	22,504,051	3,705,869	32,007	-	26,241,927
Vehicles	593,984	-	-	(38,011)	555,973
Total capital assets being depreciated	<u>36,154,250</u>	<u>3,900,376</u>	<u>32,007</u>	<u>(38,011)</u>	<u>40,048,622</u>
Less accumulated depreciation for:					
Buildings	(10,628,397)	(176,981)	-	-	(10,805,378)
Office equipment	(549,986)	(40,768)	-	-	(590,754)
Improvements	(3,807,157)	(1,698,687)	-	-	(5,505,844)
Vehicles	(413,166)	(38,576)	-	34,210	(417,532)
Total accumulated depreciation	<u>(15,398,706)</u>	<u>(1,955,012)</u>	<u>-</u>	<u>34,210</u>	<u>(17,319,508)</u>
Total capital assets being depreciated, net	<u>20,755,544</u>	<u>1,945,364</u>	<u>32,007</u>	<u>(3,801)</u>	<u>22,729,114</u>
Total capital assets, net	<u>\$ 39,430,985</u>	<u>\$ 2,099,114</u>	<u>\$ -</u>	<u>\$ (3,801)</u>	<u>\$ 41,526,298</u>

Depreciation expense was charged as follows:

Culture and recreation	\$ 1,407,609
Health and welfare	<u>547,403</u>
	<u>\$ 1,955,012</u>

6. DUE TO/FROM CLACKAMAS COUNTY

\$251,333 is due to Clackamas County as of June 30, 2015 related to services received.

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015**

7. TRANSFERS TO/FROM OTHER FUNDS

Transfers to/from other funds for the year ended June 30, 2015, consisted of the following:

Amount	Description
\$ 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.
100,000	From the General Fund to the Nutrition and Transportation Fund to support the Nutrition and Transportation programs.
28,772	From the General Fund to the Capital Projects Fund for capital construction and acquisition.
21,281	From the Nutrition and Transportation Fund to the General Fund for the reimbursement of various utility costs.
200,000	From the Nutrition and Transportation Fund to the Capital Asset Replacement Fund for capital asset repair, replacement and acquisition.
251,854	From the System Development Charges District-Wide Fund to the General Fund to reimburse labor expenditures related to capital asset construction and acquisition.
567,000	From the System Development Charges District-Wide Fund to other governmental funds for bond payments.
1,865,355	From the System Development Charges District-Wide Fund to the SDC Charges Zone 3 Fund due to the adoption of Ordinance 06-2014 which eliminated the District-Wide Fund and stipulated that all SDC fees stay within the zone where they are generated.
1,157,086	From the Capital Projects Fund to clear out unspent dollars and return to the originating SDC Charges Zone 3 Fund.
13,470	From the System Development Charges Zone 1 Fund to the Capital Projects Fund for capital asset construction and acquisition.
<u>\$ 5,304,818</u>	

8. RISK MANAGEMENT

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

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

9. LONG-TERM DEBT

In 2008 the District issued Full Faith and Credit Obligations in the amount of \$8,000,000 to fund the creation of a new District park. The remaining annual principal and semi-annual interest payments are approximately \$574,000 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, 2015, are as follows:

	Interest Rates	Original Amount	Outstanding June 30, 2014	Increases	Decreases	Outstanding June 30, 2015
Full Faith and Credit Obligations						
Series 2008	3.25% - 4.00%	\$ 8,000,000	\$ 6,225,000	\$ -	\$ (345,000)	\$ 5,880,000
Full Faith and Credit Refunding Bonds						
Series 2010	2.50% - 4.00%	5,660,000	4,385,000	-	(340,000)	4,045,000
			10,610,000	-	(685,000)	9,925,000
Premiums			125,386	-	(11,573)	113,813
			10,735,386	\$ -	\$ (696,573)	10,038,813
Current Portion						(705,000)
						<u>\$ 9,333,813</u>

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2015

9. 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
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	410,000	159,430	395,000	101,625	805,000	261,055
2021-2025	2,330,000	553,028	2,195,000	270,400	4,525,000	823,428
2026-2028	1,645,000	99,825	-	-	1,645,000	99,825
	<u>\$ 5,880,000</u>	<u>\$ 1,580,620</u>	<u>\$ 4,045,000</u>	<u>\$ 895,950</u>	<u>\$ 9,925,000</u>	<u>\$ 2,476,570</u>

10. 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.

