

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2026

CLACKAMAS COUNTY

NORTH CLACKAMAS PARKS & RECREATION DISTRICT

NCPRD is a component unit of Clackamas County, Oregon

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

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2026

Prepared by:

North Clackamas Parks and Recreation District and Clackamas County Department of Finance
Kia Selley, Director, North Clackamas Parks and Recreation District
Robert Tintle Finance Director, Clackamas County
Kallie Guentner, Financial Services Supervisor, North Clackamas Parks and Recreation District

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

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(A Component Unit of Clackamas County, Oregon)

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INTRODUCTORY SECTION

NORTH CLACKAMAS
PARKS & RECREATION DISTRICT
Administration

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ncprd.com

October 28, 2026

To the Honorable Chair Craig Roberts, Director Paul Savas, Director Martha Schrader, Director Diana Helm, Director Ben West, and Residents of the North Clackamas Parks and Recreation District (NCPRD):

State law requires that every local government publish a complete set of audited financial statements within six months of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ending June 30, 2026.

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

Baker Tilly US, LLP has issued an unmodified clean opinion on NCPRD financial statements for the year ended June 30, 2026. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

NCPRD ("District"), created November 21, 1990, is located in the urbanized northwest portion of Clackamas County, one of Oregon's fastest growing regions. As of July 1, 2020, the District includes a large unincorporated area of urban Clackamas County and the City of Milwaukie. It does not include the bordering cities of Happy Valley, Gladstone, or Johnson City. Of the District's 106,739 residents, approximately 80 percent live in the unincorporated area and 20 percent live in the City of Milwaukie. The District is bounded on the west by the Willamette River, by the Multnomah/Clackamas County boundary to the north, by Gladstone and the Clackamas River to the south, and roughly by the City of Happy Valley to the east. The District includes key areas of economic activity within the County, including one of the State's largest commercial concentrations at Clackamas Town Center and the Clackamas Promenade shopping center, both thriving retail centers. Another strong area of economic activity is the industrial/commercial corridor along Highway 212/224.

The District is legally authorized to levy a property tax on real and personal property located within its boundaries. State statute also empowers the District to extend its boundaries by annexation.

The District was formed as a County Service District under Oregon Revised Statute (ORS) Chapter 451 and is a component unit of Clackamas County (County). The five-member Board of County Commissioners serves as the District's Board of Directors ("Board"), and the Directors are elected on a nonpartisan basis. Board members serve four-year terms, and the Chair is specifically elected by voters. The Chair and other Board members are elected not by geographic region but at-large. As a separate legal entity, the

operations, assets, and budgetary authority of NCPRD are maintained separately from those of Clackamas County. The District's budget is adopted by the Board by fund and appropriation category (object level), which represents the legal level of budgetary control. Management may not exceed appropriations at this level without approval from the Board.

The Budget Committee is comprised of the Board plus five resident members. The Budget Committee reviews and approves the budget annually. An eleven-member resident District Advisory Committee (DAC) exists to make recommendations to the Board and Budget Committee.

The District provides a full range of park and recreation services to the community. These services include developed parks and natural areas; recreational and sports programming; community events; two full-service community centers providing social and recreational programs; a full-service indoor aquatic center with multiple pools, water recreation, and instructional programs; and a youth baseball/softball complex.

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

Local Economic Condition and Outlook

Oregon's economic outlook remains characterized by stable growth amid continued economic uncertainty. Economic activity has demonstrated resilience despite trade tariffs, elevated energy prices, and geopolitical uncertainty, with Oregon's recent growth largely closing the gap with national performance. Labor market conditions remain relatively stable, with low levels of layoffs and modest hiring activity, while elevated wage growth continues to support personal income tax revenues. The outlook remains subject to risks related to inflation, interest rates, energy prices, and geopolitical conditions. As a result, the Office of Economic Analysis projects a modestly upward growth trajectory through the remainder of the 2025-2027 biennium, although economic conditions remain subject to change.[1]

Inflation remains an important consideration in forecasting future operating costs and evaluating the long-term sustainability of public services. The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) provides a measure of changes in the prices of goods and services commonly purchased by consumers and serves as a useful indicator of broader cost pressures. In the West Region, which includes Oregon, the CPI-W increased 3.3 percent from August 2025 to August 2026. Although inflation has moderated from the elevated levels experienced in recent years, the continued increase in prices contributes to higher costs for goods, services, labor, construction, and other inputs required to deliver public services and maintain community infrastructure.[2]

Oregon's labor market remained relatively stable in August 2026, with the unemployment rate at 5.1 percent, compared with 5.2 percent in July 2026 and 5.0 percent in August 2025. The rate has remained within a narrow range of 5.0 to 5.3 percent for the past 18 months, although it remains above the national unemployment rate of 4.1 percent. Nonfarm payroll employment declined by 800 jobs in August and by 10,900 jobs, or 0.5 percent, over the past year, with the largest annual losses occurring in manufacturing.

[1] https://www.oregon.gov/das/oea/Documents/OEA-Forecast-0926.pdf
[2] https://www.bls.gov/regions/west/cpi-summary/ro9xg01a.htm?utm

However, there are signs of recent stabilization, with employment increasing by 1,800 jobs, or 0.1 percent, over the past five months. Health care and social assistance continued to be a source of employment growth, adding 10,200 jobs over the past year, while construction, retail trade, and other services also posted recent gains. Overall, Oregon's labor market remains relatively steady, with modest employment growth in several sectors offsetting continued weakness in others.[3]

Oregon is projected to add 140,600 new jobs by 2034. Oregon's job growth will total 6 percent between 2024 and 2034. Private payrolls are expected to grow by 7 percent or 125,500 jobs, while government employment will increase by 2 percent or 7,700 jobs, and self-employment is projected to grow by 5 percent or 7,400 jobs.[4]

Clackamas County is similar to the State when examining its major industries and other economic indicators. Mirroring the State's unemployment rates, the County's unemployment rate in August 2026 decreased to 4.8 percent when compared to the previous month and 5.1 percent compared to a year ago. The county's labor force reached 173,200 in August 2026, a decrease of 100 jobs from the previous month and a decrease of 800 jobs from a year ago.[5] The real market value in Clackamas County grew 3.3 percent in 2025, which is higher than the 1.4 percent growth rate in 2024. The county's real market value has been trending upward since 2013.[6] Additionally, as of September 2026, the population of Clackamas County has decreased slightly to 425,857, representing a 0.3 percent decrease from 2025. And lastly, as of September 2026, housing units in Clackamas County total 177,735, with a median value of $639,300.[7]

NCPRD's revenue from Parks System Development Charges (PSDCs) is directly tied to activity in the construction and housing markets. Permit activity has grown year over year, though it continues to reflect the broader challenges facing the construction industry. In fiscal year 2025-2026, Clackamas County issued 117 residential, mobile home, and commercial permits for new construction in the unincorporated area of the District, down from 125 permits the previous fiscal year. In contrast, the city of Milwaukie issued 46 new construction permits, an increase from 29 issued in fiscal year 2024-2025. Looking ahead, Oregon and Clackamas County are expected to see modest growth with continued near-term uncertainty in the construction sector. The underlying demand for construction in Oregon and Clackamas County is substantial, particularly from housing needs and population growth, but high interest rates, affordability challenges, and elevated construction costs are likely to keep the pace of growth measured rather than rapid.

