

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

Comprehensive Annual Financial Report

Year ended June 30, 2010

Prepared by the Clackamas County Department of Finance  
Marc S. Gonzales, Finance Director  
Phyllis West, Finance Manager

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

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INTRODUCTORY SECTION



**DEVELOPMENT AGENCY**

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

December 15, 2010

To the Citizens of Clackamas County:

The Comprehensive Annual Financial Report of the Clackamas County Development Agency (the Agency), an Urban Renewal Agency, for the fiscal year ending June 30, 2010 is hereby submitted as mandated by state statute. State statute requires that the Agency issue a report annually on its financial position and activity, and that an independent firm of certified public accountants audits this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Agency and is based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to fairly present the financial position and results of operations of the Agency and its various funds. All disclosures necessary to enable the reader to gain an understanding of the Agency's financial activities have been included.

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

Oregon Municipal Audit Law, as contained in the Oregon Revised Statutes, requires an annual audit by independent certified public accountants. The firm of Talbot, Korvola & Warwick, LLP, was selected to perform the audit for the fiscal year ending June 30, 2010. The auditor's report on the financial statements is included in the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides narrative introduction, overview and analysis of the basic  
December 15, 2010

To the Citizens of Clackamas County:

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To the Citizens of Clackamas County  
December 15, 2010

## ***Profile of the Development Agency***

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

The Agency operated four urban renewal areas through fiscal year 2010. Three of these areas are located in the urbanized northeast portion of Clackamas County, one of Oregon's fastest growing regions.

The **Clackamas Town Center Development Area (CTC)** encompasses one of the state's largest commercial concentrations at the Clackamas Town Center and Clackamas Promenade shopping centers, both thriving retail malls. The Agency has acquired real estate throughout the area for future use or resale for redevelopment purposes.

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

The third urban renewal area, the **Clackamas Industrial Development Area (CIA)**, is a major regional distribution, warehousing and wholesale trade center. Industry is attracted to the area for a variety of reasons, including access to I-205 that links the area to the interstate freeway system and the international airport, and a large diversified labor force living nearby. The primary goals of the CIA are to reduce traffic congestion, control flooding and improve drainage, promote economic development and create new jobs for local residents.

In 2001, when most of the projects in the area had been completed, a major amendment reduced the total area of the District by 50 percent. The amendment allowed property with an assessed value of \$253 million to be added to the general tax rolls. In 2006, the Agency terminated its tax levy in the CIA. Tax on assessed value in this area is now available for use by the overlapping tax districts. Remaining projects are being completed with carryover funds that remain in the District's budget.

To the Citizens of Clackamas County  
December 15, 2010

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

### ***Local Economy***

As a whole, Clackamas County has experienced a decade of steady growth in population and development. County population increased from 313,000 in 1997 to a U.S. Census Bureau estimate of 386,143 in 2009.

- Assessed property values in the Government Camp Development Area have increased greatly. When the urban renewal plan was adopted in 1989, assessed values were \$24 million. The tax levy was terminated in 2009. At that time, the total assessed value had risen to approximately \$160 million.
- In the Clackamas Town Center Development Area, assessed values were \$45 million in 1980 when the area was adopted. Assessed values in 2010 of over \$607 million reflect the fact that this has been the region's fastest growing business center with development of high quality office, retail and multi-family projects. Increases in assessed values attest to the overall success of urban renewal area planning and development.
- The original assessed value of the Clackamas Industrial Development Area, adopted in 1984, was \$300 million. After making improvements that increased property values, in 2001 the Agency added \$253.5 million to the general tax rolls and reduced the size of the district by 50 percent. The assessed value of the smaller district was \$323 million in 2006 when the tax levy was ended.
- The North Clackamas Revitalization Area was valued at \$461 million in 2010, up from \$397.7 million when the district was formed in 2006. Further development is expected with the installation of sewers, programs to revitalize housing and streetscape improvements.

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

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The nationwide recession beginning in 2008-09 had a large impact on employment levels across the state. Historically, Clackamas County's unemployment level has remained below the statewide averages. Currently the State of Oregon has the eighth highest unemployment rate in the country at 10.6 percent while that of Clackamas County is 10.1 percent. The Oregon Office of Economic Analysis (OEA) reports that the employment rate has improved slightly since the beginning of the year, but in the last quarter of the fiscal year has been trending down, and by July 2010 was relatively flat.

### ***Long-Term Financial Planning***

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

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

### ***Relevant Financial Policies***

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

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

## ***Major Initiatives***

The Agency encourages high quality development and economic prosperity in the County and administers its four urban renewal areas which are targeted for public assistance. The areas are:

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

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

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

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

### **Clackamas Town Center Area**

**Green Line Light Rail:** In July 2004 the Board of County Commissioners approved an intergovernmental agreement with TriMet to contribute \$36.333 million toward the local match for the I-205 light rail project – now called the Green Line. One million dollars was paid initially toward preliminary engineering and the remaining balance of \$35.333 million was financed through a bond sale in June 2007. The terms of the IGA required payment to TriMet by August 18, 2007, and funds were transferred on August 17, 2007.

The Green Line opened in September 2009 and links the Clackamas Town Center Area with the Gateway District and downtown Portland. It operates within the I-205 freeway right-of-way. There are two stations in Clackamas County – one at Fuller Road, in the North

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December 15, 2010

Clackamas Revitalization Area and a second, the terminus, at Clackamas Town Center. The project was constructed with a combination of federal and local funding.

**Sunnybrook Boulevard West Extension:** Preliminary Engineering began for the Sunnybrook Boulevard West extension from 82nd Avenue to Harmony Road in 2010 and will continue through spring 2012. Construction is expected to begin in 2012. This project will provide additional east/west connectivity and help alleviate congestion at the intersections of 82<sup>nd</sup> Avenue with Sunnyside Road and Sunnybrook Boulevard.

**Disposition and Development Agreements:** The Agency entered into several Disposition and Development Agreements in the past few years. One was for a mixed-use medical office building and multi-housing development in the Johnson Creek/92<sup>nd</sup> Avenue area that was completed last year. Though market conditions have been difficult, the Agency continues to actively market surplus properties for development.

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

### *Clackamas Industrial Development Area*

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

With the passing of House Bill 2001 by the Oregon Legislature in 2009, funding became available for the early phases of the Sunrise Project, also known as the Sunrise Mainline Project. Clackamas County has coordinated closely with OIW and ODOT to ensure sufficient area of the Northwest Pipe and Casing Site remains to support construction of the Mainline Project in the upcoming years.

**Highway 212/Lawnfield Connection:** Design began on the Lawnfield/Mather roadway connection and 102<sup>nd</sup> Avenue improvement project in 2008. This project is necessary to support future Sunrise System projects. Construction is planned in two phases. Phase I is

To the Citizens of Clackamas County  
December 15, 2010

scheduled for construction in 2010. Phase 2, which is contingent on completion of Phase I, is scheduled for construction in 2011.

**172<sup>nd</sup> Avenue Improvements:** In 2007, the Agency completed an amendment to the Clackamas Industrial Area Plan to add the 172<sup>nd</sup> Avenue Improvement project. The project, which was completed in 2010, widened and improved 172<sup>nd</sup> Avenue from Highway 212 north to Sunnyside Road to accommodate the increased traffic volume expected with the growth of the Happy Valley/Damascus area.

#### *North Clackamas Revitalization Area*

**Sanitary Sewers:** Annexation of the portions of the NCRA without sewer service into Clackamas County Service District No.1 was approved in 2008 – the first step toward providing sanitary sewer service to all residents in this community. Design for the sewer system began in fall 2008, and construction began in fall 2009. Phase I is nearing completion and Phase 2 will begin in October 2010. The Agency will provide \$2,200 per eligible property to residents to help offset the cost of hooking up to the sewer line. The Agency will also provide an additional contribution toward sewer construction costs which will reduce assessments by \$1,250 per eligible property.

**Housing Assistance:** Housing rehabilitation and down payment assistance loan programs have been established. The first owner-occupied rehab loan was awarded and rehabilitation work on both the interior and exterior of the dwelling was completed in 2008. Three down payment assistance loans for first-time homebuyers, and one owner-occupied rehabilitation loan were awarded in 2009/10.

**Affordable Housing:** The Agency entered into an agreement for development of a project with affordable housing. The project will consist of construction of approximately 29 condominium units, with at least 10 being affordable. It will also include a community park, which will have construction funding provided by a grant from the Metro Nature in Neighborhoods program. Twenty-four of 29 housing units are completed. Park construction is expected to occur in summer 2011.

**Transit-Oriented Development:** The Agency is working with the County's Long-Range Planning Division to develop a form-based code to support transit-oriented development centered on the new Fuller Road light rail station.

#### *Government Camp Development Area*

**Facade Improvements:** Implementation of the facade improvement project continued in fiscal year 2009. The Agency provided architectural assistance to one property owner to remodel a building front in the commercial core area to better reflect or achieve the Cascadian style.

To the Citizens of Clackamas County  
December 15, 2010

**Trail Improvements:** Phase II of the Trail Improvement project was completed in 2009. Nine miles of new trails in and around Government Camp were constructed. Design was completed for a new trailhead parking facility.

**Steel Lane Pathway:** Design was complete in 2009-2010 for a new pedestrian pathway that will be constructed within the Steel Lane right-of-way, to connect Multorpor Drive to the Mt. Hood Cultural Museum. The project will be constructed in fall 2010.

**Fire Safety Improvements:** Preliminary design was completed for a new fire station in Government Camp. Final design will be completed after all construction funding has been secured.

**Loop Road Lighting:** Design began on a project that will place overhead utilities underground and new lights installed at the west end of the Loop Road.

### ***Awards and Acknowledgements***

For the 16<sup>th</sup> year in a row, the Government Finance Officers Association of the United States and Canada (GFOA) awarded its prestigious Certificate of Achievement for Excellence in Financial Reporting to the Clackamas County Development Agency for its Comprehensive Annual Financial Report for the fiscal year ending June 30, 2009. In order to receive this award, a government must publish an easily readable and efficiently organized comprehensive annual financial report that satisfies generally accepted accounting principles and applicable legal requirements.

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

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

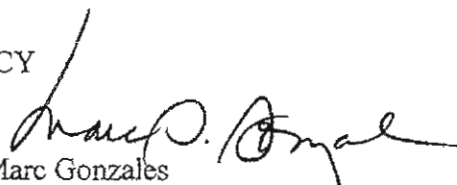
Grateful acknowledgment is also made to the Board of County Commissioners and the County Administrator, whose leadership and support made the preparation of this report possible.