11. 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 \$5,341,242 were paid to various County departments. At June 30, 2015, the District owed the County \$251,333 for such services. Internal County departments allocate their expenses to all county departments including the District. Labor and fringe benefit costs for the District are based on actual costs and all other administrative costs are based on historical actual costs and allocated based on an activity based costing methodology.

12. COMMITMENTS

The District has commitments under various contracts for approximately \$8,829 at June 30, 2015.

13. SUBSEQUENT EVENTS

During fiscal year 2014/2015, the Board of County Commissioners transferred the Hawthorne Park property from the Clackamas County Development Agency to North Clackamas Parks and Recreation District in the amount of \$358,000. The deed was recorded on October 7, 2015.

SUPPLEMENTARY INFORMATION

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds		Debt Service Funds		Total
	System Development Charges Zone 1 Fund	System Development Charges Zone 2 Fund	Series 2010 Debt Service Fund	Series 2008 Debt Service Fund	
<u>ASSETS:</u>					
Cash and investments	\$ 780,976	\$ 341,258	\$ 104,528	\$ 108,956	\$ 1,335,718
Due from Clackamas County	-	20,280	-	-	20,280
TOTAL ASSETS	780,976	361,538	104,528	108,956	1,355,998
<u>FUND BALANCES:</u>					
Restricted	780,976	361,538	-	108,956	1,251,470
Assigned	-	-	104,528	-	104,528
TOTAL FUND BALANCES	\$ 780,976	\$ 361,538	\$ 104,528	\$ 108,956	\$ 1,355,998

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, 2015

	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	
REVENUES:					
Licenses and permits	\$ 785,603	\$ 194,121	\$ -	\$ -	\$ 979,724
Interest	720	936	393	384	2,433
TOTAL REVENUES	786,323	195,057	393	384	982,157
EXPENDITURES:					
Current:					
Culture and recreation	-	-	350	350	700
Debt service:					
Principal	-	-	340,000	345,000	685,000
Interest and fiscal charges	-	-	154,800	221,581	376,381
TOTAL EXPENDITURES	-	-	495,150	566,931	1,062,081
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	786,323	195,057	(494,757)	(566,547)	(79,924)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	500,000	567,000	1,067,000
Transfers out	(13,470)	-	-	-	(13,470)
TOTAL OTHER FINANCING SOURCES (USES)	(13,470)	-	500,000	567,000	1,053,530
NET CHANGE IN FUND BALANCE	772,853	195,057	5,243	453	973,606
FUND BALANCE, JUNE 30, 2014	8,123	166,481	99,285	108,503	382,392
FUND BALANCE, JUNE 30, 2015	\$ 780,976	\$ 361,538	\$ 104,528	\$ 108,956	\$ 1,355,998

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, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 3,290	\$ 3,290	\$ 785,603	\$ 782,313
Interest	15	15	720	705
TOTAL REVENUES	<u>3,305</u>	<u>3,305</u>	<u>786,323</u>	<u>783,018</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,305</u>	<u>3,305</u>	<u>786,323</u>	<u>783,018</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(13,470)	(13,470)	(13,470)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(13,470)</u>	<u>(13,470)</u>	<u>(13,470)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(10,165)	(10,165)	772,853	783,018
FUND BALANCE, JUNE 30, 2014	<u>10,165</u>	<u>10,165</u>	<u>8,123</u>	<u>(2,042)</u>
FUND BALANCE, JUNE 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 780,976</u></u>	<u><u>\$ 780,976</u></u>