NCPRD will continue to monitor economic conditions and assess their potential impacts on District revenues, operating costs, and long-term financial sustainability.

[3] https://www.oregon.gov/employ/NewsAndMedia/Documents/2026-09-16-UnemploymentRateAugust.pdf
[4] https://www.qualityinfo.org/projections#1
[5] https://www.qualityinfo.org/clackamas
[6] https://www.clackamas.us/news/2025-10-20/assessment-taxation-2025-press-release
[7] https://censusreporter.org/profiles/05000US41005-clackamas-county-or/

Long-term Financial Planning

To maintain a strong financial position, the District's General Fund reserves and contingencies are managed in accordance with Clackamas County's established policy. This policy is reviewed annually to ensure it is reflective of the current cash flow projections for the District. This policy has proven to be a prudent financial decision, allowing the District to avoid borrowing in the early months of each fiscal year to fund operations while awaiting property tax proceeds, the bulk of which are received each November.

The NCPRD General Fund ending fund balance on June 30, 2025, was $8.9 million and increased to $9.6 million at the end of fiscal year 2025-2026. The increase in the General Fund balance is primarily attributable to lower than anticipated expenditures, driven by budget reduction measures such as vacancy savings from unfilled positions and reduced utility costs associated with lower irrigation usage.

The District finance team continues to enhance the financial reporting of the District with the addition of a ten-year forecast and issuing ongoing quarterly financial updates. This additional reporting has provided the management team, the District Advisory Committee, the Board, the Budget Committee, and District residents with insight and knowledge of the District's current and projected fiscal position. This enhanced reporting has enabled District staff to continually assess operations, set priorities, evaluate services and programs, and pursue new ways to deliver services more effectively and efficiently to District residents.

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

Major Initiatives and Operational Highlights

Financial Outlook and Strategic Priorities

One of the most significant challenges facing the District is the continued growth in operating costs relative to ongoing revenues. While this structural imbalance has developed over time, the recent period of inflation has accelerated the pressure on the General Fund. Conservative financial forecasts indicate that, without additional revenue or further program and service reductions, the General Fund may be insufficient to sustain current operations within approximately six years. In response, the District implemented program and service reductions totaling approximately 33% in fiscal year 2025-2026, with a deliberate effort to preserve programs and services that most closely align with NCPRD's mission and address high-priority community needs. Even with these reductions, additional adjustments may be necessary in future fiscal years unless new ongoing revenue is identified.

The District continues to prioritize the maintenance of parks, trails, and recreation facilities and the delivery of community recreation programs while carefully managing limited resources. To preserve General Fund resources for ongoing operations, NCPRD has prioritized System Development Charges (SDCs) and grant funding for eligible capital projects. Because SDC collections can fluctuate and current SDC rates have not kept pace with inflation or comparable park districts, capital resources remain constrained as construction, materials, and labor costs continue to rise. By strategically directing dedicated funding sources toward priority capital improvements, the District has continued to advance targeted projects in key locations while maintaining responsible financial stewardship and preserving General Fund capacity for essential services.

System Plan
On October 29, 2025, the Board unanimously adopted a new comprehensive 2025 System Plan for the District. The Plan charts the course for the next 20 years, providing guidance on how and where to invest limited District resources. Informed by extensive community engagement efforts and rigorous data analysis, the Plan refines the long-term vision for the District and connects that vision to specific goals, strategies, and actions to guide investments across parks, trails, recreation, and programming services.

Concord Park and Community Center
Concord Park and Community Center opened in fall of 2025 transforming the former Concord Elementary School site in the Oak Lodge community into a new hub for recreation, community connection, and outdoor activity. The project preserved and revitalized the historic 1936 school building as a community center while adding a 1.9-acre park featuring NCPRD's first fully accessible playground, a splash pad, walking paths, picnic areas, and a multi-use field. Located alongside the new Oak Lodge Library, the campus brings together recreation, educational, and community resources in a single location.

Park at Jennings Lodge Campus
NCPRD is partnering with the Oregon City School District to develop a new 1.9-acre neighborhood park at the Jennings Lodge Campus, expanding access to recreational opportunities in an area identified as park-deficient. The project was shaped by input from more than 760 community members and will feature tree canopy and meadow areas, winding pathways, and two nature-inspired playgrounds with accessible play opportunities for people of all ages and abilities. The $1.65 million project is supported by $1.95 million in secured grant funding, including awards from the Oregon Department of Land Conservation and Development and Metro, covering more than the anticipated construction costs. This substantial outside investment allows the District to deliver a new community amenity while preserving District resources and limiting the project's impact on local funds.

Intergovernmental Agreements, Litigation, and Milwaukie Bay Park
On September 23, 2026, the Milwaukie City Council hosted a special work session on parks to discuss two pending intergovernmental agreements (IGA). The first IGA is an update to the 2008 Cooperative Agreement, and the second IGA is a construction funding agreement for phase III of Milwaukie Bay Park. A resolution was passed ending negotiations for both IGAs. The following week, on October 1, 2026, the NCPRD Board approved the agreements. The Milwaukie City Council considered the executed agreements at their regular business meeting on October 6, 2026, and chose not to further negotiate. The City is seeking to withdraw from the district by June 30, 2028 at the earliest.

The city of Milwaukie and NCPRD remain engaged in litigation concerning the legal process for Milwaukie's potential withdrawal from the District. In February 2026, the Oregon Court of Appeals reversed and remanded the circuit court's decision, determining that the parties' IGA may establish withdrawal terms different from the statutory default process. NCPRD appealed that decision to the Oregon Supreme Court which granted review in early June 2026. This matter has been fully briefed and will be argued on November 3, 2026. A decision is not expected for 6-12 months following argument.