Sincerely,

CLACKAMAS COUNTY DEVELOPMENT AGENCY



Dan Johnson  
Program Supervisor



Marc Gonzales  
Clackamas County Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Clackamas County  
Development Agency, Oregon

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

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



A stylized handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

President

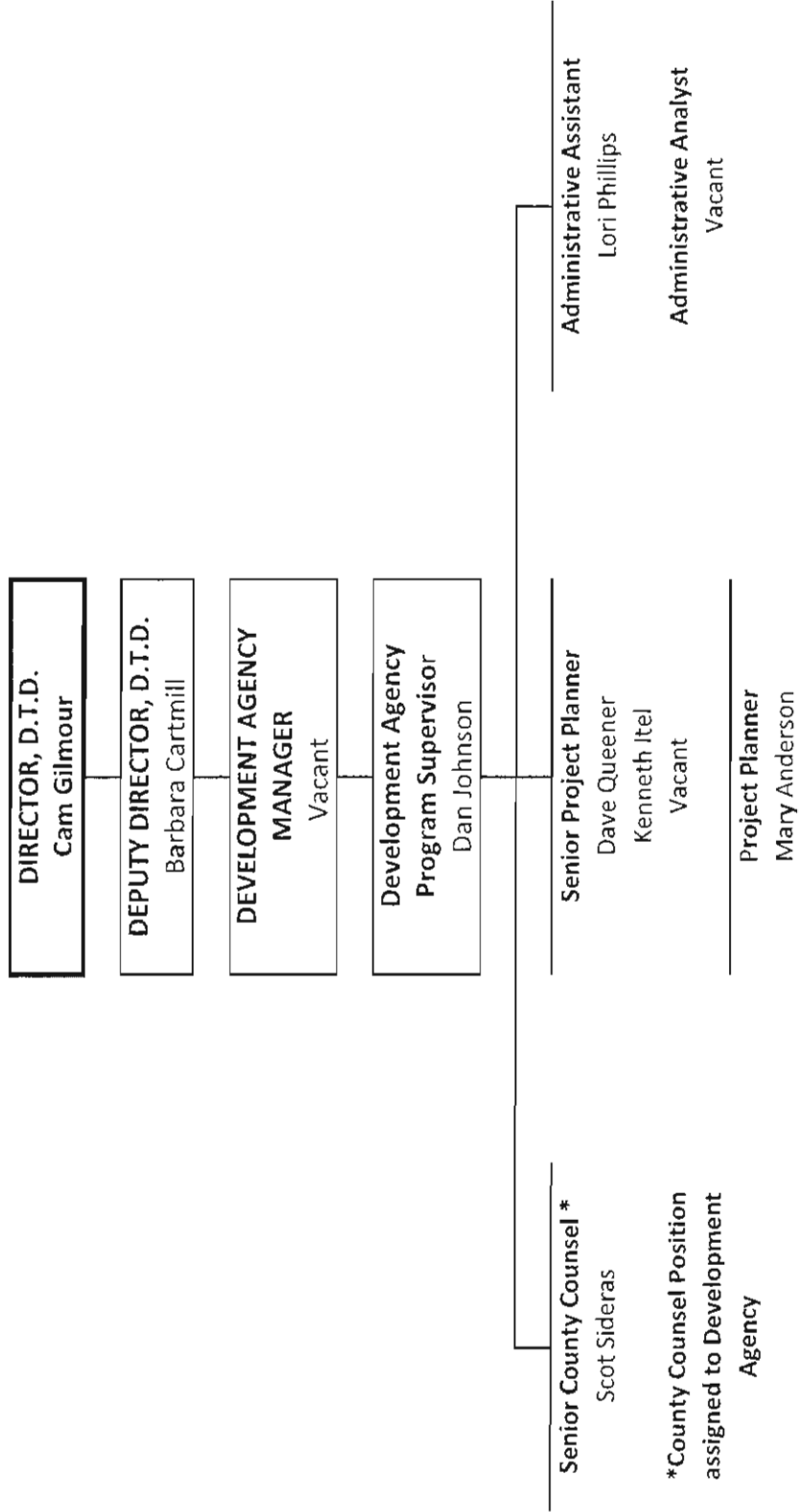
A handwritten signature in black ink, clearly legible as "Jeffrey R. Emer".

Executive Director

# Department of Transportation & Development

## Development Agency

### FY 2009-2010



\*County Counsel Position  
assigned to Development  
Agency

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

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

Public Services Building  
2051 Kaen Road  
Oregon City, Oregon 97045

**COMMISSIONERS AS OF JUNE 30, 2010**

<u>Name</u>	<u>Term Expires</u>
Lynn Peterson, Chair Public Services Building	December 31, 2012
Bob Austin, Commissioner Public Services Building	December 31, 2010
Jim Bernard, Commissioner Public Services Building	December 31, 2010
Charlotte Lehan, Commissioner Public Services Building	December 31, 2012
Ann Lininger, Commissioner Public Services Building	December 31, 2010

Note: Management and other administrative services are provided under contract with Clackamas County, Oregon.

**ADMINISTRATIVE OFFICES**

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

**LEGAL COUNSEL**

Steven Lounsbury  
Public Services Building  
2051 Kaen Road  
Oregon City, Oregon 97045

**FINANCIAL SECTION**

INDEPENDENT AUDITOR'S REPORT



## INDEPENDENT AUDITOR'S REPORT

December 15, 2010

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

4800 SW Macadam Ave., Suite 400  
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We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clackamas County Development Agency (the Agency), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2010, which collectively comprise the Agency's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to 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 Agency, as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010, on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the

**INDEPENDENT AUDITOR'S REPORT (Continued)**

Board of County Commissioners of  
Clackamas County, Oregon, as Governing Body of  
Clackamas County Development Agency  
December 15, 2010  
Page 2

internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Supplementary Information as listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the Agency's basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying Introductory and Statistical Sections, as listed in the Table of Contents, are presented for purpose of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and we express no opinion on them.

**TALBOT, KORVOLA & WARWICK, LLP**  
Certified Public Accountants

By   
Timothy R. Gillette, Partner

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## CLACKAMAS COUNTY DEVELOPMENT AGENCY

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### YEAR ENDED JUNE 30, 2010

This discussion and analysis offers readers a narrative overview of financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements, and the notes to the basic financial statements.

#### **FINANCIAL HIGHLIGHTS**

- Assets of the Agency exceeded liabilities at the close of the fiscal year by \$162,336,200. Of this amount, \$49,663,032 may be used to meet the Agency's ongoing obligations.
- Entity-wide, the Agency reported an increase in net assets of \$5,612,924, or 3.6%, for the year. General revenues for the year were \$14,403,723, an increase of \$1,045,909, or 7.8%, due to the net effect of an increase in property taxes and a decrease in earnings on investments. A loss is reported in the Highways and Streets Program of \$7,294,774 as program-specific expenses exceeded program revenues.
- Governmental funds reported a combined ending fund balance of \$68,265,168. The ending fund balance includes a decrease from operations of \$3,000,909. This is the amount by which expenditures exceeded revenues for debt service, the Highways and Streets Program and capital outlay.
- Total assets entity-wide increased \$3,297,160, or 1.8%, over the prior year. The net increase is due primarily to a decrease in cash and investments offset by an increase in non-depreciable capital assets as projects completed during the year were capitalized, and an increase in deposits due to a note payable with Clackamas County Service No. 1., see Note 5 to the Basic Financial Statements for further discussion.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**YEAR ENDED JUNE 30, 2010**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets of the Agency increased 3.6%, from the prior year. The increase arises in the excess of revenue over expense in the Statement of Activities and flows to the Statement of Net Assets.

**Statement of Net Assets**

A condensed version of the Statement of Net Assets for fiscal years ended June 30, 2010 and 2009 follows:

	<u>2010</u>	<u>2009</u>
Current assets	\$ 57,814,452	\$ 60,739,537
Deposits	3,000,000	-
Non-depreciable capital assets	46,294,555	40,527,008
Depreciable capital assets, net	66,378,613	68,923,915
Land held for resale	<u>12,370,848</u>	<u>12,370,848</u>
Total assets	<u>185,858,468</u>	<u>182,561,308</u>
Current Liabilities	7,691,681	7,007,835
Non-current liabilities	<u>15,830,587</u>	<u>18,830,197</u>
Total liabilities	<u>23,522,268</u>	<u>25,838,032</u>
Net assets invested in capital assets	112,673,168	109,450,923
Unrestricted net assets	<u>49,663,032</u>	<u>47,272,353</u>
Total net assets	<u>\$ 162,336,200</u>	<u>\$ 156,723,276</u>

Current assets decreased \$2,925,085, or 4.8%, during the year, due primarily to a decrease in cash and investments of \$3,047,251, or 5.1%, and an increase in accounts receivable of \$128,766, or 73.7%. Deposits increased due to a note payable with Clackamas County Service District No. 1, see Note 5 to the Basic Financial Statements for further discussion. The growth in non-depreciable capital assets is primarily attributable to land and right of way acquired during the year while depreciable capital assets decreased due to ongoing depreciation calculated on completed projects. The change in net asset balance is discussed in the financial highlights section.

**Statement of Activities**

Total general revenues increased \$1,045,909, or 7.8%, during 2010, and program revenues for Highways and Streets decreased by \$141,620, or 23.1%, mostly due to variable timing of operating grants and other funding for large roads projects. During the year, program expenses for Highways and Streets increased by \$1,964,018, or 33.8% and payment continued on long-term debt, with interest expense of \$1,496,025. Overall, the increase in program expenses along with a moderate increase in total revenues contributed to an increase in net assets of \$5,612,924, or 3.6%, during 2010. A schedule follows showing revenues and expenses by function and activity:

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**YEAR ENDED JUNE 30, 2010**

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

**Statement of Activities (Continued)**

	<u>2010</u>	<u>2009</u>
<b>Revenues:</b>		
Program revenues:		
Fees, permits and charges for services	\$ 15,575	\$ 187,298
Operating grants and contributions	456,127	426,024
Total program revenues	<u>471,702</u>	<u>613,322</u>
General revenues:		
Property taxes	13,109,932	11,493,853
Earnings on investments	700,625	1,551,376
Miscellaneous	593,166	312,585
Total general revenues	<u>14,403,723</u>	<u>13,357,814</u>
Total revenues	<u>14,875,425</u>	<u>13,971,136</u>
<b>Expenses:</b>		
Highways and streets	7,766,476	5,802,458
Interest on long-term debt	1,496,025	1,403,205
Total expenses	<u>9,262,501</u>	<u>7,205,663</u>
Change in net assets	<u>5,612,924</u>	<u>6,765,473</u>
<b>Net assets</b> , beginning of year	<u>156,723,276</u>	<u>149,957,803</u>
<b>Net assets</b> , end of year	<u>\$ 162,336,200</u>	<u>\$ 156,723,276</u>

**FUND ANALYSIS**

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

The Clackamas Town Center Development Area Fund experienced an increase in fund balance of \$4,531,841, or 24.4%, due chiefly to a transfer made by the Clackamas Town Center Tax Increment Fund. The Clackamas Town Center Tax Increment Fund balance increased by \$713,278, or 3.1%, due to an increase in property taxes, offset somewhat by lower interest revenue and the transfer to the Clackamas Town Center Development Area Fund discussed above. The Clackamas Industrial Development Area Fund reports a decrease in fund balance of \$3,266,973, or 22.9%, which was due to a significant amount of land and right of way acquired during the year. This acquisition was partially offset by an interfund transfer into the fund from the Clackamas Industrial Development Area Tax Increment Fund.

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**YEAR ENDED JUNE 30, 2010**

**FUND ANALYSIS (Continued)**

The Government Camp Development Area Fund experienced an increase in fund balance of \$1,070,105 or 57.5% as development expenditures at Government Camp were less than transfers from the Government Camp Tax Increment Fund. The Government Camp Tax Increment Fund experienced a 100% decrease in fund balance of \$1,578,049, as property tax levies into the Government Camp Tax Increment Fund have expired.

The North Clackamas Revitalization Area Fund received a transfer from the North Clackamas Revitalization Area Tax Increment Fund which exceeded expenditures for Highways and Streets causing a fund balance increase of \$308,255, or 97.8%, and creating a positive fund balance of \$623,302 at year end.

**CAPITAL ASSETS**

As of June 30, 2010 and 2009, the Agency had invested \$112,673,168 and \$109,450,923, respectively. The increase of \$3,222,245, or 2.9%, is ongoing investment in infrastructure in the inner County area, and revitalization of the resort community at Government Camp. Please see Notes 1, 4 and 9 to the Basic Financial Statements for the Agency's capital asset policy and detailed capital asset activity.