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SYSTEM DEVELOPMENT CHARGES ZONE 2 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 99,459	\$ 99,459	\$ 194,121	\$ 94,662
Interest	250	250	936	686
TOTAL REVENUES	<u>99,709</u>	<u>99,709</u>	<u>195,057</u>	<u>95,348</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>99,709</u>	<u>99,709</u>	<u>195,057</u>	<u>95,348</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	380,541	380,541	-	(380,541)
Transfers out	<u>(681,804)</u>	<u>(681,804)</u>	<u>-</u>	<u>681,804</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(301,263)</u>	<u>(301,263)</u>	<u>-</u>	<u>301,263</u>
NET CHANGE IN FUND BALANCE	(201,554)	(201,554)	195,057	396,611
FUND BALANCE, JUNE 30, 2014	<u>201,554</u>	<u>201,554</u>	<u>166,481</u>	<u>(35,073)</u>
FUND BALANCE, JUNE 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 361,538</u></u>	<u><u>\$ 361,538</u></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, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest	\$ 200	\$ 200	\$ 393	\$ 193
TOTAL REVENUES	<u>200</u>	<u>200</u>	<u>393</u>	<u>193</u>
EXPENDITURES:				
Current:				
Materials and services	500	500	350	150
Debt Service:				
Principal	340,000	340,000	340,000	-
Interest and fiscal charges	155,000	155,000	154,800	200
TOTAL EXPENDITURES	<u>495,500</u>	<u>495,500</u>	<u>495,150</u>	<u>350</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(495,300)</u>	<u>(495,300)</u>	<u>(494,757)</u>	<u>543</u>
OTHER FINANCING SOURCE:				
Transfers in	500,000	500,000	500,000	-
NET CHANGE IN FUND BALANCE	4,700	4,700	5,243	543
FUND BALANCE, JUNE 30, 2014	<u>98,375</u>	<u>98,375</u>	<u>99,285</u>	<u>910</u>
FUND BALANCE, JUNE 30, 2015	<u>\$ 103,075</u>	<u>\$ 103,075</u>	<u>\$ 104,528</u>	<u>\$ 1,453</u>

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SERIES 2008 DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Interest	\$ 200	\$ 200	\$ 384	\$ 184
TOTAL REVENUES	<u>200</u>	<u>200</u>	<u>384</u>	<u>184</u>
EXPENDITURES:				
Current:				
Materials and services	1,000	1,000	350	650
Debt Service:				
Principal	345,000	345,000	345,000	-
Interest and fiscal charges	222,000	222,000	221,581	419
TOTAL EXPENDITURES	<u>568,000</u>	<u>568,000</u>	<u>566,931</u>	<u>1,069</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(567,800)</u>	<u>(567,800)</u>	<u>(566,547)</u>	<u>1,253</u>
OTHER FINANCING SOURCE:				
Transfers in	567,000	567,000	567,000	-
NET CHANGE IN FUND BALANCE	(800)	(800)	453	1,253
FUND BALANCE, JUNE 30, 2014	<u>107,750</u>	<u>107,750</u>	<u>108,503</u>	<u>753</u>
FUND BALANCE, JUNE 30, 2015	<u>\$ 106,950</u>	<u>\$ 106,950</u>	<u>\$ 108,956</u>	<u>\$ 2,006</u>

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, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 21,015	\$ 21,015	\$ 410	\$ (20,605)
Interest	4,000	4,000	11,313	7,313
Intergovernmental	921,500	921,500	584,062	(337,438)
TOTAL REVENUES	<u>946,515</u>	<u>946,515</u>	<u>595,785</u>	<u>(350,730)</u>
EXPENDITURES:				
Current:				
Materials and services	20,137	50,137	32,382	17,755
Capital outlay	8,604,604	8,650,656	329,770	8,320,886
TOTAL EXPENDITURES	<u>8,624,741</u>	<u>8,700,793</u>	<u>362,152</u>	<u>8,338,641</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,678,226)</u>	<u>(7,754,278)</u>	<u>233,633</u>	<u>7,987,911</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	6,244,810	6,244,810	42,242	(6,202,568)
Transfers out	(1,157,086)	(1,157,086)	(1,157,086)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,087,724</u>	<u>5,087,724</u>	<u>(1,114,844)</u>	<u>(6,202,568)</u>
NET CHANGE IN FUND BALANCE	(2,590,502)	(2,666,554)	(881,211)	1,785,343
FUND BALANCE, JUNE 30, 2014	<u>2,590,502</u>	<u>2,666,554</u>	<u>2,666,554</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,785,343</u>	<u>\$ 1,785,343</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, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 12,000	\$ 12,000
Interest	3,000	3,000	6,961	3,961
Miscellaneous	-	-	8,963	8,963
TOTAL REVENUES	<u>3,000</u>	<u>3,000</u>	<u>27,924</u>	<u>24,924</u>
EXPENDITURES:				
Current:				
Materials and services	37,000	37,000	5,800	31,200
Capital outlay	1,697,747	1,697,747	141,512	1,556,235
Contingency	350,000	350,000	-	350,000
TOTAL EXPENDITURES	<u>2,084,747</u>	<u>2,084,747</u>	<u>147,312</u>	<u>1,937,435</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,081,747)</u>	<u>(2,081,747)</u>	<u>(119,388)</u>	<u>1,962,359</u>
OTHER FINANCING SOURCE:				
Transfers in	800,000	800,000	800,000	-
NET CHANGE IN FUND BALANCE	(1,281,747)	(1,281,747)	680,612	1,962,359
FUND BALANCE, JUNE 30, 2014	<u>1,281,747</u>	<u>1,281,747</u>	<u>1,507,304</u>	<u>225,557</u>
FUND BALANCE, JUNE 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,187,916</u>	<u>\$ 2,187,916</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, 2015**