As a result of the ongoing litigation and uncertainty surrounding the City's potential withdrawal, construction of Milwaukie Bay Park remains on hold. NCPRD has transferred design documents to the City so that the City can complete construction documents in preparation for future construction. Additional funding will be required to complete the design and construction of the park. Recently the City announced that it would begin the process of determining how they would operate their parks should they withdraw from NCPRD. The District estimates that City withdrawal from the District would have a favorable short-term financial impact on operations. Should the City withdraw their territory from the District this will

result in the removal of approximately 40% of District park properties while retaining approximately 80% of District tax revenue.

Awards and Acknowledgments

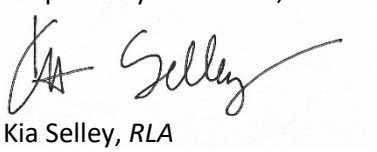
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025. This was the thirty-second consecutive year the District received the award. To be awarded such a Certificate, the District is required to publish an easily readable, efficiently organized ACFR that satisfies both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for one year. We believe our current ACFR continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another certificate.

NCPRD received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2025. This was the fourth consecutive year the District received the award. To qualify for the Distinguished Budget Presentation Award, the budget document must meet program criteria such as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the District and especially the District's Finance team. We appreciate all staff members who assisted and contributed to its preparation. Credit must also be given to the NCPRD Board and District Administrator for their support in maintaining the highest standards of public service in the management of the District, as well as to our community members who serve on both the Budget Committee and District Advisory Committee.

Respectfully submitted,



Kia Selley, *RLA*
Director
North Clackamas Parks and Recreation District

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

North Clackamas Parks and Recreation District
Oregon

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2025



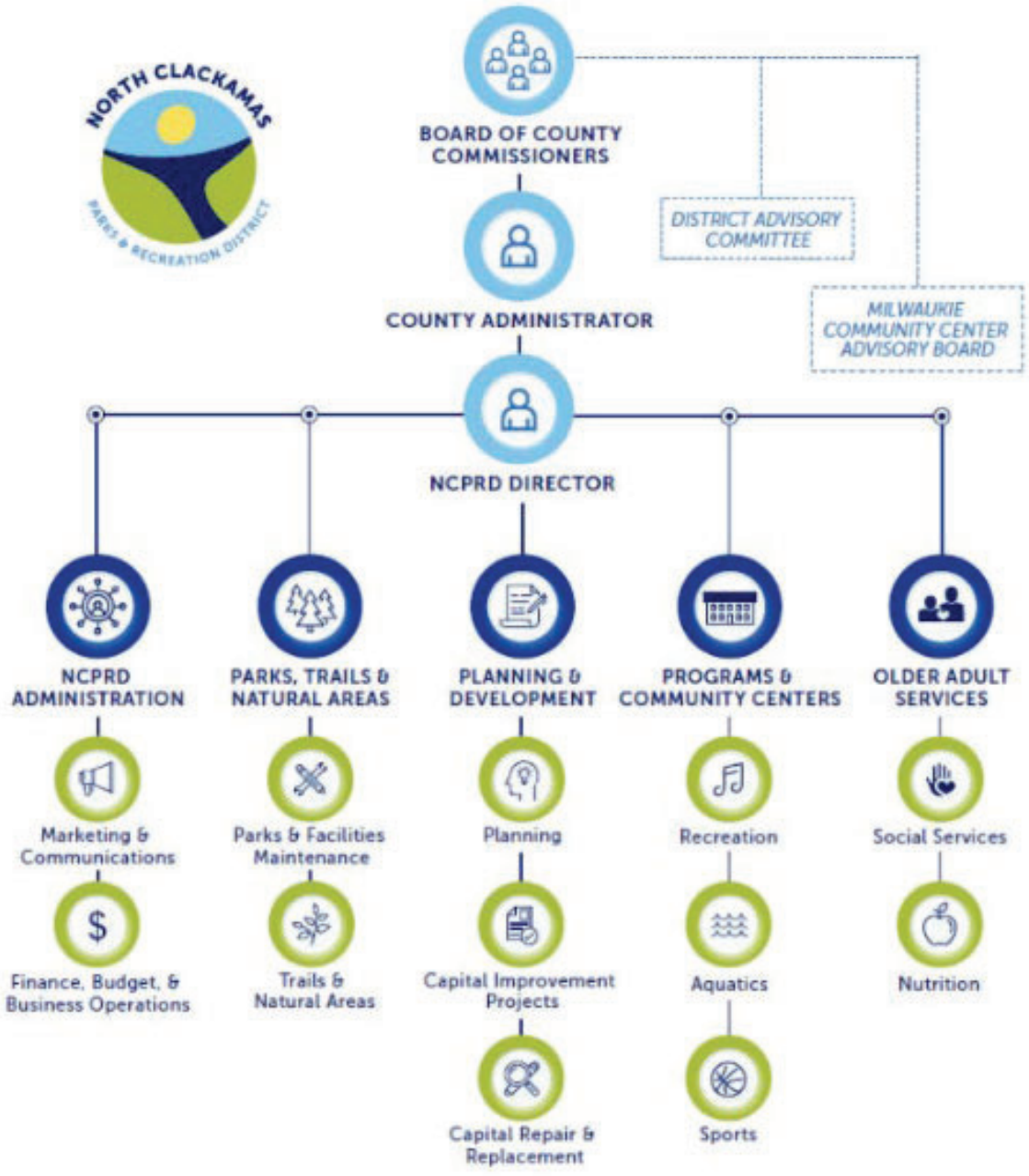
and issued to the public 135 days after the fiscal year end

Christopher P. Morrill

Executive Director/CEO

ORGANIZATIONAL CHART

FY 2026-2027



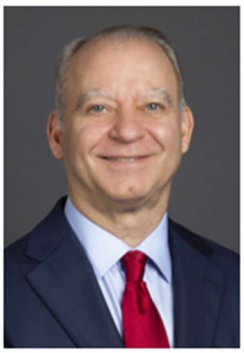
NORTH CLACKAMAS PARKS AND RECREATION DISTRICT

A Component Unit of Clackamas County, Oregon

GOVERNING BODY UNDER ORS 451.485
BOARD OF COUNTY COMMISSIONERS
CLACKAMAS COUNTY, OREGON
Public Services Building
2051 Kaen Road
Oregon City, Oregon 97045