**DEBT ADMINISTRATION**

Urban Renewal Bonds were issued during the 2007 fiscal year, to fund the Agency's share of the Interstate 205 Light Rail project being built by regional government Tri-Met. The payment of principal and interest is payable from tax increment revenues generated in the Clackamas Town Center urban renewal area. The outstanding balance at June 30, 2010 for the Urban Renewal Bonds was \$18,830,197. Please see note 5 in the Notes to Basic financial statements for more detail.

**ECONOMIC FACTORS**

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

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**YEAR ENDED JUNE 30, 2010**

**ECONOMIC FACTORS (Continued)**

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

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

**FINANCIAL CONTACT**

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

**BASIC FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
Cash and investments	\$ 56,691,849
Property taxes receivable	762,643
Grants receivable	51,090
Accounts receivable	303,591
Other assets	<u>5,279</u>
Total current assets	<u>57,814,452</u>
<b>NONCURRENT ASSETS:</b>	
Land held for resale	12,370,848
Deposits	3,000,000
Capital assets:	
Non-depreciable capital assets	46,294,555
Depreciable capital assets, net	<u>66,378,613</u>
Total noncurrent assets	<u>128,044,016</u>
<b>TOTAL ASSETS</b>	<u>185,858,468</u>
 <b>LIABILITIES</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable	429,862
Retainage payable	7,984
Accrued interest payable	402,922
Due to Clackamas County	781,168
Unearned revenue	70,135
Bonds payable within one year	<u>5,999,610</u>
Total current liabilities	<u>7,691,681</u>
<b>NONCURRENT LIABILITIES:</b>	
Note payable	3,000,000
Bonds payable after one year	<u>12,830,587</u>
Total noncurrent liabilities	<u>15,830,587</u>
<b>TOTAL LIABILITIES</b>	<u>23,522,268</u>
 <b>NET ASSETS</b>	
Invested in capital assets	112,673,168
Unrestricted	<u>49,663,032</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 162,336,200</u>

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

CLACKAMAS COUNTY DEVELOPMENT AGENCY

(A Component Unit of Clackamas County, Oregon)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2010

ACTIVITY	Program Revenues			Net (Expense) Revenue and Change in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Highways and streets	\$ 7,766,476	\$ 15,575	\$ 456,127	\$ (7,294,774)
Interest on long-term debt	1,496,025	-	-	(1,496,025)
Total	<u>\$ 9,262,501</u>	<u>\$ 15,575</u>	<u>\$ 456,127</u>	<u>(8,790,799)</u>
<b>GENERAL REVENUES:</b>				
Property taxes levied for debt service				13,109,932
Earnings on investments				700,625
Miscellaneous				<u>593,166</u>
<b>TOTAL GENERAL REVENUES</b>				<u>14,403,723</u>
<b>CHANGE IN NET ASSETS</b>				5,612,924
<b>NET ASSETS, July 1, 2009</b>				<u>156,723,276</u>
<b>NET ASSETS, June 30, 2010</b>				<u>\$ 162,336,200</u>

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

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

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2010

	Clackamas Town Center Development Area Fund	Clackamas Industrial Development Area Fund	North Clackamas Revitalization Area Fund	Clackamas Town Center Tax Increment Fund	Nonmajor Funds	Total
<b>ASSETS:</b>						
Cash and investments	\$ 16,953,776	\$ 5,571,498	\$ 1,017,016	\$ 23,576,171	\$ 9,573,388	\$ 56,691,849
Property taxes receivable	-	-	-	711,498	51,145	762,643
Accounts receivable	230,082	3,374	-	-	-	233,456
Contracts receivable	-	-	70,135	-	-	70,135
Interfund loan receivable	-	-	-	-	335,247	335,247
Grants receivable	-	51,090	-	-	-	51,090
Due from Clackamas County	189	-	-	-	-	189
Land held for resale	6,209,824	6,161,024	-	-	-	12,370,848
<b>TOTAL ASSETS</b>	<b>\$ 23,393,871</b>	<b>\$ 11,786,986</b>	<b>\$ 1,087,151</b>	<b>\$ 24,287,669</b>	<b>\$ 9,959,780</b>	<b>\$ 70,515,457</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 28,018	\$ 291,961	\$ 596	\$ -	\$ 87,428	\$ 408,003
Due to Clackamas County	276,127	444,654	57,871	-	2,705	781,357
Retainage payable	-	7,984	-	-	-	7,984
Interfund loan payable	-	-	335,247	-	-	335,247
Deposits	1,000	20,859	-	-	-	21,859
Deferred revenue	-	-	70,135	583,742	41,962	695,839
<b>TOTAL LIABILITIES</b>	<b>305,145</b>	<b>765,458</b>	<b>463,849</b>	<b>583,742</b>	<b>132,095</b>	<b>2,250,289</b>
<b>FUND BALANCES:</b>						
Reserved for land held for resale	6,209,824	6,161,024	-	-	-	12,370,848
Reserved for interfund loan receivable	-	-	-	-	335,247	335,247
Unreserved	16,878,902	4,860,504	623,302	23,703,927	2,932,094	48,998,729
Unreserved reported in nonmajor fund:						
Debt service fund	-	-	-	-	6,560,344	6,560,344
<b>TOTAL FUND BALANCES</b>	<b>23,088,726</b>	<b>11,021,528</b>	<b>623,302</b>	<b>23,703,927</b>	<b>9,827,685</b>	<b>68,265,168</b>
	<b>\$ 23,393,871</b>	<b>\$ 11,786,986</b>	<b>\$ 1,087,151</b>	<b>\$ 24,287,669</b>	<b>\$ 9,959,780</b>	<b>\$ 70,515,457</b>

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

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

RECONCILIATION OF STATEMENT OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET ASSETS

JUNE 30, 2010

<b>TOTAL FUND BALANCES</b>		<b>\$ 68,265,168</b>
<p>Total net assets shown in the Statement of Net Assets and the Statement of Activities are different because:</p>		
<p>Deposits not collectible soon enough to be available as financial resources for the current year are not recorded in the governmental funds.</p>		3,000,000
<p>Capital assets are not financial resources for budgetary purposes and therefore are not reported in the governmental funds.</p>		112,673,168
<p>A portion of the County's receivables are collected after year-end; but they are not collected soon enough to be available as financial resources for the current year. The revenues related to these receivables are deferred and not reported in the governmental funds.</p>		625,704
<p>Long-term assets, such as bond issuance costs, are not reported as governmental fund assets and liabilities not payable in the current year are not reported as governmental fund liabilities. These non-governmental fund assets and liabilities consist of:</p>		
Bond issuance costs	\$ 5,279	
Accrued interest	(402,922)	
Note payable	(3,000,000)	
Bonds payable	<u>(18,830,197)</u>	
		<u>(22,227,840)</u>
<b>TOTAL NET ASSETS</b>		<b><u><u>\$ 162,336,200</u></u></b>

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

CLACKAMAS COUNTY DEVELOPMENT AGENCY

(A Component Unit of Clackamas County, Oregon)

STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)  
AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	Clackamas Town Center Development Area Fund	Clackamas Industrial Development Area Fund	North Clackamas Revitalization Area Fund	Clackamas Town Center Tax Increment Fund	Nonmajor Funds	Total
<b>REVENUES:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ 12,223,517	\$ 874,469	\$ 13,097,986
Intergovernmental revenues	492,605	359,493	5,133	1,861	-	859,092
Interest	143,772	24,816	7,375	328,455	196,207	700,625
Miscellaneous	271,867	290,325	22,748	3,372	4,854	593,166
<b>TOTAL REVENUES</b>	<b>908,244</b>	<b>674,634</b>	<b>35,256</b>	<b>12,557,205</b>	<b>1,075,530</b>	<b>15,250,869</b>
<b>EXPENDITURES:</b>						
Highways and streets						
Materials and services	1,119,147	437,396	111,918	-	151,579	1,820,040
Capital outlay	257,256	8,504,211	409,141	-	383,704	9,554,312
Debt service:						
Principal	-	-	-	5,738,508	-	5,738,508
Interest and fiscal charges	-	-	21,042	1,117,876	-	1,138,918
<b>TOTAL EXPENDITURES:</b>	<b>1,376,403</b>	<b>8,941,607</b>	<b>542,101</b>	<b>6,856,384</b>	<b>535,283</b>	<b>18,251,778</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(468,159)</b>	<b>(8,266,973)</b>	<b>(506,845)</b>	<b>5,700,821</b>	<b>540,247</b>	<b>(3,000,909)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	5,000,000	5,000,000	815,100	12,457	1,584,035	12,411,592
Transfers out	-	-	-	(5,000,000)	(7,411,592)	(12,411,592)
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>815,100</b>	<b>(4,987,543)</b>	<b>(5,827,557)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,531,841</b>	<b>(3,266,973)</b>	<b>308,255</b>	<b>713,278</b>	<b>(5,287,310)</b>	<b>(3,000,909)</b>
<b>FUND BALANCES, July 1, 2009</b>	<b>18,556,885</b>	<b>14,288,501</b>	<b>315,047</b>	<b>22,990,649</b>	<b>15,114,995</b>	<b>71,266,077</b>
<b>FUND BALANCES, June 30, 2010</b>	<b>\$ 23,088,726</b>	<b>\$ 11,021,528</b>	<b>\$ 623,302</b>	<b>\$ 23,703,927</b>	<b>\$ 9,827,685</b>	<b>\$ 68,265,168</b>

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

CLACKAMAS COUNTY DEVELOPMENT AGENCY

(A Component Unit of Clackamas County, Oregon)

RECONCILIATION OF STATEMENT OF REVENUES,  
EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN  
FUND BALANCE OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

**NET CHANGE IN FUND BALANCES** \$(3,000,909)

The change in net assets reported in the Statement of Activities is different because:

Government funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is capitalized. Their value is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset additions	\$9,850,019	
Depreciation and amortization	<u>(3,837,138)</u>	6,012,881

In the Statement of Activities, the disposal of capital assets is reported as a reduction in capital assets and any resulting losses are reported when incurred. (2,790,636)

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

Amortize bond issue cost		(1,759)
Payment of long-term debt principal		5,738,508

In the governmental funds interest expense is recognized as an expenditure when it is due. In the Statement of Activities interest is accrued on long-term debt and capital leases. (357,107)

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. 11,946

**CHANGE IN NET ASSETS** \$ 5,612,924

NOTES TO BASIC FINANCIAL STATEMENTS

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**The Agency**

The Clackamas County Development Agency (the Agency), a blended component unit of Clackamas County, Oregon (the County), was organized in 1977 under the provisions of ORS 457 as the urban renewal agency of the County responsible for implementing public improvement programs within the County. The Agency has no potential component units. As provided by ORS 457.035 the Clackamas County Board of Commissioners (the Board) is the governing body of the Agency. Personnel of the Clackamas County Finance Department provide fiscal and accounting functions. Since the County is financially accountable for and significantly influences the operations of the Agency, the Agency is included in the financial statements of the County.

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

**Government-wide Financial Statements**

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

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

**Fund Financial Statements**

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

The Agency reports the following major funds:

- Clackamas Town Center Development Area Fund - This fund accounts for project related capital outlay and the Highways and Streets Program in the Clackamas Town Center Urban Renewal District. Activities include road network upgrades and capacity improvements.

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

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2010**

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

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

**Fund Financial Statements (Continued)**

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

In addition, the Agency reports the following fund types:

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

**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.

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2010**

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

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

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

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

**Use of Estimates**

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

**Cash and Investments**

Cash and investments comprise funds held and invested by the County Treasurer and the State of Oregon Treasurer's Local Government Investment Pool. Financial information required by Governmental Accounting Standards Board Statements (GASB) No. 3, No. 31, and No. 40 regarding the accounting and financial reporting for the Agency's pooled cash and investments, held by the County Treasurer, has been disclosed in the County's Comprehensive Annual Financial Report for the year ended June 30, 2010.