Tax Year	Taxes Receivable June 30, 2014	Levy as Extended by Assessor	Discounts Allowed	Interest	Adjustments	Collections	Taxes Receivable June 30, 2015
2014-15	\$ -	\$ 6,387,501	\$ (163,782)	\$ 2,846	\$ (9,112)	\$ (6,068,477)	\$ 148,976
2013-14	153,259	-	49	6,523	(2,752)	(80,001)	77,078
2012-13	86,600	-	4	6,585	(408)	(37,200)	55,581
2011-12	60,572	-	8	8,447	(528)	(32,828)	35,671
2010-11	34,944	-	6	4,532	(486)	(15,071)	23,925
2009-10	24,871	-	-	1,453	(653)	(4,043)	21,628
2008-09 and prior	9,569	-	-	1,337	(915)	(3,837)	6,154
	<u>\$ 369,815</u>	<u>\$ 6,387,501</u>	<u>\$ (163,715)</u>	<u>\$ 31,723</u>	<u>\$ (14,854)</u>	<u>\$ (6,241,457)</u>	<u>\$ 369,013</u>

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STATISTICAL INFORMATION

Statistical Section

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

<u>Contents</u>	<u>Page</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	41-44
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	45-48
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	49-52
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	53-55
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	56-57

Sources:

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NET 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
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
2015	31,487,485	108,956	9,180,650	6,835,003	47,612,094

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			
	2006	2007	2008	2009
Expenses:				
Culture, education and recreation	\$ 3,369,398	\$ 3,884,175	\$ 4,433,921	\$ 5,517,296
Health and welfare	1,314,110	1,488,166	1,895,318	2,162,530
Interest on long-term debt	418,824	407,458	485,395	638,719
Total expenses	<u>5,102,332</u>	<u>5,779,799</u>	<u>6,814,634</u>	<u>8,318,545</u>
Program Revenues:				
Charges for services:				
Culture, education and recreation	2,195,110	4,203,073	2,435,062	1,814,058
Health and welfare	29,569	26,767	1,094,013	815,012
Operating grants and contributions:				
Culture, education and recreation	32,139	212,603	3,284,676	919,061
Health and welfare	585,932	666,391	1,475,724	412,911
Capital grants and contributions:				
Culture, education and recreation	-	-	-	-
Total program revenues	<u>2,842,750</u>	<u>5,108,834</u>	<u>8,289,475</u>	<u>3,961,042</u>
Net Expense	<u>(2,259,582)</u>	<u>(670,965)</u>	<u>1,474,841</u>	<u>(4,357,503)</u>
General Revenues:				
Property taxes levied for general purposes	3,467,569	4,331,039	4,644,258	4,912,438
Earnings on investments	216,720	363,496	433,408	196,715
Interagency transfer in	-	-	-	2,000,000
Loss on disposal of capital assets	-	-	-	-
Miscellaneous	78,853	32,692	247,246	203,092
Total general revenues	<u>3,763,142</u>	<u>4,727,227</u>	<u>5,324,912</u>	<u>7,312,245</u>
Change In Net Position	<u>1,503,560</u>	<u>4,056,262</u>	<u>6,799,753</u>	<u>2,954,742</u>
Cumulative effect of correction of error	-	-	-	-
Total Change In Net Position	<u>\$ 1,503,560</u>	<u>\$ 4,056,262</u>	<u>\$ 6,799,753</u>	<u>\$ 2,954,742</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									
		2010	2011 (Restated)	2012	2013	2014	2015				
\$	5,151,374	\$	6,003,725	\$	5,686,708	\$	6,594,107	\$	6,400,741	\$	6,941,053
	2,185,918		2,429,902		2,282,523		2,653,230		2,557,450		3,151,514
	603,945		475,573		430,037		409,488		462,994		390,654
	<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>		<u>10,483,221</u>
	2,490,750		2,409,847		3,102,933		3,220,860		3,501,228		3,469,954
	1,119,032		1,082,685		1,206,696		1,315,563		1,390,998		1,625,996
	811,586		780,870		383,558		328,305		650,916		760,915
	364,626		350,825		493,329		484,537		448,983		522,277
	-		-		-		6,892,951		508,379		3,590,561
	<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>9,969,703</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>		<u>(513,518)</u>
	5,089,720		5,168,112		5,347,036		5,414,332		5,989,488		6,240,654
	32,243		22,844		36,493		50,801		52,818		61,274
	-		-		-		-		-		-
	-		-		-		(10,782)		-		-
	<u>333,690</u>		<u>110,349</u>		<u>59,764</u>		<u>154,387</u>		<u>47,322</u>		<u>19,828</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>		<u>6,321,756</u>
	<u>2,300,410</u>		<u>1,016,332</u>		<u>2,230,541</u>		<u>8,194,129</u>		<u>3,168,947</u>		<u>5,808,238</u>
	-		2,236,375		-		-		-		-
\$	<u><u>2,300,410</u></u>	\$	<u><u>3,252,707</u></u>	\$	<u><u>2,230,541</u></u>	\$	<u><u>8,194,129</u></u>	\$	<u><u>3,168,947</u></u>	\$	<u><u>5,808,238</u></u>