COMMISSIONERS AS OF JUNE 30, 2026

Name	Term Expires
Craig Roberts, Chair Public Services Building	December 31, 2028
Diana Helm, Commissioner Public Services Building	December 31, 2026
Paul Savas, Commissioner Public Services Building	December 31, 2027
Martha Schrader, Commissioner Public Services Building	December 31, 2028
Ben West, Commissioner Public Services Building	December 31, 2026




ADMINISTRATIVE OFFICES
Clackamas County, Oregon
2051 Kaen Road
Oregon City, Oregon 97045

COUNTY ADMINISTRATOR
Gary Schmidt

LEGAL COUNSEL
Jeffrey D. Munns

FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITORS

Report of Independent Auditors

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Clackamas Parks and Recreation District (the District), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the respective budgetary comparison schedules of the General Fund and System Development Charges Zone 1 Fund, and notes to required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis and notes to required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedules described above are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the introductory and statistical sections, each as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated October 28, 2026, on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Ashley Osten, Principal, for
Baker Tilly US, LLP
Portland, Oregon
October 28, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the North Clackamas Parks and Recreation District's financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2026. Please read it in conjunction with the transmittal letter, the basic financial statements, and the accompanying notes to those financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

FINANCIAL SUMMARY AND DETAILED ANALYSES

Statement of Net Position

A condensed version of the Statement of Net Position for fiscal years ended June 30, 2026 and June 30, 2025 follows:

	2026	2025
Assets:		
Current assets	$ 29,842,549	$ 30,935,284
Capital assets	41,432,489	40,539,952
Total assets	71,275,038	71,475,236
Liabilities:		
Long-term liabilities outstanding	430,191	214,211
Other liabilities	1,587,543	2,111,132
Total liabilities	2,017,734	2,325,343
Net position:		
Net investment in capital assets	40,857,074	38,948,062
Restricted for acquisition and development	12,120,205	12,856,717
Unrestricted	16,280,025	17,345,114
Total net position	$ 69,257,304	$ 69,149,893

Total net position from governmental activities increased slightly by 0.2%. Net investment in capital assets increased by $1.9 million. This increase can be attributed to the net effect of capital asset additions, deletions, and depreciation expenses during the fiscal year, primarily driven by project activity for the Concord Park project. Net position restricted for acquisition and development decreased by $736,512. These restricted assets are primarily system development charge revenues generated by commercial and residential development activity.

FINANCIAL SUMMARY AND DETAILED ANALYSES (Continued)

Statement of Activities: The Statement of Activities for fiscal years ended June 30, 2026 and 2025 follows:

	2026	2025
Revenues		
Program revenues:		
Charges for services	$ 2,691,608	$ 2,740,471
Operating grants and contributions	2,174,174	2,080,068
Capital grants and contributions	-	1,985,031
Total program revenues	4,865,782	6,805,570
General revenues:		
Property taxes	7,593,607	7,368,088
Earnings on investments	1,248,031	1,740,658
Gain on sale of capital assets	55,251	2,567,966
Miscellaneous	43,763	141,122
Total general revenues	8,940,652	11,817,834
Total revenues	13,806,434	18,623,404
Expenses		
Culture, education and recreation	7,533,851	6,916,765
Health and welfare	6,164,060	5,659,171
Interest on long-term debt	1,112	1,368
Total expenses	13,699,023	12,577,304
Changes in net position	107,411	6,046,100
Net position, beginning of year	69,149,893	63,103,793
Net position, end of year	$ 69,257,304	$ 69,149,893

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

Since the prior year, District program revenues decreased by $1.9 million. This decrease is primarily due to the projects at the Concord nearing completion and the resulting conclusion of related grant funding.

District general revenues decreased $2.8 million in the current year, primarily due to the absence of gains on the sale of capital assets, which had resulted in unusually elevated general revenues in the prior year following property sales.

FINANCIAL SUMMARY AND DETAILED ANALYSIS (Continued)

Overall expenses increased by $1,121,719, or 8.9%, over the prior year. All programs experienced increases in wages and benefits, rising utility costs, and inflation when purchasing goods and services. The District continues to make a strong effort to provide services in the most cost-effective manner possible.

Program-specific expenses exceeded program revenues in 2026 by $8,833,241, compared to $5,771,734 in the prior year. The gap between program expenses and revenues was less in 2025 because the District recognized capital grant revenue of $1,985,031 for the Concord Project. There were no continuing or new capital grants in the current year.

The District continues to work on a cost analysis methodology called the Cost Recovery Model to better determine the actual operational costs of individual programs. With this detailed information, District staff can strategically decide which programs to subsidize and to what degree those programs will be subsidized with property tax dollars, since full cost recovery may increase program costs beyond what district residents will or can pay.

Detailed Analysis of Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District reports three major funds individually in the governmental fund financial statements, the General Fund, the System Development Charges Zone 1 Fund, and the Capital Projects Fund.

General Fund - The primary fund of the District, the General Fund, ended the year with a fund balance of $9,682,976 an increase of $711,638 from the prior year. Fund balance is almost entirely unassigned and available for future expenditures. The increase is primarily attributable to overall revenue growth and continued expenditure management, resulting in resources exceeding budgeted spending levels for the year.

System Development Charges Zone 1 Fund (SDC Zone 1 Fund) – The SDC Zone 1 Fund ended the year with a fund balance of $7,977,855, an increase of $261,751. This increase is largely due to reducing transfers to the capital project fund by $512,479 since last year. All fund balance is restricted for funding specific capital projects located within Zone 1's boundaries or if designated as a district-wide resource, funds can be used outside the boundary.

Capital Projects Fund – The Capital Projects Fund ended the year with an ending fund balance of $6,368,405, an increase of $55,426 from the prior year. This increase is mainly due to an increase in interest earnings on available fund balances during the fiscal year. Fund balance is assigned and available for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital Assets: The District's investment in capital assets as of June 30, 2026, amounts to $41.4 million (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, equipment, parks and improvements, vehicles and the right to use other entities' assets. The total increase in capital assets for the current fiscal year was 2.2%.

	2026	2025
Land	$ 13,788,638	$ 13,842,791
Construction in progress	2,255,994	17,326,699
Buildings	440,182	554,009
Office equipment	219,920	292,150
Improvements	23,956,937	8,068,267
Vehicles	199,965	241,857
Lease assets: office space	543,144	163,656
Subscription assets	27,709	50,523
	$ 41,432,489	$ 40,539,952

Major capital asset events during the current fiscal year included the following:

- Completion of the Concord Park project
- Substantial completion of Phase I renovations at the Concord Community Center
- Renewal of the long-term lease for the Maintenance Shop
- Sale of a portion of the Concord property to the Oak Lodge Library

The District disclosed commitments of $2.9 million as of June 30, 2025. With the completion of the Concord Park project, current fiscal year end commitments dropped to $1.5 million, which are for various projects.