**Receivables**

Management has determined that an allowance for uncollectible accounts is not required for grants or notes 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 are considered delinquent on May 15. All property taxes receivable are due from property owners within the Agency.

**Land Held For Resale**

Land held for resale is acquired in connection with urban development projects and is held for resale and also consists of real property acquired for the purpose of sale to other governmental units.

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

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2010**

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

**Capital Assets**

Purchased or constructed capital assets, including infrastructure (road network), and easements are reported at cost or estimated historical cost in the government-wide financial statements. The Agency defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. 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 - 20 years, road network – 10 to 20 years, and easements – stipulated life of the easements (19 - 30 years).

**Miscellaneous Revenue**

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

**Pension Plan**

The Agency's personnel are employees of the County. Employees of the County participate in the Oregon Public Employees Retirement Fund (OPERF) administered by the Oregon Public Employees Retirement System (PERS). No pension costs are attributable to the Agency.

**Risk Management**

The Agency is exposed to various risks of loss related to errors and omissions; vehicles; damage to and destruction of assets; and bodily injury for which the Agency carries commercial insurance. The Agency participates in the County's self-insurance program where not commercially insured.

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2010**

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

**Budget**

A budget is prepared and legally adopted for all funds generally on the modified accrual basis of accounting, except for property taxes and the sale of land held for resale, which are recognized on the cash basis. The budget is adopted by the Board, appropriations made, and the tax levy is declared no later than June 30. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Appropriations at the principal object level - materials and services (including contractual payments), capital outlay, debt service, operating contingency, reserve for future expenditures, and operating transfers - are the levels of control established by the resolution. The detail budget document, however, is required to contain more specific, detailed information for the above mentioned expenditure categories. Management may make transfers of appropriations within object levels. However, transfers of appropriations between object levels require the approval of the governing body. Unexpected additional resources may be added to the budget through the use of a supplemental budget. The Board at a regular Board meeting may adopt supplemental budgets less than 10% of the fund's original budget. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control and require approval by the Board. The Board adopted one supplemental budget during the year. Appropriations lapse as of year-end.

In the Clackamas Industrial Development Area Fund expenditures for Materials and Services exceeded appropriations by \$64,061.

An interfund loan from North Clackamas Revitalization Area Fund to the Clackamas Industrial Area Tax Increment Fund amounting to \$335,247 at June 30, 2010, was not budgeted for repayment as required by ORS 294.460.

**2. CASH AND INVESTMENTS**

Cash and investments are comprised of the following:

Cash and cash equivalents with the County Treasurer	\$ 7,633,682
Investments with the County Treasurer	24,299,972
State of Oregon Treasurer's Local Government Investment Pool	<u>24,758,195</u>
	<u>\$ 56,691,849</u>

Cash and cash equivalents represent the Agency's equity in pooled accounts maintained by the County Treasurer.

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

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2010**

**2. CASH AND INVESTMENTS (Continued)**

State statutes authorize the Agency to invest in general obligations of the U.S. Government and in its agencies, certain bonded obligations of Oregon municipalities, certain corporate indebtedness, bank repurchase agreements, bankers' acceptances and the State of Oregon Treasurer's Local Government Investment Pool (LGIP) among others. Reference should be made to the June 30, 2010, Clackamas County Comprehensive Annual Report for compliance with these statutes.

The Oregon State Treasurer 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 Treasurer in the management and investment of the LGIP.

The LGIP is subject to regulatory oversight by the Oregon State Treasurer and is not required to be categorized by risk. Investments in LGIP are stated at cost, which approximates fair value. Fair value in the LGIP is the same as the value of its pool shares.

**3. LAND HELD FOR RESALE**

There was no current year activity for the year ended June 30, 2010 for land held for resale.

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

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2010**

**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Increases	Decreases	Transfers	Balance June 30, 2010
Capital assets not being depreciated:					
Land	\$ 4,806,176	\$ 6,967,230	\$ (71,446)	\$ -	\$ 11,701,960
Land - right of way	31,260,888	431,395	-	-	31,692,283
Construction in progress	4,459,944	2,167,648	(2,787,537)	(939,743)	2,900,312
Total capital assets not being depreciated	<u>40,527,008</u>	<u>9,566,273</u>	<u>(2,858,983)</u>	<u>(939,743)</u>	<u>46,294,555</u>
Capital assets being depreciated and amortized:					
Buildings	1,296,288	-	-	-	1,296,288
Improvements	25,504,091	-	-	-	25,504,091
Road network	58,993,176	179,920	-	939,743	60,112,839
Easements	-	103,826	-	-	103,826
Total capital assets being depreciated and amortized	<u>85,793,555</u>	<u>283,746</u>	<u>-</u>	<u>939,743</u>	<u>87,017,044</u>
Less accumulated depreciation and amortization for:					
Buildings	(231,762)	(54,711)	68,347	-	(218,126)
Improvements	(1,701,240)	(843,601)	-	-	(2,544,841)
Road network	(14,936,638)	(2,936,317)	-	-	(17,872,955)
Easements	-	(2,509)	-	-	(2,509)
Total accumulated depreciation and amortization	<u>(16,869,640)</u>	<u>(3,837,138)</u>	<u>68,347</u>	<u>-</u>	<u>(20,638,431)</u>
Total capital assets being depreciated and amortized, net	<u>68,923,915</u>	<u>(3,553,392)</u>	<u>68,347</u>	<u>939,743</u>	<u>66,378,613</u>
Total capital assets, net	<u>\$ 109,450,923</u>	<u>\$ 6,012,881</u>	<u>\$ (2,790,636)</u>	<u>\$ -</u>	<u>\$ 112,673,168</u>

**5. LONG-TERM DEBT**

**Bonds Payable**

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

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**

(A Component Unit of Clackamas County, Oregon)

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2010**

**5. LONG-TERM DEBT (Continued)**

**Bonds Payable (Continued)**

Bonds payable transactions for the year are as follows:

	<u>Original Amount</u>	<u>Outstanding June 30, 2009</u>	<u>Principal Payment During Year</u>	<u>Outstanding June 30, 2010</u>
Urban Renewal Bonds, Series 2007, Interest 4.55%	<u>\$ 35,333,000</u>	<u>\$ 24,568,705</u>	<u>\$ 5,738,508</u>	<u>\$ 18,830,197</u>

Future maturities of bond principal and interest at June 30, 2010, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 5,999,610	\$ 856,774
2012	6,272,592	583,792
2013	<u>6,557,995</u>	<u>298,389</u>
	18,830,197	<u>\$ 1,738,955</u>
Less current portion	<u>5,999,610</u>	
Non-current portion	<u>\$ 12,830,587</u>	

**Note Payable**

The Agency has entered into a note payable agreement with Clackamas County Service District No. 1 (a component unit of Clackamas County, Oregon) for \$3,000,000 of sewer system development in the North Clackamas Revitalization Area. The loan has an annual interest rate of 5% per annum (compounded) and is due and payable either the sooner of 5 days after the Agency issues bonds, obtains other financing, or January 17, 2013.

**6. INTERFUND LOAN**

Interfund loans are long-term balances between funds that are to be repaid in the future. At June 30, 2010 there was one interfund loan:

The North Clackamas Revitalization Area Fund reports an interfund loan payable to Clackamas Industrial Area Tax Increment Fund of \$335,247. The term of the loan is five years with interest at 5.08% per annum.

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

**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**YEAR ENDED JUNE 30, 2010**

**6. INTERFUND LOAN (Continued)**

Future maturities of interfund loans principal and interest at June 30, 2010, are as follows:

Year Ending June 30,	Principal	Interest
2011	\$ 41,529	\$ 17,031
2012	293,718	14,921
	\$ 335,247	\$ 31,952

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

Transfers to/from other Agency funds for the year ended June 30, 2010, consisted of the following:

Amount	Description
\$ 5,000,000	From the Clackamas Town Center Tax Increment Fund to the Clackamas Town Center Development Area Fund for infrastructure development.
5,000,000	From the Clackamas Industrial Area Tax Increment Fund to the Clackamas Industrial Development Area Fund for infrastructure development.
815,100	From the North Clackamas Revitalization Area Tax Increment Fund to the North Clackamas Revitalization Area Fund for infrastructure development.
1,583,140	To close the Government Camp Tax Increment Fund to the Government Camp Project Fund.
12,457	To close the Government Camp Tax Increment Fund to the Clackamas Town Center Tax Increment Fund.
895	To close the Government Camp Tax Increment Fund to the North Clackamas Revitalization Area Tax Increment Fund.
\$ 12,411,592	

**8. RELATED-PARTY TRANSACTIONS**

Amounts totaling approximately \$1,138,000 for labor and fringe benefit costs, administrative costs for accounting, occupancy, administration and other professional services, property taxes and certain amounts included in capital outlay were paid to various County departments. The Agency received approximately \$10,000 in fees charged to various County departments and component units for services.

**9. COMMITMENTS**

The Agency has commitments under various construction contracts for approximately \$3,606,000 at June 30, 2010.

SUPPLEMENTAL INFORMATION

COMBINING STATEMENTS

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

COMBINING BALANCE SHEET

NONMAJOR FUNDS

JUNE 30, 2010

	Capital Project Fund	Debt Service Funds		Total
	Government Camp Development Area Fund	Clackamas Industrial Area Tax Increment Fund	North Clackamas Revitalization Area Tax Increment Fund	
<b>ASSETS:</b>				
Cash and investments	\$ 3,022,227	\$ 6,463,384	\$ 87,777	\$ 9,573,388
Property taxes receivable	-	-	51,145	51,145
Interfund loan receivable	-	335,247	-	335,247
<b>TOTAL ASSETS</b>	<u>\$ 3,022,227</u>	<u>\$ 6,798,631</u>	<u>\$ 138,922</u>	<u>\$ 9,959,780</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 87,428	\$ -	\$ -	\$ 87,428
Due to Clackamas County	2,705	-	-	2,705
Deferred revenue	-	-	41,962	41,962
<b>TOTAL LIABILITIES</b>	<u>90,133</u>	<u>-</u>	<u>41,962</u>	<u>132,095</u>
<b>FUND BALANCES:</b>				
Reserved for interfund loan receivable	-	335,247	-	335,247
Unreserved	2,932,094	-	-	2,932,094
Debt service fund	-	6,463,384	96,960	6,560,344
<b>TOTAL FUND BALANCES</b>	<u>2,932,094</u>	<u>6,798,631</u>	<u>96,960</u>	<u>9,827,685</u>
	<u>\$ 3,022,227</u>	<u>\$ 6,798,631</u>	<u>\$ 138,922</u>	<u>\$ 9,959,780</u>

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**

(A Component Unit of Clackamas County, Oregon)

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER  
FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE**