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

	Fiscal Year			
	2006	2007	2008	2009
General Fund:				
Reserved for prepaid items	\$ -	\$ -	\$ 52,650	\$ 53,375
Unreserved	2,456,136	2,373,420	2,731,915	1,547,530
Nonspendable	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 2,456,136</u>	<u>\$ 2,373,420</u>	<u>\$ 2,784,565</u>	<u>\$ 1,600,905</u>
All Other Governmental Funds:				
Special revenue funds:				
Unreserved	\$ 2,230,820	\$ 3,016,770	\$ 3,964,821	\$ 954,203
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Capital project funds:				
Unreserved	894,724	1,046,500	5,293,877	2,137,160
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Debt service funds:				
Unreserved	48,789	45,392	70,624	188,378
Restricted	-	-	-	-
Assigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 3,174,333</u>	<u>\$ 4,108,662</u>	<u>\$ 9,329,322</u>	<u>\$ 3,279,741</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					
2010	2011	2012	2013	2014	2015
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
7,167	840	1,640	12,530	1,582	18,362
2,857,900	3,369,492	2,719,137	2,993,589	3,397,971	3,541,816
<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>	<u>\$ 3,560,178</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	99	-	120	-
811,687	1,590,255	2,596,596	2,324,381	3,221,523	7,427,707
673,843	763,252	763,156	632,599	609,599	352,593
-	-	-	-	-	-
-	-	-	-	-	32,400
595,725	393,982	1,036,967	2,866,465	2,666,554	1,752,943
321,766	572,292	1,424,499	1,041,265	1,507,304	2,187,916
-	-	-	-	-	-
249	251	196,938	108,550	108,503	108,956
82,823	83,092	-	95,741	99,285	104,528
<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>	<u>\$ 11,967,043</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			
	2006	2007	2008	2009
Revenues:				
Property taxes	\$ 3,478,838	\$ 4,299,108	\$ 4,588,601	\$ 4,850,010
Charges for services	1,313,467	1,251,602	1,962,160	1,752,008
Intergovernmental	677,230	943,009	4,509,277	570,109
Licenses and permits	674,111	2,719,057	1,566,915	877,062
Interest	216,720	363,496	433,408	196,715
Contributions	256,794	227,858	182,750	188,442
Grants	-	-	68,373	573,421
Miscellaneous	-	-	247,246	203,092
Total revenues	6,617,160	9,804,130	13,558,730	9,210,859
Expenditures:				
Culture and recreation	2,756,578	3,271,209	4,048,501	4,965,560
Health and welfare	1,305,173	1,473,169	1,722,159	1,916,666
Capital outlay	251,440	3,449,743	9,420,705	10,248,820
Debt service:				
Interest	330,000	345,000	365,000	713,054
Principal	424,505	413,397	388,558	600,000
Bond miscellaneous charges	-	-	-	-
Total expenditures	5,067,696	8,952,518	15,944,923	18,444,100
Excess (deficiency) of revenues over (under) expenditures	1,549,464	851,612	(2,386,193)	(9,233,241)
Other Financing Sources:				
Bond sale proceeds	-	-	8,000,000	-
Bond premium	-	-	17,998	-
Interagency transfer in	-	-	-	2,000,000
Payment to the escrow account for refunding debt	-	-	-	-
Total other financing sources	-	-	8,017,998	2,000,000
Net Change in Fund Balances	\$ 1,549,464	\$ 851,612	\$ 5,631,805	\$ (7,233,241)
Debt service as a percentage of noncapital expenditures	15.7%	13.8%	11.6%	16.0%