Both the lease and subscription-based information technology arrangement (SBITA) assets are intangible, right to use assets. The District does not own these assets, but rather has the right to use them in operations, as specified in their respective contracts. When entering into a lease or SBITA contract, a liability is also recognized, which is included as part of long-term financings discussion below.

Please refer to Notes to Basic Financial Statements - Note 1 for capital asset policy, and Note 5 for a detailed summary of activity.

Long-Term Financing: At the end of the current fiscal year, the District had total long-term financing liabilities of $569,965, composed of a building lease liability and a subscription-based information technology liability. During the current year, long-term financing liabilities increased by $355,754 with the extension of a lease for five years.

	2026	2025
Lease liability	$ 545,431	$ 165,598
Subscription liability	24,534	48,613
	$ 569,965	$ 214,211

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

Property taxes represent a significant revenue source for the District's governmental funds, 51.5% and 39.6% of total revenues in 2026 and 2025, respectively. Property tax revenue increased $225,519 from the prior year due in part to the assessed value of properties in the District increasing. All program areas are dependent upon property taxes; therefore, it is appropriate in this section to discuss the continued effect Measure 50 is having on the District.

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

The District is also dependent on System Development Charge (SDC) revenue, which is generated through new residential and commercial development throughout the District. These resources are used to fund growth-related capital projects within the District. In 2026, SDC revenue was $1,537,863, which was a 4.1% decrease from the prior year. This decrease is largely the result of a slowdown in development activity within the District, which reduced the number of projects subject to SDC assessment. As SDCs represent a major component of the District's overall capital funding resources, staff continue to closely monitor and forecast this revenue to ensure projections reflect current economic conditions within the County and the broader Portland Metro area.

Finally, the District is working through a claim filed by the City of Milwaukie, OR seeking withdrawal from the District. This claim is being disputed by the District, and the case has been fully briefed and will be argued to the Oregon Supreme Court on November 3, 2026. At this time, an estimate of potential loss cannot be made. Note 13 to the financial statements discloses further details of this contingency.

FINANCIAL CONTACT

The District's financial statements are designed to present users (residents, taxpayers, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact the NCPRD Finance team via the District's main telephone number, (503) 742-4348, or email finance@ncprd.com.

BASIC FINANCIAL STATEMENTS

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS:	
Cash and investments	$ 16,983,175
Property taxes receivable	269,761
Accounts receivable	487,873
Grants receivable	6,000
Prepaid expense	10,486
Cash with fiscal agent	425,090
Restricted cash and investments	11,660,164
Capital assets	
Capital assets not being depreciated and amortized	16,044,632
Capital assets being depreciated and amortized, net	25,387,857
TOTAL ASSETS	71,275,038
LIABILITIES:	
Accounts payable	257,221
Deposits	13,454
Due to Clackamas County	608,691
Retainage payable	425,090
Unearned revenue	143,313
Long-term liabilities:	
Portion due or payable within one year:	
Lease payable	115,240
Software subscription payable	24,534
Portion due or payable after one year:	
Lease payable	430,191
TOTAL LIABILITIES	2,017,734
NET POSITION:	
Net investment in capital assets	40,857,074
Restricted for acquisition and development	12,120,205
Unrestricted	16,280,025
TOTAL NET POSITION	$ 69,257,304

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position
Culture, education and recreation	$ 7,533,851	$ 1,480,384	$ 1,195,796	$ -	$ (4,857,671)
Health and welfare	6,164,060	1,211,224	978,378	-	(3,974,458)
Interest	1,112	-	-	-	(1,112)
Total	13,699,023	2,691,608	2,174,174	-	(8,833,241)
GENERAL REVENUES					
Property taxes levied for general purposes					7,593,607
Earnings on investments					1,248,031
Gain on sale of capital assets					55,251
Miscellaneous					43,763
TOTAL GENERAL REVENUES					8,940,652
CHANGE IN NET POSITION					107,411
NET POSITION, July 1, 2025					69,149,893
NET POSITION, June 30, 2026					$ 69,257,304

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Special Revenue Fund: System Development Charges Zone 1 Fund	Capital Projects Fund	Other Governmental Funds	Total
ASSETS					
Cash and investments	$ 10,538,767	$ -	$ 6,444,408	$ -	$ 16,983,175
Taxes receivable	269,761	-	-	-	269,761
Accounts receivable	22,405	465,468	-	-	487,873
Grants receivable	6,000	-	-	-	6,000
Prepaid items	10,486	-	-	-	10,486
Cash with fiscal agent	-	-	425,090	-	425,090
Restricted cash and investments	-	7,512,793	-	4,147,371	11,660,164
TOTAL ASSETS	$ 10,847,419	$ 7,978,261	$ 6,869,498	$ 4,147,371	$ 29,842,549
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	$ 183,841	$ -	$ 73,380	$ -	$ 257,221
Due to Clackamas County	600,641	406	2,623	5,021	608,691
Deposits	13,454	-	-	-	13,454
Retainage payable	-	-	425,090	-	425,090
Unearned revenue	143,313	-	-	-	143,313
TOTAL LIABILITIES	941,249	406	501,093	5,021	1,447,769
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	223,194	-	-	-	223,194
FUND BALANCES					
Nonspendable	10,486	-	-	-	10,486
Restricted	-	7,977,855	-	4,142,350	12,120,205
Assigned	-	-	6,368,405	-	6,368,405
Unassigned	9,672,490	-	-	-	9,672,490
TOTAL FUND BALANCES	9,682,976	7,977,855	6,368,405	4,142,350	28,171,586
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 10,847,419	$ 7,978,261	$ 6,869,498	$ 4,147,371	$ 29,842,549

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

TOTAL FUND BALANCE		$ 28,171,586
Total net position shown in the Statement of Net Position is different because:		
Capital assets are not financial resources for fund reporting purposes and therefore are not reported in the governmental funds.		41,432,489
A portion of the District's receivables are collected after year-end, but they are not collected soon enough to be available as financial resources for the current year. The revenues related to these receivables are deferred and not reported in the governmental funds.		223,194
Long-term liabilities, such as lease payables and subscription based software payable, are not reported as governmental fund liabilities. These long-term liabilities consist of:		
Lease payable	(545,431)	
Software subscription payable	(24,534)	
Total effect of long-term liabilities		(569,965)
TOTAL NET POSITION		$ 69,257,304