**NONMAJOR FUNDS**

FOR THE YEAR ENDED JUNE 30, 2010

	Capital Project Fund	Debt Service Funds			Total
	Government Camp Development Area Fund	Clackamas Industrial Area Tax Increment Fund	Government Camp Tax Increment Fund	North Clackamas Revitalization Area Tax Increment Fund	
<b>REVENUES:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ 874,469	\$ 874,469
Interest	20,436	152,519	18,443	4,809	196,207
Miscellaneous	1,812	-	-	3,042	4,854
<b>TOTAL REVENUES</b>	<b>22,248</b>	<b>152,519</b>	<b>18,443</b>	<b>882,320</b>	<b>1,075,530</b>
<b>EXPENDITURES:</b>					
Highways and streets					
Materials and services	151,579	-	-	-	151,579
Capital outlay	383,704	-	-	-	383,704
<b>TOTAL EXPENDITURES:</b>	<b>535,283</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>535,283</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(513,035)</b>	<b>152,519</b>	<b>18,443</b>	<b>882,320</b>	<b>540,247</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	1,583,140	-	-	895	1,584,035
Transfers out	-	(5,000,000)	(1,596,492)	(815,100)	(7,411,592)
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<b>1,583,140</b>	<b>(5,000,000)</b>	<b>(1,596,492)</b>	<b>(814,205)</b>	<b>(5,827,557)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,070,105</b>	<b>(4,847,481)</b>	<b>(1,578,049)</b>	<b>68,115</b>	<b>(5,287,310)</b>
<b>FUND BALANCES, July 1, 2009</b>	<b>1,861,989</b>	<b>11,646,112</b>	<b>1,578,049</b>	<b>28,845</b>	<b>15,114,995</b>
<b>FUND BALANCES, June 30, 2010</b>	<b>\$ 2,932,094</b>	<b>\$ 6,798,631</b>	<b>\$ -</b>	<b>\$ 96,960</b>	<b>\$ 9,827,685</b>

## **BUDGETARY SCHEDULES**

### **Capital Projects Funds**

These funds account for the acquisition and rehabilitation of blighted and deteriorated areas within the designated urban renewal area. The primary funding sources are intergovernmental revenues, interest on investments, and proceeds from the sale of property. The funds included in this category are:

- Clackamas Town Center Development Area Fund (Major fund)
- Clackamas Industrial Development Area Fund (Major fund)
- Government Camp Development Area Fund (Nonmajor fund)
- North Clackamas Revitalization Area Fund (Major fund)

### **Debt Service Funds**

These funds account for the payment of principal and interest on long-term indebtedness. The principal source of revenue is property taxes. Funds included in this category are:

- Clackamas Town Center Tax Increment Fund (Major fund)
- Clackamas Industrial Area Tax Increment Fund (Nonmajor fund)
- Government Camp Tax Increment Fund (Nonmajor fund)
- North Clackamas Revitalization Area Tax Increment Fund (Nonmajor fund)

CLACKAMAS COUNTY DEVELOPMENT AGENCY

(A Component Unit of Clackamas County, Oregon)

GOVERNMENT CAMP DEVELOPMENT AREA FUND

SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2010

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ 50,000	\$ 50,000	\$ 20,436	\$ (29,564)
Miscellaneous	12	12	1,812	1,800
<b>TOTAL REVENUES</b>	<u>50,012</u>	<u>50,012</u>	<u>22,248</u>	<u>(27,764)</u>
<b>EXPENDITURES:</b>				
Highways and streets				
Materials and services	289,783	289,783	151,579	138,204
Capital outlay	2,860,000	2,860,000	383,704	2,476,296
Contingency	521,558	521,558	-	521,558
Reserve for future expenditures	500,000	500,000	-	500,000
<b>TOTAL EXPENDITURES</b>	<u>4,171,341</u>	<u>4,171,341</u>	<u>535,283</u>	<u>3,636,058</u>
<b>DEFICIENCY OF EXPENDITURES OVER REVENUES</b>	(4,121,329)	(4,121,329)	(513,035)	3,608,294
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	1,606,838	1,606,838	1,583,140	(23,698)
<b>NET CHANGE IN FUND BALANCE</b>	(2,514,491)	(2,514,491)	1,070,105	3,584,596
<b>FUND BALANCE, June 30, 2009</b>	<u>2,514,491</u>	<u>2,514,491</u>	<u>1,861,989</u>	<u>(652,502)</u>
<b>FUND BALANCE, June 30, 2010</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,932,094</u>	<u>\$ 2,932,094</u>

CLACKAMAS COUNTY DEVELOPMENT AGENCY

(A Component Unit of Clackamas County, Oregon)

CLACKAMAS INDUSTRIAL AREA TAX INCREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2010

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ 307,929	\$ 207,929	\$ 131,477	\$ (76,452)
<b>EXPENDITURES:</b>				
Highways and streets				
Contingency	2,000,000	2,000,000	-	2,000,000
Reserve for future expenditures	8,704,380	8,704,380	-	8,704,380
<b>TOTAL EXPENDITURES</b>	<u>10,704,380</u>	<u>10,704,380</u>	<u>-</u>	<u>10,704,380</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(10,396,451)</u>	<u>(10,496,451)</u>	<u>131,477</u>	<u>10,627,928</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in*	-	100,000	100,000	-
Transfers out	(5,000,000)	(5,000,000)	(5,000,000)	-
<b>TOTAL OTHER FINANCING USES</b>	<u>(5,000,000)</u>	<u>(4,900,000)</u>	<u>(4,900,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(15,396,451)</u>	<u>(15,396,451)</u>	<u>(4,768,523)</u>	<u>10,627,928</u>
<b>FUND BALANCE, June 30, 2009</b>	<u>15,396,451</u>	<u>15,396,451</u>	<u>11,231,907</u>	<u>(4,164,544)</u>
<b>FUND BALANCE, June 30, 2010</b>	<u>\$ -</u>	<u>\$ -</u>	<u>6,463,384</u>	<u>\$ 6,463,384</u>
<b>ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS):</b>				
Interfund loan recognized as a receivable on the US GAAP basis			<u>335,247</u>	
<b>FUND BALANCE - US GAAP BASIS, June 30, 2010</b>			<u>\$ 6,798,631</u>	

\*Includes repayment of interfund loan in the amount of \$78,958 in principal and \$21,042 in interest.

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**  
 (A Component Unit of Clackamas County, Oregon)  
**GOVERNMENT CAMP TAX INCREMENT FUND**  
**SCHEDULE OF REVENUES, OTHER FINANCING USES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2010**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ 31,506	\$ 31,506	\$ 18,443	\$ (13,063)
<b>OTHER FINANCING USES:</b>				
Transfers out	(1,606,838)	(1,606,838)	(1,583,140)	23,698
<b>NET CHANGE IN FUND BALANCE</b>	(1,575,332)	(1,575,332)	(1,564,697)	10,635
<b>FUND BALANCE, June 30, 2009</b>	1,575,332	1,575,332	1,564,697	(10,635)
<b>FUND BALANCE, June 30, 2010</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

NORTH CLACKAMAS REVITALIZATION AREA TAX INCREMENT FUND

SCHEDULE OF REVENUES, OTHER FINANCING USES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2010

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 807,100	\$ 807,100	\$ 871,943	\$ 64,843
Interest	8,000	8,000	4,809	(3,191)
Miscellaneous	-	-	3,042	3,042
<b>TOTAL REVENUES</b>	<b>815,100</b>	<b>815,100</b>	<b>879,794</b>	<b>64,694</b>
<b>OTHER FINANCING USES:</b>				
Transfers out	(815,100)	(815,100)	(815,100)	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>64,694</b>	<b>64,694</b>
<b>FUND BALANCE, June 30, 2009</b>	<b>-</b>	<b>-</b>	<b>23,083</b>	<b>23,083</b>
<b>FUND BALANCE, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>87,777</b>	<b>\$ 87,777</b>
<b>ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS):</b>				
Property taxes susceptible to accrual recognized as revenue on the US GAAP basis			9,183	
<b>FUND BALANCE - US GAAP BASIS, June 30, 2010</b>			<b>\$ 96,960</b>	

**MAJOR FUNDS BUDGETARY SCHEDULES**

CLACKAMAS COUNTY DEVELOPMENT AGENCY

(A Component Unit of Clackamas County, Oregon)

CLACKAMAS TOWN CENTER DEVELOPMENT AREA FUND

SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2010

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 730,000	\$ 730,000	\$ 492,605	\$ (237,395)
Interest	295,000	295,000	143,772	(151,228)
Land sale proceeds	250,000	250,000	-	(250,000)
Miscellaneous	95,000	95,000	271,867	176,867
<b>TOTAL REVENUES</b>	<b>1,370,000</b>	<b>1,370,000</b>	<b>908,244</b>	<b>(461,756)</b>
<b>EXPENDITURES:</b>				
Highways and streets				
Materials and services	1,790,256	1,790,256	1,119,147	671,109
Capital outlay	19,310,000	19,310,000	257,256	19,052,744
Contingency	6,387,994	6,387,994	-	6,387,994
Reserve for future expenditures	1,000,000	1,000,000	-	1,000,000
<b>TOTAL EXPENDITURES</b>	<b>28,488,250</b>	<b>28,488,250</b>	<b>1,376,403</b>	<b>27,111,847</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(27,118,250)</b>	<b>(27,118,250)</b>	<b>(468,159)</b>	<b>26,650,091</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	16,000,000	16,000,000	5,000,000	(11,000,000)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(11,118,250)</b>	<b>(11,118,250)</b>	<b>4,531,841</b>	<b>15,650,091</b>
<b>FUND BALANCE, June 30, 2009</b>	<b>11,118,250</b>	<b>11,118,250</b>	<b>12,347,061</b>	<b>1,228,811</b>
<b>FUND BALANCE, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>16,878,902</b>	<b>\$ 16,878,902</b>
<b>ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS):</b>				
Land held for resale			6,209,824	
<b>FUND BALANCE - US GAAP BASIS, June 30, 2010</b>			<b>\$ 23,088,726</b>	

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**

(A Component Unit of Clackamas County, Oregon)

**CLACKAMAS INDUSTRIAL DEVELOPMENT AREA FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2010

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 359,493	\$ 159,493
Interest	200,000	300,000	24,816	(275,184)
Miscellaneous	100,000	100,000	290,325	190,325
<b>TOTAL REVENUES</b>	<b>500,000</b>	<b>600,000</b>	<b>674,634</b>	<b>74,634</b>
<b>EXPENDITURES:</b>				
Highways and streets				
Materials and services	373,335	373,335	437,396	(64,061)
Capital outlay	5,255,000	11,996,162	8,504,211	3,491,951
Contingency	2,939,492	439,492	-	439,492
Reserve for future expenditures	1,000,000	1,000,000	-	1,000,000
<b>TOTAL EXPENDITURES</b>	<b>9,567,827</b>	<b>13,808,989</b>	<b>8,941,607</b>	<b>4,867,382</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(9,067,827)</b>	<b>(13,208,989)</b>	<b>(8,266,973)</b>	<b>4,942,016</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	5,100,000	5,000,000	5,000,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(3,967,827)</b>	<b>(8,208,989)</b>	<b>(3,266,973)</b>	<b>4,942,016</b>
<b>FUND BALANCE, June 30, 2009</b>	<b>3,967,827</b>	<b>8,208,989</b>	<b>8,127,477</b>	<b>(81,512)</b>
<b>FUND BALANCE, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>4,860,504</b>	<b>\$ 4,860,504</b>
<b>ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS):</b>				
Land held for resale			6,161,024	
<b>FUND BALANCE - US GAAP BASIS, June 30, 2010</b>			<b>\$ 11,021,528</b>	

CLACKAMAS COUNTY DEVELOPMENT AGENCY

(A Component Unit of Clackamas County, Oregon)

NORTH CLACKAMAS REVITALIZATION AREA FUND

SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2010

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 5,133	\$ 5,133
Interest	15,000	15,000	7,375	(7,625)
Miscellaneous	-	-	22,748	22,748
<b>TOTAL REVENUES</b>	<b>15,000</b>	<b>15,000</b>	<b>35,256</b>	<b>20,256</b>
<b>EXPENDITURES:</b>				
Highways and streets				
Materials and services	262,370	262,370	111,918	150,452
Capital outlay	824,000	824,000	409,141	414,859
Contingency	298,284	298,284	-	298,284
<b>TOTAL EXPENDITURES</b>	<b>1,384,654</b>	<b>1,384,654</b>	<b>521,059</b>	<b>863,595</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(1,369,654)</b>	<b>(1,369,654)</b>	<b>(485,803)</b>	<b>883,851</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	815,100	815,100	815,100	-
Transfers out*	(100,000)	(100,000)	(100,000)	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>715,100</b>	<b>715,100</b>	<b>715,100</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(654,554)</b>	<b>(654,554)</b>	<b>229,297</b>	<b>883,851</b>
<b>FUND BALANCE, June 30, 2009</b>	<b>654,554</b>	<b>654,554</b>	<b>729,252</b>	<b>74,698</b>
<b>FUND BALANCE, June 30, 2010</b>	<b>\$ -</b>	<b>\$ -</b>	<b>958,549</b>	<b>\$ 958,549</b>
<b>ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS):</b>				
Interfund loan recognized as a payable on the US GAAP basis			(335,247)	
<b>FUND BALANCE - US GAAP BASIS, June 30, 2010</b>			<b>\$ 623,302</b>	

\*Includes repayment of interfund loan in the amount of \$78,958 in principal and \$21,042 in interest.