Source: Clackamas County Finance Department

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 5,076,968	\$ 5,190,484	\$ 5,292,033	\$ 5,414,738	\$ 5,978,500	\$ 6,230,823	
2,628,682	1,403,186	1,733,102	1,982,668	2,307,795	2,125,883	
759,979	22,844	749,943	883,538	741,117	1,085,715	
981,100	891,019	2,576,527	2,483,299	1,720,686	3,858,387	
32,243	2,089,346	36,493	50,801	52,817	61,274	
176,137	182,152	126,944	158,187	162,202	192,270	
-	-	-	-	-	-	
333,691	110,349	59,764	154,387	28,702	19,828	
<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>	<u>13,574,180</u>	
4,523,581	4,728,427	4,984,606	5,367,104	5,297,436	5,875,053	
1,947,534	1,945,635	2,008,466	2,158,197	2,104,611	2,251,684	
1,723,430	735,632	559,030	1,210,641	993,113	471,282	
564,755	457,391	427,128	410,588	394,338	376,381	
700,000	600,000	630,000	645,000	665,000	685,000	
167,987	-	-	-	-	-	
<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>9,659,400</u>	
361,513	1,422,295	1,965,576	1,336,088	1,537,321	3,914,780	
5,820,100	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
(5,711,099)	-	-	-	-	-	
<u>109,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>\$ 3,914,780</u>	
16.0%	13.7%	13.1%	12.3%	12.5%	11.6%	

**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
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
2015	12,707,922,936	418,777,464	33,753,256	273,526,828	1,441,606,174

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

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

Source: Clackamas County Department of Assessment and Taxation

	Total Taxable Assessed Value	Total Direct Tax Rate	True Cash Value	Assessed Value as a Percentage of True Cash Value
\$	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
	11,992,374,310	0.50	14,260,099,520	84.10

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

Year	North Clackamas Parks & Recreation District		Overlapping Rates ⁽³⁾									Total Direct & Overlapping	Total Direct & Overlapping Range
	General Operations	Total Direct ⁽²⁾ Rate	Clackamas County	County Component Units	Cities	Schools	College/ ESD	Fire	Other Special				
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		
2015	0.50	0.50	2.77	0.84	1.34	6.59	1.01	2.27	0.58	15.91	15.17-20.43		

Notes:

- (1) Rates are summary for all Tax Code Areas where North Clackamas Parks and Recreation District taxes are assessed. From 2014 Tax District Summary for FY ending 06/30/2015 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, 2015 AND NINE YEARS AGO

Taxpayer	2015			2006		
	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.	\$ 224,899,091	1	1.88 %	\$ 121,719,056	2	1.67 %
Clackamas Baking Plant/Fred Meyer	113,405,630	2	0.95	129,260,468	1	1.78
PCC Structural Inc.	107,780,600	3	0.90	57,850,016	3	0.79
Portland General Electric Company	83,689,000	4	0.70	41,238,939	5	0.57
Comcast Corporation	81,618,900	5	0.68			
Blount, Incorporated	72,338,200	6	0.60	36,342,313	8	0.50
Marvin F Poer & Company	68,270,865	7	0.57			
Kaiser Foundation Hospital	56,014,627	8	0.47			
Northwest Natural Gas	53,905,800	9	0.45	36,475,007	7	0.50
WH Portland Industrial LLC	47,927,840	10	0.40			
Warn Belleview Inc.				46,179,290	4	0.63
United Western Grocers				36,604,900	6	0.50
CH Realty III/Clackamas LLC				34,747,401	9	0.48
International Airport Centers				28,644,308	10	0.39
Total	\$ 909,850,553		7.59 %	\$ 569,061,698		7.82 %