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Special Revenue Fund: System Development Charges Zone 1 Fund	Capital Projects Fund	Other Governmental Funds	Total
REVENUES:					
Property taxes	$ 7,611,429	$ -	$ -	$ -	$ 7,611,429
Licenses and permits	-	812,486	-	725,377	1,537,863
Interest	476,230	323,193	269,034	179,574	1,248,031
Intergovernmental	301,435	-	968,922	-	1,270,357
Charges for services	2,691,608	-	-	-	2,691,608
Interfund services provided	34,493	-	-	-	34,493
Contributions and donations	335,939	-	-	-	335,939
Miscellaneous	27,755	1,219	-	14,789	43,763
TOTAL REVENUES	11,478,889	1,136,898	1,237,956	919,740	14,773,483
EXPENDITURES:					
Current:					
Culture, education and recreation	5,841,934	20,839	901,411	43,209	6,807,393
Health and welfare	4,779,765	-	-	-	4,779,765
Capital outlay	489,694	-	2,683,532	-	3,173,226
Debt service:					
Principal	133,940	-	-	-	133,940
Interest	1,112	-	-	-	1,112
TOTAL EXPENDITURES	11,246,445	20,839	3,584,943	43,209	14,895,436
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	232,444	1,116,059	(2,346,987)	876,531	(121,953)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital assets	-	-	190,694	-	190,694
Issuance of long-term debt - leases	489,694	-	-	-	489,694
Transfers in	-	-	2,211,719	-	2,211,719
Transfers out	(10,500)	(854,308)	-	(1,346,911)	(2,211,719)
TOTAL OTHER FINANCING SOURCES (USES)	479,194	(854,308)	2,402,413	(1,346,911)	680,388
NET CHANGE IN FUND BALANCE	711,638	261,751	55,426	(470,380)	558,435
FUND BALANCE, JUNE 30, 2025	8,971,338	7,716,104	6,312,979	4,612,730	27,613,151
FUND BALANCE, JUNE 30, 2026	$ 9,682,976	$ 7,977,855	$ 6,368,405	$ 4,142,350	$ 28,171,586

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

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

NET CHANGE IN FUND BALANCES		$ 558,435
The change in net position 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 and amortization expense.		
Capital outlay	2,683,532	
Depreciation and amortization	(1,655,552)	
Disposition of capital assets, net	(135,443)	892,537
Government funds report leases and subscriptions for software as expenditures. However in the Statement of Activities the cost of those assets are capitalized and amortized over the life of the asset. Similarly, the cost of the assets are accrued as payables and expensed over the life of the asset. These transactions consist of:		
Lease liability additions	(489,694)	
Lease liability reductions	109,861	
SBITA payable reductions	24,079	(355,754)
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.		(987,807)
CHANGE IN NET POSITION		$ 107,411

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

NOTES TO BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District

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

Basis of Presentation, Measurement Focus, and Basis of Accounting

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation, Measurement Focus, and Basis of Accounting

Fund Financial Statements

The District reports the following major funds:

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

The System Development Charges Zone 1 Fund is a special revenue fund, accounting for the system development fees on new residential and commercial development in Zone 1 of the District. The fund's resources are transferred to the Capital Projects Fund on a reimbursement basis for construction of specific capital projects located within Zone 1's boundaries or if designated as a district-wide resource, funds can be used outside the boundary.

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

The District reports the following fund types:

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation, Measurement Focus, and Basis of Accounting

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

Fund Balances

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

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

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

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

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

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

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

The Board has adopted Resolution No. 2019-67 approving the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted resources are available for the specific purpose for which it is restricted.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Balances

When unrestricted fund balance is spent, the District will consider that committed amounts will be reduced first, followed by assigned amounts, and lastly, unassigned fund balance.

Fund balances by classification for the year ended June 30, 2026 were as follows:

	General Fund	System Development Charges Zone 1 Fund	Capital Projects Fund	Other Governmental Funds	Total
Nonspendable:					
Prepaids	$ 10,486	$ -	$ -	$ -	$ 10,486
Restricted for:					
Acquisition and development	-	7,977,855	-	4,142,350	12,120,205
Assigned to:					
Acquisition and development	-	-	6,368,405	-	6,368,405
Unassigned:	9,672,490	-	-	-	9,672,490
Total fund balances	$ 9,682,976	$ 7,977,855	$ 6,368,405	$ 4,142,350	$ 28,171,586

Use of Estimates

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

Cash and Investments

ORS 294.035 authorizes the District to invest in general obligations of the United States and its agencies, debt obligations of the state of Oregon, California, Idaho, and Washington and their political subdivisions, banker's acceptances, corporate indebtedness, commercial paper, repurchase agreements, time certificates of deposit, fixed or variable life insurance contracts, and the State Treasurer's Local Government Investment Pool (LGIP). Cash and investments comprise funds held and invested by the County Treasurer and the LGIP. Authority to manage the investment program is granted to the publicly elected County Treasurer, and the District may not engage in an investment transaction without approval of the Treasurer. All bank deposits shall be held in qualified Oregon depositories in accordance with ORS Chapter 295. Financial information required by Governmental Accounting Standards Board Statements (GASB) No. 3, No. 31, No. 40, and No. 72 regarding the accounting and financial reporting for the District's pooled cash and investments, held by the County Treasurer, has been disclosed in the County's Annual Comprehensive Financial Report for the year ended June 30, 2026.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Receivables

All property taxes, accounts and grants receivables are shown net of an allowance for uncollectible accounts. As of June 30, 2026, the District believes all accounts receivable are fully collectible and an allowance for uncollectible accounts is not warranted.

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both government-wide and fund financial statements using the consumption method.

Deferred Outflows/Inflows of Resources

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

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

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The District defines capital assets as assets with an initial cost of $10,000 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 and improvements – 20 to 50 years, equipment and furnishings – 5 to 15 years, and vehicles – 5 to 10 years.

Lease Assets

Lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subscription Based Software Assets

Subscription based software assets are assets for which the District pays fees to use the software for a term of more than one year. The value of subscriptions are determined by the net present value of the payments at the District's incremental borrowing rate at the time of the software agreement, amortized over the term of the agreement.