CLACKAMAS COUNTY DEVELOPMENT AGENCY

(A Component Unit of Clackamas County, Oregon)

CLACKAMAS TOWN CENTER TAX INCREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING USES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2010

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 9,581,817	\$ 9,581,817	\$ 12,193,438	\$ 2,611,621
Intergovernmental	-	-	1,861	1,861
Interest	656,468	656,468	328,455	(328,013)
Miscellaneous	-	-	3,372	3,372
<b>TOTAL REVENUES</b>	<u>10,238,285</u>	<u>10,238,285</u>	<u>12,527,126</u>	<u>2,288,841</u>
<b>EXPENDITURES:</b>				
Highways and streets				
Debt service:				
Principal payments	5,488,769	5,488,769	5,738,508	(249,739)
Interest and fiscal charges	1,367,616	1,367,616	1,117,876	249,740
Contingency	4,000,000	4,000,000	-	4,000,000
Reserve for future expenditures	6,623,493	6,623,493	-	6,623,493
<b>TOTAL EXPENDITURES</b>	<u>17,479,878</u>	<u>17,479,878</u>	<u>6,856,384</u>	<u>10,623,494</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(7,241,593)</u>	<u>(7,241,593)</u>	<u>5,670,742</u>	<u>12,912,335</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	<u>(16,000,000)</u>	<u>(16,000,000)</u>	<u>(5,000,000)</u>	<u>11,000,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(23,241,593)</u>	<u>(23,241,593)</u>	<u>670,742</u>	<u>23,912,335</u>
<b>FUND BALANCE, June 30, 2009</b>	<u>23,241,593</u>	<u>23,241,593</u>	<u>22,905,429</u>	<u>(336,164)</u>
<b>FUND BALANCE, June 30, 2010</b>	<u>\$ -</u>	<u>\$ -</u>	<u>23,576,171</u>	<u>\$ 23,576,171</u>
<b>ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS):</b>				
Property taxes susceptible to accrual recognized as revenue on the US GAAP basis			<u>127,756</u>	
<b>FUND BALANCE - US GAAP BASIS, June 30, 2010</b>			<u>\$ 23,703,927</u>	

OTHER FINANCIAL SCHEDULE

CLACKAMAS COUNTY DEVELOPMENT AGENCY  
(A Component Unit of Clackamas County, Oregon)  
SCHEDULE OF PROPERTY TAX TRANSACTIONS  
YEAR ENDED JUNE 30, 2010

Tax Year	Uncollected June 30, 2009	Levy as Extended by Assessor	Discounts Allowed	Interest	Adjustments	Collections	Uncollected June 30, 2010
2009-10	\$	\$ 13,552,689	\$ (325,997)	\$ 8,157	\$ (30,452)	\$(12,701,101)	\$ 503,296
2008-09	505,350	-	192	18,750	(89,851)	(266,154)	168,287
2007-08	131,555	-	58	9,970	(23,483)	(60,739)	57,361
2006-07	50,128	-	35	7,107	(9,669)	(28,258)	19,343
2005-06	14,753	-	28	2,980	(3,844)	(10,024)	3,893
2004-05	4,629	-	19	346	(1,810)	(512)	2,672
2003-04 and prior	11,677	-	-	(2,191)	(3,102)	1,407	7,791
	<u>\$ 718,092</u>	<u>\$ 13,552,689</u>	<u>\$ (325,665)</u>	<u>\$ 45,119</u>	<u>\$ (162,211)</u>	<u>\$(13,065,381)</u>	<u>\$ 762,643</u>

**STATISTICAL SECTION**

## Statistical Section

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

<u>Contents</u>	<u>Page</u>
<b><i>Financial Trends</i></b>	
These schedules contain trend information to help the reader understand how the Agency's financial performance and well-being have changed over time.	34-37
<b><i>Revenue Capacity</i></b>	
These schedules contain information to help the reader assess the Agency's most significant local revenue source, the property tax.	38-41
<b><i>Debt Capacity</i></b>	
These schedules present information to help the reader assess the affordability of the Agency's current levels of outstanding debt and the Agency's ability to issue additional debt in the future.	42-44
<b><i>Demographic and Economic Information</i></b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Agency's financial activities take place.	45-47
<b><i>Operating Indicators</i></b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the Agency's financial report relates to the services the Agency provides and the activities it performs.	48-49

### Sources:

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

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**  
 ( A component unit of Clackamas County, Oregon)

**NET ASSETS BY COMPONENT**

**LAST NINE FISCAL YEARS**  
 (Accrual Basis of Accounting)

<u>Fiscal Year Ended June 30,</u>	<u>Invested in Capital Assets Net of Related Debt</u>	<u>Unrestricted</u>	<u>Total Governmental Activities Net Assets</u>
2002 <sup>(1)</sup>	\$ 42,613,215	\$ 74,833,789	\$ 117,447,004
2003	57,246,026	74,641,545	131,887,571
2004	66,725,648	77,055,502	143,781,150
2005	70,092,733	85,454,900	155,547,633
2006	79,843,100	90,695,588	170,538,688
2007	103,265,725	44,365,337	147,631,062
2008	108,382,724	41,575,079	149,957,803
2009	109,450,923	47,272,353	156,723,276
2010	112,673,168	49,663,032	162,336,200

Notes:

(1) Implementation of GASB 34 in the fiscal year ended June 30, 2002 required recasting of net asset information in this format.

Source:

Clackamas County Finance Department

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**  
(A component unit of Clackamas County, Oregon)

**CHANGES IN NET ASSETS <sup>(1)</sup>**

**LAST NINE FISCAL YEARS**  
(Accrual Basis of Accounting)

	Fiscal Year								
	2002 <sup>(2)</sup>	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses:</b>									
Highways and Streets	\$ 2,991,204	\$ 3,178,727	\$ 3,650,718	\$ 4,018,687	\$ 4,130,319	\$ 40,165,157	\$ 10,990,999	\$ 5,802,458	\$ 7,766,476
Interest on long-term debt	-	-	-	-	-	-	1,598,163	1,403,205	1,496,025
<b>Total Expenses</b>	<b>2,991,204</b>	<b>3,178,727</b>	<b>3,650,718</b>	<b>4,018,687</b>	<b>4,130,319</b>	<b>40,165,157</b>	<b>12,589,162</b>	<b>7,205,663</b>	<b>9,262,501</b>
<b>Program Revenues</b>									
Charges for services:									
Fees and permits	-	-	-	-	142,598	335,635	178,604	187,298	15,575
Operating grants and contributions	2,185,513	3,746,064	1,551,974	748,913	84,395	1,701,092	180,202	428,024	456,127
Total program revenues	2,185,513	3,746,064	1,551,974	748,913	226,993	2,036,727	358,806	613,322	471,702
<b>Net (Expense)/Revenue</b>	<b>(805,691)</b>	<b>567,337</b>	<b>(2,098,744)</b>	<b>(3,271,774)</b>	<b>(3,903,326)</b>	<b>(38,128,430)</b>	<b>(12,230,356)</b>	<b>(6,592,341)</b>	<b>(8,790,799)</b>
<b>General Revenues:</b>									
Property taxes levied for debt service	15,720,275	12,333,136	12,617,228	12,961,222	13,888,120	9,640,220	9,801,576	11,493,853	13,109,932
Earnings on investments	2,211,334	1,440,383	1,205,191	1,597,412	3,233,162	4,167,421	3,271,279	1,551,376	700,625
Gain on disposition of capital assets	480,695	-	-	332,443	-	1,255,320	96,686	-	-
Miscellaneous	446,602	99,711	168,904	147,180	129,523	157,843	193,541	312,585	593,166
Total general revenues	18,858,906	13,873,230	13,992,323	15,038,257	17,250,805	15,220,804	13,363,082	13,357,814	14,403,723
<b>Change In Net Assets</b>	<b>\$ 18,053,215</b>	<b>\$ 14,440,567</b>	<b>\$ 11,893,579</b>	<b>\$ 11,766,483</b>	<b>\$ 13,347,479</b>	<b>\$ (22,907,626)</b>	<b>\$ 1,132,726</b>	<b>\$ 6,765,473</b>	<b>\$ 5,612,924</b>

Notes:  
(1) All detail reported for changes in net assets represents governmental activity, as the Agency engages in no business-type activities.  
(2) Implementation of GASB 34 in the fiscal year ended June 30, 2002 required recasting of net asset information in this format.

Source:  
Clackamas County Finance Department

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**  
( A component unit of Clackamas County, Oregon)

**FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST NINE FISCAL YEARS**

(Modified Accrual Basis of Accounting)

	Fiscal Year								
	2002 <sup>(2)</sup>	2003	2004	2005	2006	2007	2008	2009	2010
Reserved for land held for resale	\$ 2,765,089	\$ 2,458,290	\$ 2,458,290	\$ 2,416,979	\$ 2,488,018	\$ 13,699,841	\$ 13,348,012	\$ 12,370,848	\$ 12,370,848
Reserved for interfund loan receivable	-	-	-	-	-	4,450,000	450,000	414,205	335,247
Unreserved, reported in <sup>(1)</sup> :									
Capital projects funds	49,628,693	36,804,595	26,255,551	25,652,924	37,616,704	10,608,935	20,709,569	22,651,574	25,294,802
Debt service funds	21,558,554	34,716,953	47,755,309	56,768,680	49,985,768	49,580,098	36,742,859	35,829,450	30,264,271
<b>Total</b>	<b>\$ 73,952,336</b>	<b>\$ 73,979,838</b>	<b>\$ 76,469,150</b>	<b>\$ 84,838,593</b>	<b>\$ 90,090,490</b>	<b>\$ 78,338,874</b>	<b>\$ 71,250,440</b>	<b>\$ 71,266,077</b>	<b>\$ 68,265,168</b>

Notes:

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

(2) Implementation of GASB 34 in the fiscal year ended June 30, 2002 required recasting of fund balance information in this format.