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
2006	\$ 3,566,536	\$ 3,384,291	94.9 %	\$ 88,295	\$ 3,472,586	97.4 %
2007	4,428,044	4,195,481	94.7	124,674	4,320,155	97.6
2008	4,754,017	4,471,437	94.1	172,192	4,643,629	97.7
2009	5,031,319	4,687,127	93.2	237,064	4,924,191	97.9
2010	5,211,357	4,883,899	93.7	195,543	5,079,442	97.5
2011	5,330,887	4,991,388	93.6	188,500	5,179,888	97.2
2012	5,460,383	5,132,683	94.0	165,839	5,298,522	97.0
2013	5,552,565	5,236,985	94.3	130,917	5,367,903	96.7
2014	6,097,777	5,782,712	94.8	80,001	5,862,713	96.1
2015	6,387,502	6,068,477	95.0	-	6,068,477	95.0

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			
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	0.20	99.22
2014	-	-	6,237,312	4,498,074	10,735,386	N/A	92.15
2015	-	-	5,891,413	4,147,400	10,038,813	N/A	85.75

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
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	-	10,735,386	10,735,386	(108,503)	10,626,883	0.09	91.21
2015	-	10,038,813	10,038,813	(108,956)	9,929,857	0.08	84.82

**NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2015**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Clackamas County	\$ 98,780,000	28.7411 %	\$ 28,390,459
Clackamas County Rural Fire Protection District #1	0	70.2973	0
Clackamas County School District #12 (North Clackamas)	327,458,315	96.4972	315,988,105
Clackamas County School District #62 (Oregon City)	87,055,000	8.1354	7,082,272
Clackamas County School District #115 (Gladstone)	51,535,310	4.9336	2,542,546
Clackamas Community College	66,116,012	39.2957	25,980,750
City of Happy Valley	3,750,000	100.0000	3,750,000
Metro	193,205,000	7.0818	13,682,392
Multnomah Cty SD 28J(Centennial)	26,836,858	1.0414	279,479
Mt Hood Community College	24,445,000	0.0975	23,834
Other debt:			
Clackamas County	1,400,000	28.7411	402,375
Oak Lodge Sanitary District #2	19,510,000	97.8430	19,089,169
Clackamas County Rural Fire Protection District #1	18,290,000	70.2973	12,857,376
Clackamas Community College	28,045,000	39.2957	11,020,479
City of Gladstone	1,695,000	0.0018	31
City of Milwaukie	3,850,000	99.1378	8,268,093
Port of Portland	65,302,566	6.5067	4,249,042
Metro	30,420,000	7.0818	2,154,284
Multnomah Education Service District	31,355,000	0.0279	8,748
Mt Hood Community College	41,038,056	0.0975	40,012
Clackamas County Education Service District	23,405,000	30.2420	<u>7,078,140</u>
Subtotal overlapping debt			462,887,586
District direct debt			<u>10,038,813</u>
Total direct and overlapping debt			<u>\$ 472,926,399</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
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
2015	14,260,099,520	13	1,853,812,938	10,038,813	1,843,774,125	0.54

Note:

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

Source: Clackamas County Finance Department

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

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

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income ⁽¹⁾	Clackamas County Unemployment Rate ⁽⁵⁾
2006	92,500	\$ 3,827,465	\$ 41,378	5.1 %
2007	93,500	4,110,728	43,965	4.6
2008 ⁽²⁾	112,404	5,036,036	44,803	4.7
2009 ⁽³⁾	113,742	4,964,383	43,646	8.4
2010 ⁽⁴⁾	113,869	5,118,867	44,954	10.4
2011 ⁽⁴⁾	113,869	5,228,295	45,915	9.5
2012	114,321	5,520,104	48,286	8.4
2013	114,251	5,650,055	49,453	7.5
2014	116,505	N/A	N/A	6.4
2015	117,064	N/A	N/A	5.6

Notes:

(1) Figures are for calendar year.

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

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

(4) From Claritas Software from Nielsen Corp.