Pension Plan

The District's personnel are employees of the County. The County is a participating employer in the Oregon Public Employee Retirement System (PERS), a cost-sharing multiple employer defined benefit pension plan administered under ORS 238, Chapter 238A, and Internal Revenue Service 401(a). PERS prepares their financial statements in accordance with GASB Statements and generally accepted accounting principles. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits are recognized in the month they are earned, and withdrawals are recognized in the month they are due and payable. The County general fund typically liquidates pension liabilities. Investments are recognized at fair value, the amount at which financial instruments could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. PERS issues a publicly available financial report that can be obtained at: http://www/oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx. The District is paying for contracted services from the County that includes the amount to cover employee benefits. Since District personnel are employees of the County, the District has no obligation for related personnel expense accruals not currently reimbursed through the contracted rate.

Lease and Software Subscription Payable

In the government-wide financial statements, leases and software subscriptions payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease and software payments are reported as capital outlay expenditures and other financing sources. Debt service expenditures are reported as payments are made.

New Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements*, and GASB Statement No. 104, *Disclosure of Certain Capital Assets*, became effective for fiscal year 2025-2026. The District's implementation of GASB Statement 103 resulted in changing the contents of the Management's Discussion and Analysis, moving the major fund budgetary comparisons from the basic financial statements to the required supplementary information, adding variances between original and final budget amounts, and explaining significant budget variances in the notes to required supplementary information. The District's implementation of GASB Statement 104 had no effect on the financial statements.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY [BUDGET]

A budget is prepared and legally adopted for all funds on the modified accrual basis of accounting, except for property taxes in the General Fund which are budgeted on the cash basis. The budget is adopted by the Board, appropriations made and the tax levy is declared no later than June 30. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The appropriation level for all funds is at the principal object level. The level of control over appropriations is established by resolution with the following object classifications: materials and services (including contractual payments), special payments, capital outlay, debt service, operating contingency and operating transfers. The detailed budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. The budget is adopted on a modified accrual basis with the exception of the following:

- Property taxes susceptible to accrual are recognized on a cash basis.
- Interfund services provided are recorded as transfers in and out rather than revenues and expenditures.

Management may make transfers of appropriations within object levels, however transfers of appropriations between object levels require the approval of the Board. Unexpected additional resources may be added to the budget through the use of a supplemental budget. The Board, at a regular Board meeting, may adopt supplemental budgets less than 10% of the fund's original budget. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between object levels and require approval by the Board. The Board approved one supplemental budget resolution of more than 10% for an increase of $1,833,106. Appropriations lapse as of fiscal year-end.

3. CASH AND INVESTMENTS

Cash and investments are comprised of the following:

Petty cash/change fund	$ 3,560
Cash and cash equivalents with the County Treasurer	157,595
State of Oregon Treasurer's Local Government Investment Pool	28,482,184
	$ 28,643,339

At June 30, 2026, the County also reported $425,090 of cash held with fiscal agent. This amount will be used by the fiscal agent to fund a retainage liability.

Cash and cash equivalents with the County Treasurer represent the District's equity in pooled accounts maintained by the County Treasurer. Investments with a remaining maturity of more than one year, at the time of purchase, are stated at fair value, which approximates cost.

Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities, that each Fund has the ability to access.

3. CASH AND INVESTMENTS (Continued)

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs).

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The categorization of a value determined for investments is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities.

State statutes authorize the District to invest in general obligations of the U.S. Government and in its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements and bankers' acceptances, among others. Reference should be made to the June 30, 2026 Annual Comprehensive Financial Report of Clackamas County for compliance with these statutes.

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

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2026, are as follows:

Accounts receivable	General Fund	System Development Charges Zone 1 Fund	Total
Charges for services	$ 22,405	$ 465,468	$ 487,873

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2026 was as follows:

	Balance June 30, 2025	Increases	Deletions	Transfers	Balance June 30, 2026
Capital assets not being depreciated/ amortized:					
Land	$ 13,842,791	$ 14,272	$ (68,425)	$ -	$ 13,788,638
Construction in progress	17,326,699	1,075,269	-	(16,145,974)	2,255,994
Total capital assets not being depreciated/amortized	31,169,490	1,089,541	(68,425)	(16,145,974)	16,044,632
Capital assets being depreciated/ amortized:					
Buildings	12,269,173	-	-	-	12,269,173
Equipment	1,412,968	22,853	(123,995)	-	1,311,826
Parks and improvements	19,954,833	1,081,444	-	16,145,974	37,182,251
Vehicles	858,689	-	(65,270)	-	793,419
Lease assets: building	561,387	489,694	-	-	1,051,081
Subscription assets	118,965	-	-	-	118,965
Total capital assets being depreciated/amortized	35,176,015	1,593,991	(189,265)	16,145,974	52,726,715
Less accumulated depreciation/ amortization for:					
Buildings	(11,715,164)	(113,827)	-	-	(11,828,991)
Equipment	(1,120,818)	(28,065)	56,977	-	(1,091,906)
Parks and improvements	(11,886,566)	(1,338,748)	-	-	(13,225,314)
Vehicles	(616,832)	(41,892)	65,270	-	(593,454)
Lease assets: building	(397,731)	(110,206)	-	-	(507,937)
Subscription assets	(68,442)	(22,814)	-	-	(91,256)
Total accumulated depreciation/ amortization	(25,805,553)	(1,655,552)	122,247	-	(27,338,858)
Total capital assets being depreciated/amortized, net	9,370,462	(61,561)	(67,018)	16,145,974	25,387,857
Total capital assets, net	$ 40,539,952	$ 1,027,980	$ (135,443)	$ -	$ 41,432,489

Depreciation and amortization expense was charged as follows:

Culture, education and recreation	$ 910,554
Health and welfare	744,998
	$ 1,655,552

6. TRANSFERS TO/FROM OTHER FUNDS

The District transfers resources to the Capital Projects Fund to accumulate resources for future capital acquisition. Transfers to/from other funds for the year ended June 30, 2026, consisted of the following:

	Capital Projects Fund
Transfers from:	
General Fund	$ 10,500
System Development Charges Zone 1	854,308
Other Governmental Funds	1,346,911
Total	$ 2,211,719

7. RISK MANAGEMENT

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

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

8. TAX ABATEMENTS

The District has entered into no tax abatement programs. There is one tax abatement program entered into by another government reducing the District's property tax revenues for the year ended June 30, 2026.

Enterprise Zone:

The Oregon Enterprise-Zone program is a State of Oregon economic development program established under ORS section 285C.175, that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor. The County is the local sponsor for the E-Zone program.