Source:  
Clackamas County Finance Department

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**  
(A component unit of Clackamas County, Oregon)  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

**LAST NINE FISCAL YEARS**  
(Modified Accrual Basis of Accounting)

	Fiscal Year								
	2002 <sup>(1)</sup>	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues:</b>									
Property taxes	\$ 15,664,687	\$ 12,552,883	\$ 12,692,583	\$ 13,069,180	\$ 13,886,250	\$ 9,819,028	\$ 9,693,299	\$ 11,310,127	\$ 13,097,986
Charges for services	-	-	-	-	142,598	844,608	31,884	16,000	-
Intergovernmental	2,184,070	4,013,674	1,551,974	1,180,030	375,192	1,701,092	806,592	1,021,841	859,092
Interest	2,211,334	1,440,383	1,205,191	1,597,412	3,233,162	4,167,421	3,271,279	1,551,376	700,625
Land sale proceeds	616,332	-	-	261,787	-	5,074,049	230,023	-	-
Other revenues	448,045	106,630	169,904	347,180	141,311	137,543	186,961	312,530	593,166
<b>Total revenues</b>	<b>21,124,468</b>	<b>18,113,570</b>	<b>15,619,652</b>	<b>16,455,589</b>	<b>17,778,513</b>	<b>21,743,741</b>	<b>14,220,038</b>	<b>14,211,874</b>	<b>15,250,869</b>
<b>Expenditures:</b>									
General government:									
Highway and streets	1,699,252	1,950,434	1,898,836	1,795,497	1,805,737	37,795,671	8,321,289	1,651,842	1,820,040
Capital outlay	13,200,565	15,828,835	11,231,504	6,290,659	10,681,311	37,677,335	7,283,607	4,630,017	9,554,312
Debt service:									
Principal	-	-	-	-	37,908	37,961	5,315,526	5,569,599	5,738,508
Interest	-	-	-	-	1,650	1,597	1,582,065	1,367,615	1,138,918
<b>Total expenditures</b>	<b>14,899,817</b>	<b>17,779,269</b>	<b>13,130,340</b>	<b>8,086,156</b>	<b>12,526,606</b>	<b>75,512,564</b>	<b>22,502,487</b>	<b>13,219,073</b>	<b>18,251,778</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>6,224,651</b>	<b>334,301</b>	<b>2,489,312</b>	<b>8,369,433</b>	<b>5,251,907</b>	<b>(53,768,823)</b>	<b>(8,282,449)</b>	<b>992,801</b>	<b>(3,000,909)</b>
<b>Other financing sources (uses):</b>									
Issuance of debt	-	-	-	-	-	35,333,000	-	-	-
Loss on land held for resale	-	(306,799)	-	-	-	-	-	(977,164)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(306,799)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,333,000</b>	<b>-</b>	<b>(977,164)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 6,224,651</b>	<b>\$ 27,502</b>	<b>\$ 2,489,312</b>	<b>\$ 8,369,433</b>	<b>\$ 5,251,907</b>	<b>\$ (18,435,823)</b>	<b>\$ (8,282,449)</b>	<b>\$ 15,637</b>	<b>\$ (3,000,909)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>2.0%</b>	<b>0.1%</b>	<b>45.3%</b>	<b>80.8%</b>	<b>79.1%</b>

Notes:  
(1) Implementation of GASB 34 in the fiscal year ended June 30, 2002 required recasting of fund balance information in this format.

Source:  
Clackamas County Finance Department

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**

(A component unit of Clackamas County, Oregon)

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**

**LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30,</u>	<u>Clackamas Town Center Development Area</u>	<u>Clackamas Industrial Development Area</u>	<u>Government Camp Development Area</u>	<u>North Clackamas Revitalization Area</u>	<u>Total Taxable Assessed Value Before Exempt Property</u>
2001	N/A	N/A	N/A	N/A	\$ 1,113,537,656
2002	N/A	N/A	N/A	N/A	1,176,817,229
2003	N/A	N/A	N/A	N/A	810,883,293
2004 <sup>(4)</sup>	\$ 441,828,613	\$ 310,024,568	\$ 79,098,538	N/A	830,951,719
2005	452,668,677	319,943,955	83,057,525	N/A	855,670,157
2006 <sup>(4)</sup>	641,248,632	386,550,154	121,078,615	N/A	1,148,877,401
2007 <sup>(5)</sup>	529,014,380	-	145,847,118	N/A	674,861,498
2008	556,110,506	-	154,436,109	\$ 437,892,734	1,148,439,349
2009	626,259,370	-	180,772,900	456,338,586	1,263,370,856
2010	637,286,403	-	-	475,179,133	1,112,465,536

Notes:

- (1) A property tax limitation measure became effective in fiscal year 1998. The measure limited taxes on each property by reducing the 1997-98 assessed value of each property to 90% of its 1995-96 value. The measure also limits growth of taxable value to 3% per year with certain exceptions, as well as establishing permanent tax rates for Oregon's local taxing districts, which replace the former tax base amounts of the districts. Because of the tax limitation, taxable assessed value is significantly below true cash value, which is the comparative measure tracked by the County and reported in this schedule.
- (2) For all property within the Clackamas County Development Agency.
- (3) Tax rates vary between tax codes and between the urban renewal areas which comprise the Agency for 2003 - 2010. Rates are lowest in the Government Camp Area and higher in the Clackamas Town Center and Industrial Areas.
- (4) Prior to 2004, breakout of assessed values into the various urban renewal districts was not available. Prior to 2006 information on tax-exempt properties was not available.
- (5) Increased incremental assessed value due to project development and implementation, capital construction, and property development and redevelopment is a typical measure for an Urban Renewal District. As an urban renewal area nears plan termination, assessed value is returned to overlapping taxing districts. The Clackamas Town Center returned assessed values to regular tax roles during 2007 and the Clackamas Industrial Area ceased tax collection. Growth reported for these areas in prior years has been passed on to overlapping districts.

N/A - Not available

Source:

Clackamas County Department of Assessment and Taxation

<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Market Value</u>	<u>Assessed Value as a Percentage of Market Value</u>
N/A	\$ 1,113,537,656	0.1665	\$ 1,465,181,126	76.00 %
N/A	1,176,817,229	0.1681	1,548,443,722	76.00
N/A	810,883,293	.4483 - 1.1912	1,042,362,933	77.79
N/A	830,951,719	.4480 - 1.1790	1,058,821,242	78.48
N/A	855,670,157	.4509 - 1.1533	1,102,503,149	77.61
\$ 249,599,015	899,278,386	.5036 - 1.1321	1,213,190,775	74.13
105,025,599	569,835,899	.4583 - 1.0677	1,003,031,858	56.81
117,483,752	1,030,955,597	.4379 - 1.0639	1,981,961,268	52.02
125,931,981	1,137,438,875	.4995 - 1.1914	2,199,346,692	51.72
104,379,693	1,008,085,843	.8401	1,765,617,801	57.10

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**

(A component unit of Clackamas County Oregon)

**DIRECT AND OVERLAPPING PROPERTY TAX RATES** <sup>(1)(2)</sup>

**YEAR ENDED JUNE 30, 2010**

(Rate per \$1,000 of Assessed Value)

Clackamas County Development Agency direct rate <sup>(4)</sup> :		
Town Center Development Area	\$	.7215
North Clackamas Revitalization Area		.7215
Urban Renewal special levy (all agency development areas)		.1186
Total direct rate <sup>(3)</sup>		.8401
Clackamas County:		
Rural		2.8600
Public Safety Levy 2006		.2480
Clackamas County Component Units:		
Enhanced Law Enforcement District		.6609
North Clackamas Parks and Recreation District		.5049
Clackamas County Extension and 4H Service District		.0493
Library Service District of Clackamas County		.3902
School districts rates		4.5680
Community college/educational service district rates		.3620 - .5450
Educational exempt bonds rates		.1730 - 1.0044
Fire district rates:		
Clackamas County Fire District No. 1		2.2976
Other special district rates		.0064 - .0944

Notes:

- (1) Overlapping rates are those of local governments that apply to property owners within Agency geographical boundaries. Not all overlapping rates apply to all Agency property owners.
- (2) Property tax levies may only be approved by a majority vote in elections in which a majority of voters cast a ballot. In November elections of even numbered years a majority vote in favor of a tax levy is sufficient to enact a levy, regardless of voter turnout.
- (3) Total direct tax rate includes the tax rate in effect for the urban renewal district plus a special tax levy which amounts to \$.1186 per thousand for fiscal 09-10.
- (4) The Clackamas Industrial Development Area did not levy property taxes for fiscal 09-10, and the Government Camp Development Area did not levy property taxes for fiscal 09-10

Source:

Clackamas County Department of Assessment and Taxation

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**  
(A component unit of Clackamas County, Oregon)

**PRINCIPAL PROPERTY TAX PAYERS**

**JUNE 30, 2010 AND NINE YEARS AGO**

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Comcast Corporation	\$ 52,582,200	1	5.22 %			
CH Realty III/Clackamas LLC	40,974,802	2	4.06			
Fred Meyer Stores Incorporated	24,428,018	3	2.42			
General Growth Properties Inc.	21,641,668	4	2.15			
Maxim Real Estate Investments LLC	19,966,309	5	1.98			
EMC4 LLC	17,693,364	6	1.76			
Costco Wholesale Corp	16,350,983	7	1.62			
Cooper Mountain Trust Co.	16,146,479	8	1.60			
Overlook Causey LP	14,915,040	9	1.48			
Clark & White LLC	14,629,564	10	1.45	\$ 11,212,343	6	1.01 %
BPP Retail LLC				30,390,511	1	2.73
ERP Operating Limited				15,302,514	2	1.37
Alexander Haagen Prop				13,412,240	3	1.20
The May Dept Stores				11,962,719	4	1.07
Deloitte & Touche LLP				11,449,521	5	1.03
Kaiser Foundation Sunnyside Hospital				11,013,574	7	0.99
Wang Investment LLC				10,066,829	8	0.90
Sears Roebuck & Co.				8,604,847	9	0.77
Bankers Trust Co.				7,829,648	10	0.70
Total	<u>\$ 239,328,427</u>		<u>23.74 %</u>	<u>\$ 131,244,746</u>		<u>11.77 %</u>

Source:  
Clackamas County Department of Assessment and Taxation

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**  
(A component unit of Clackamas County, Oregon)

**PROPERTY TAX LEVIES AND COLLECTIONS** <sup>(1)</sup>

**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
2001	\$ 14,942,747	\$ 13,931,877	93.24 %	\$ 536,297	\$ 14,468,174	96.82 %
2002	16,140,978	15,075,458	93.40	558,616	15,634,074	96.86
2003	12,623,471	11,848,941	93.86	430,843	12,279,784	97.28
2004	12,935,496	12,186,221	94.21	363,338	12,549,559	97.02
2005	13,368,071	12,626,662	94.45	314,453	12,941,115	96.81
2006	14,284,065	13,554,271	94.89	204,721	13,758,992	96.32
2007	10,083,641	9,553,560	94.74	248,319	9,801,879	97.21
2008	10,030,959	9,434,717	94.06	266,759	9,701,476	96.72
2009	11,772,933	10,967,549	93.16	266,151	11,233,700	95.42
2010	13,552,689	12,701,102	93.72	-	12,701,102	93.72

Source:  
Clackamas County Department of Assessment and Taxation

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

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**  
(A component unit of Clackamas County Oregon)

**RATIOS OF OUTSTANDING DEBT**

**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Urban Renewal Bonds</u>	<u>Contract Payable</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>	<u>Percentage of Taxable Assessed Value of Property</u>
2001	\$ -	\$ -	- %	-	- %
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	200,000	0.09	35	0.02
2006	-	160,442	0.07	28	0.02
2007	35,333,000	120,884	5.03	2,212	6.22
2008	30,057,474	80,884	4.09	1,831	2.92
2009	24,568,705	-	N/A	1,467	2.16
2010	18,830,197	-	N/A	1,125	1.87

Notes:

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

(2) See page 38 for property value data.

(3) See page 45 for population data.