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

N/A Not available

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
PRINCIPAL EMPLOYERS (1)
JUNE 30, 2015 AND NINE YEARS AGO

Employer	2015			2006		
	Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
Intel Corp.	17,500	1	.02 %	15,000	1	.01 %
U.S. Federal Govt.	17,500	1	.02			
Providence Health System	15,239	3	.01	14,007	2	.01
Oregon Health & Sciences University	14,616	4	.01	11,400	4	.01
State of Oregon	14,200	5	.01	6,700	9	.01
Kaiser Foundation Health Plan of the Northwest	11,881	6	.01	7,797	8	.01
Legacy Health System	10,436	7	.01	7,900	7	.01
Fred Meyer Stores	10,237	8	.01	9,663	5	.01
City of Portland	8,558	9	.01	8,000	6	.01
Nike Inc.	8,000	10	.01	6,100	10	.01
Safeway, Inc., Portland Division				13,453	3	.01
Total	<u>128,167</u>		<u>0.12 %</u>	<u>100,020</u>		<u>0.10 %</u>

Sources;

(1) Statistics are the latest available data published in the Portland Business Journal *Book of Lists 2015* and *Book of Lists 2006*. The Business Journal Book of Lists ranks Portland Metropolitan Area employers.

(2) Total Portland Metropolitan Area employment used to calculate percentages is from the United States Department of Labor Bureau of Labor Statistics.

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

<u>Year Ended June 30,</u>	<u>Health and Welfare</u>	<u>Culture and Recreation</u>	<u>Total</u>
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
2015	8.72	25.90	34.62

Note:

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

Source: Clackamas County Finance Department.

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

Function	Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Health and welfare:										
Social service units provided	17,859	15,277	13,783	16,657	15,675	6,006	6,186	6,718	6,647	5,264
Meals on Wheels and on-site meals served	66,983	73,777	75,821	72,850	66,903	66,903	65,752	66,299	70,966	69,756
One way rides, older adults and disabled	12,310	11,440	11,210	14,652	14,662	12,967	12,541	11,935	10,360	10,240
Culture and recreation:										
Recreation programs	58	53	67	66	69	66	80	95	97	60
Recreation class participants	2,180	2,273	3,083	3,486	3,419	3,355	4,281	4,443	4,483	3,381
Recreation classes	185	239	268	292	281	264	380	293	298	231
Swim lesson participants ⁽²⁾	3,612	4,292	4,347	4,306	4,481	4,593	5,303	4,247	4,253	4,488
Aquatic park total customers served ⁽¹⁾	245,928	238,703	251,056	246,857	245,905	312,909	271,638	250,863	262,812	253,086

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

(2) New swim lesson program with lower ratios.

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

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

Function	Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	2	2	2	2	2
Transportation vehicles (14, 16 & 20 passenger)	3	3	3	3	3	3	3	4	3	4
Culture and recreation:										
Acreage-maintained	101.0	101.0	498.0	520	523.2	504.5	517.3	592	596	501.2
Parks maintained	34	34	54	60	60	51	52	53	55	63
Play structures	26	26	26	29	30	30	30	30	32	33
Maintenance vehicles/equipment	14	14	20	21	22	25	30	30	31	32
Passenger van (Recmobile)	1	1	1	1	1	1	2	1	1	1
Buses (1)	4	4	4	4	4	4	4	4	3	-
Aquatic Park (five pools, game room, activity rooms)	1	1	1	1	1	1	1	1	1	1
Sports fields:										
Baseball	3	5	5	9	11	11	11	11	11	11
Soccer	3	7	3	4	6	6	6	6	6	6
Tennis courts	3	3	3	3	3	3	3	3	3	3
Basketball	15	15	15	15	16	16	16	16	18	17
Volleyball courts	2	2	2	2	2	2	2	2	2	2
Sports programs	-	-	-	-	-	-	-	-	-	127
Sports program participants	-	-	-	-	-	-	-	-	-	7,040
Sports courses offered during the year	-	-	-	-	-	-	-	-	-	248

(1) Buses under culture and recreation are the same as transportation vehicles under health and welfare.

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***

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, Nutrition and Transportation Fund, 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 2, 2015.

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_{LLP}

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
November 2, 2015

**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, 2015, and have issued our report thereon dated November 2, 2015. 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 2015 and 2016.
- 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, reading "James C. Layanotto".

For Moss Adams LLP
Eugene, Oregon
November 2, 2015