N/A - Not available

Sources:

Clackamas County Department of Assessment and Taxation

Department of Human Resources, State of Oregon, Employment Division

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

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**  
(A component unit of Clackamas County Oregon)

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**JUNE 30, 2010**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes:</b>			
Clackamas County	\$ 79,370,000	1.9869 %	\$ 1,577,002
Clackamas County Rural Fire Protection District #1	7,785,000	3.7843	294,608
Clackamas County School District #12 (North Clackamas)	279,291,142	5.5548	15,514,064
Clackamas Community College	34,840,000	2.0885	727,633
Mt. Hood Community College	16,730,000	0.8256	138,123
Metro	158,533,356	0.3932	623,353
Tri-Metropolitan Transportation District	27,960,000	0.3951	110,470
Clackamas County School District #46	114,895,487	6.8057	7,819,442
<b>Other debt:</b>			
Clackamas County	27,155,000	1.9869	539,543
North Clackamas Parks and Recreation District	18,720,000	5.5299	1,035,197
Clackamas County Rural Fire Protection District #1	20,115,000	3.7843	761,212
Clackamas County School District #12 (North Clackamas)	102,464,395	5.5548	5,691,693
Clackamas Community College	52,930,000	2.0885	1,105,443
Port of Portland	71,421,466	0.4737	338,323
Metro	67,335,000	0.3932	264,761
Clackamas County Education Service District	26,560,000	2.0727	550,509
Mt. Hood Community College	50,647,483	0.8256	418,145
Subtotal overlapping debt			37,509,521
Agency direct debt			18,830,197
<b>Total direct and overlapping debt</b>			<b>\$ 56,339,718</b>

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

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

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**  
 (A component unit of Clackamas County Oregon)

**LEGAL DEBT MARGIN**

**LAST TEN FISCAL YEARS**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Debt limit *	\$ 231,140,600	\$ 231,140,600	\$ 231,140,600	\$ 231,140,600
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 231,140,600</u>	<u>\$ 231,140,600</u>	<u>\$ 231,140,600</u>	<u>\$ 231,140,600</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

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

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

Source:  
Clackamas County Finance Department

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 231,140,600	\$ 231,140,600	\$ 273,321,300	\$ 273,321,300	\$ 273,321,300	\$ 264,153,300
<u>200,000</u>	<u>160,442</u>	<u>35,453,884</u>	<u>30,138,358</u>	<u>24,568,705</u>	<u>18,830,197</u>
<u>\$ 230,940,600</u>	<u>\$ 230,980,158</u>	<u>\$ 237,867,416</u>	<u>\$ 243,182,942</u>	<u>\$ 248,752,595</u>	<u>\$ 245,323,103</u>
0.09%	0.07%	12.97%	11.03%	8.99%	7.13%

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**  
 (A component unit of Clackamas County, Oregon)

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income (1)</u>	<u>Portland Metropolitan Area Unemployment Rate (2)</u>
2001	5,493	\$ 195,661,547	\$ 35,618	5.9 %
2002	5,549	195,801,349	35,288	7.8
2003	5,604	199,239,012	35,553	7.9
2004	5,659	209,927,311	37,094	6.8
2005	5,715	227,037,992	39,729	6.0
2006	5,770	238,751,060	41,378	5.0
2007 <sup>(3)</sup>	16,025	704,539,125	43,965	5.0
2008	16,456	737,278,168	44,803	5.4
2009	16,743	N/A	N/A	9.3
2010	16,743	N/A	N/A	10.7

Notes:

- (1) Figures are for calendar year for Clackamas County.
  - (2) Includes Clackamas, Multnomah, Washington and Yamhill Counties in Oregon.
  - (3) The North Clackamas Development Area was added in 2007.
- N/A - Not available.

Sources:

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

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**  
(A component unit of Clackamas County, Oregon)

**PRINCIPAL EMPLOYERS <sup>(1)</sup>**

**JUNE 30, 2010 AND NINE YEARS AGO**

Employer	2010			2001		
	Employees	Rank	Percentage of Total <sup>(2)</sup>	Employees	Rank	Percentage of Total <sup>(2)</sup>
Intel Corp.	15,141	1	0.02 %	12,000	1	0.01 %
Providence Health System	13,825	2	0.01	5,517	4	0.01
Oregon Health & Sciences University	12,700	3	0.01	-		
Fred Meyer Stores	9,630	4	0.01	10,100	2	0.01
Kaiser Foundation Health Plan of the Northwest	8,759	5	0.01	N/A	3	N/A
Legacy Health System	8,251	6	0.01	4,734	8	0.00
Nike Inc.	7,000	7	0.01	5,000	6	0.01
City of Portland	6,900	8	0.01	-		
Multnomah County	6,659	9	0.01	-		
Wells Fargo	5,010	10	0.01	-		
Freightliner Corp.				5,344	5	0.01
U.S. Bancorp				4,902	7	0.01
Safeway, Inc., Portland Division				4,500	9	0.00
Tektronix Inc.				4,100	10	0.00
<b>Total</b>	<u>93,875</u>		<u>0.11 %</u>	<u>56,197</u>		<u>0.06 %</u>

Sources:

(1) Statistics are the latest available data published in the Portland Business Journal *Book of Lists 2010*, and *Book of Lists 2001*. The Business Journal Book of Lists ranks Portland Metropolitan Area employers.

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

(3) N/A Number of Metropolitan Area employees for this organization was not available in the *Book of Lists 2001*.

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**

(A component unit of Clackamas County, Oregon)

**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION**

**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Function</u> <u>Highways &amp; Streets</u>
2001	8.00
2002	8.00
2003	8.00
2004	8.00
2005	6.00
2006	6.40
2007	6.10
2008	6.50
2009	6.50
2010	6.50

Source:

Clackamas County Finance Department

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**  
(A component unit of Clackamas County, Oregon)

**OPERATING INDICATORS**

**LAST SEVEN FISCAL YEARS**

	2004	2005	2006	2007	2008	2009	2010
Assessed value Clackamas Town Center Development Area	\$ 441,828,613	\$ 452,668,677	\$ 475,431,709	\$ 444,495,445	\$ 469,083,494	\$ 532,829,346	\$ 546,838,520
Change from prior year	N/A	10,840,064	22,763,032	(30,936,264)	24,588,049	63,745,952	14,009,174
Percentage change	N/A	2.45 %	5.03 %	(6.51) %	5.53 %	13.59 %	2.63 %
Assessed value Clackamas Industrial Development Area <sup>(1)</sup>	310,024,568	319,943,955	323,052,373	-	-	-	-
Change from prior year	N/A	9,919,387	3,108,418	N/A	N/A	N/A	N/A
Percentage change	N/A	3.20 %	0.97 %	N/A	N/A	N/A	N/A
Assessed value Government Camp Development Area <sup>(1)</sup>	79,098,538	83,057,525	100,794,304	125,340,454	133,892,005	159,612,783	-
Change from prior year	N/A	3,958,987	17,736,779	24,546,150	8,551,551	25,720,778	N/A
Percentage change	N/A	5.01 %	21.35 %	24.35 %	6.82 %	19.21 %	N/A
Assessed value North Clackamas Revitalization Area <sup>(2)</sup>	N/A	N/A	N/A	-	427,980,098	444,996,746	461,247,323
Change from prior year	N/A	N/A	N/A	N/A	427,980,098	17,016,648	16,250,577
Percentage change	N/A	N/A	N/A	N/A	N/A	3.98 %	3.65 %
Assessed value all areas	830,951,719	855,670,157	899,278,386	569,835,899	1,030,955,597	1,137,438,875	1,008,085,843
Change from prior year	N/A	24,718,438	43,608,229	(329,442,487)	461,119,698	106,483,278	(129,353,032)
Percentage change	N/A	2.97 %	5.10 %	(36.63) %	80.92 %	10.33 %	(11.37) %

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

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

N/A - Not available

Source:  
Clackamas County Department of Assessment and Taxation

**CLACKAMAS COUNTY DEVELOPMENT AGENCY**  
(A component unit of Clackamas County, Oregon)

**OPERATING INDICATORS- CAPITAL ASSET STATISTICS**

**LAST SEVEN FISCAL YEARS**

	2004	2005	2006	2007	2008	2009	2010
<b>Capital projects in process during the year:</b>							
<b>Clackamas Town Center Development Area <sup>(1)</sup> :</b>							
Roads network upgrade projects	6	3	4	3	4	2	2
Transit infrastructure	1	1	1	1	1	1	-
Property redevelopment	1	1	2	1	2	2	-
<b>Clackamas Industrial Development Area <sup>(1)</sup> :</b>							
Roads network upgrade projects	3	2	2	2	2	2	2
Flood control	1	1	1	1	-	-	-
Property redevelopment	-	-	1	1	1	1	1
<b>Government Camp Development Area <sup>(1)</sup> :</b>							
Pedestrian circulation improvements/parking	156,136	75,464	460,285	250,899	1,121,142	1,464,382	-
Fire safety improvements	14,569	64,184	455,639	-	-	75,943	179,920
Sprinkler/architectural improvements	662,620	228,245	158,744	-	-	91,822	103,826
Cultural center/recreation amenities	5,655	-	742,873	79,909	-	77,993	43,900
Snow management	-	2,130,860	-	-	16,403	88,885	-
Utilities/lighting improvements	-	6,128	779,111	20,043	33,947	262,983	32,467
Other infrastructure projects in process	2,383	-	-	1,241	362,750	76,696	-
<b>North Clackamas Revitalization Area <sup>(2)</sup> :</b>							
Development Employment					N/A	N/A	N/A
Development Assistance					N/A	N/A	N/A

Note:

(1) Numbers of capital projects have been noted for the Clackamas Town Center and Clackamas Industrial Development Areas as these projects tend to be large infrastructure projects. For the Government Camp Development Area, expenditures are noted, as projects are smaller and entail work at a large number of sites with a common goal for multiple sites. The new North Clackamas Revitalization Area also reflects general project categories and their expenses.

(2) North Clackamas Revitalization Area created at the end of FY 2007. First tax collection FY 2008.

Source:

Clackamas County Finance Department

INDEPENDENT AUDITOR'S REPORT 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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**INDEPENDENT AUDITOR'S REPORT 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**

December 15, 2010

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

We have audited the basic financial statements of the Clackamas County Development Agency (the Agency), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We identified deficiencies in internal control over financial reporting that we consider to be material weaknesses:

- Internal control processes are inadequate for identifying completed projects to be removed from construction in process.

**INDEPENDENT AUDITOR'S REPORT 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 (Continued)**

Page 2

**INTERNAL CONTROL OVER FINANCIAL REPORTING (Continued)**

- A significant note payable to another component unit of Clackamas County, Oregon, was not recorded in a prior year.

**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the Agency's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts 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*.

\* \* \* \* \*

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

*Talbot, Kowala & Warwick LLP*

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY OREGON STATE REGULATIONS**



## INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

December 15, 2010

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

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We have audited the basic financial statements of the Clackamas County Development Agency (the Agency), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 15, 2010. 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 and the *Minimum Standards for Audits of Oregon Municipal Corporations*.

### COMPLIANCE

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-050 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, 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.

We performed the procedures to the extent we considered necessary to address the required comments and disclosures, but not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Authorized investment of surplus funds (ORS Chapter 294.)
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing, nothing came to our attention that caused us to believe the Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-050 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

**INDEPENDENT AUDITOR'S REPORT  
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**INTERNAL CONTROL**

Our report relating to 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* is contained on pages 50 and 51 of this report.

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This report is intended solely for the information and use of the Audit Committee, Board of Commissioners, and management and is not intended to be and should not be used by anyone other than these specified parties.

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