The E-Zone allows industrial firms that will be making a substantial new capital investment a waiver of 100% of the amount of real property taxes attributable to the new investment for a 5-year period after completion. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

8. TAX ABATEMENTS (Continued)

Tax Abatement Program	Amount of Taxes Abated during the Fiscal Year 2026
Enterprise Zone	$ 6,669

9. LEASES

The District entered into one lease agreement as a lessee for office space beginning July 1, 2021, and during 2026 the lease was extended through December 31, 2030. The asset is included in Note 5 as a building lease.

	Beginning Balance	Additions	Deletions	Ending Balance
Building lease; interest at 0.165% monthly payments of principal and interest of $10,189	$ 165,598	$ 489,694	$ (109,861)	$ 545,431

Future maturities are as follows:

Lease Liability Future Payments:

Fiscal Year Ending June 30,	Principal	Interest
2027	$ 115,240	$ 801
2028	118,614	621
2029	122,101	422
2030	125,692	218
2031	63,784	31
	$ 545,431	$ 2,093

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

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGAGEMENTS (SBITAS)

The District entered into one SBITA for a software subscription beginning July 1, 2022. The asset is included in Note 5 as intangible software. Transactions are as follows:

	Original Amount	Beginning Balance	Additions	Deletions	Ending Balance
Software subscription; interest at 1.894% annual payments of principal and interest of $25,000	$ 118,965	$ 48,613	$ -	$ (24,079)	$ 24,534

Subscription Liability Future Payments:

Fiscal Year Ending June 30,	Principal	Interest
2027	$ 24,534	$ 465

11. RELATED-PARTY TRANSACTIONS

Internal County Service departments allocate their expenses to all County departments including the District. Allocated county services include administrative, accounting, risk management, human resource management, technology services, public and government affairs, records management, and other professional services. Costs are based on historical actual costs and allocated based on an activity-based costing methodology. Personnel of the District are considered employees of the County, and the labor and fringe benefit costs are transferred back to the County. Labor and fringe benefits are based on actual costs. Allocated expenses and labor and fringe costs totaling $9,143,269 were paid to various County departments. The District owed the County a net of $608,691 as of June 30, 2026.

12. COMMITMENTS

The District has commitments under various contracts for $1,489,332 at June 30, 2026.

13. CONTINGENCIES

The City of Milwaukie, OR (the City) claims that it can withdraw from the District on its own by using a process in ORS 222.524 contained in the Intergovernmental Agreement. The District disagrees, claiming instead that there is a process set forth in ORS 198.870 that must be used to withdraw from a service district. The District's position is that neither the City nor District had authority to contract for a different method of withdrawal. Further, the method on ORS 222.524 requires conditions precedent that do not apply to the parties. The circuit court agreed with the District and granted the District's motion for summary judgment and dismissed the case. The City appealed the ruling to the Oregon Court of Appeals who reversed the Trial Court in February 2026. The District appealed to the Oregon Supreme Court who accepted review. The case has been fully briefed and will be argued on November 3, 2026. At this time an estimate of potential loss cannot be made.

14. CREDIT FOR FIELD AND FACILITY USE

On September 26, 2024, the Board approved a plan to sell the District's Wichita Center to the North Clackamas School District, and as a result of that sale the District received a $1,000,000 credit for future field and District recreational programming. During 2026, the District utilized $55,609 of the credit, and the remaining credit balance was $857,826 at June 30, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget— over (under)	Actual Amounts	Variance with Final Budget— over (under)
	Original	Final	Final Budget	Budgetary	Actual Amounts
REVENUES:					
Property taxes	$ 7,570,000	$ 7,570,000	$ -	$ 7,601,368	$ 31,368
Federal, state, local grants	243,700	243,700	-	301,435	57,735
Charges, fees, licenses	2,908,551	2,908,551	-	2,691,608	(216,943)
Interest	330,000	330,000	-	476,230	146,230
Contributions and donations	355,060	355,060	-	335,939	(19,121)
Miscellaneous	30,850	30,850	-	27,755	(3,095)
TOTAL REVENUES	11,438,161	11,438,161	-	11,434,335	(3,826)
EXPENDITURES:					
Current:					
Materials and services	11,700,583	11,700,583	-	10,756,751	(943,832)
Contingency	2,000,000	2,000,000	-	-	(2,000,000)
TOTAL EXPENDITURES	13,700,583	13,700,583	-	10,756,751	2,943,832
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,262,422)	(2,262,422)	-	677,584	2,940,006
OTHER FINANCING SOURCES (USES):					
Transfers in	145,569	145,569	-	34,493	(111,076)
Transfers out	(10,500)	(10,500)	-	(10,500)	-
TOTAL OTHER FINANCING SOURCES (USES)	135,069	135,069	-	23,993	(111,076)
NET CHANGE IN FUND BALANCE	(2,127,353)	(2,127,353)	-	701,577	2,828,930
FUND BALANCE, JUNE 30, 2025	8,338,694	8,338,694	-	8,934,832	596,138
FUND BALANCE, JUNE 30, 2026	$ 6,211,341	$ 6,211,341	$ -	$ 9,636,409	$ 3,425,068

ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (U.S. GAAP BASIS):	
Property taxes susceptible to accrual recognized as revenue on the U.S. GAAP basis	$ 46,567
FUND BALANCE (U.S. GAAP BASIS) - June 30, 2026	$ 9,682,976
Revenue/Expenditures/Other Financing Sources reconciliation:	
Revenues, budgetary basis	$ 11,434,335
Property tax accrual adjustment (U.S. GAAP basis)	10,061
Interfund services provided (U.S. GAAP Basis)	34,493
Revenues (U.S. GAAP Basis)	$ 11,478,889
Expenditures, budgetary basis	$ 10,756,751
Capital outlay (U.S. GAAP Basis)	489,694
Expenditures (U.S. GAAP Basis)	$ 11,246,445
Other financing sources (uses), budgetary basis	$ 23,993
Issuance of long-term debt - leases (U.S. GAAP Basis)	489,694
Interfund services provided	(34,493)
Other financing sources (uses) (U.S. GAAP Basis)	$ 479,194

See Notes to Required Supplementary Information.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SYSTEM DEVELOPMENT CHARGES ZONE 1 FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget— over (under)	Actual Amounts	Variance with Final Budget— over (under)
	Original	Final	Final Budget	Budgetary	Actual Amounts
REVENUES:					
Licenses and permits	$ 550,000	$ 550,000	$ -	$ 812,486	$ 262,486
Miscellaneous	5,000	5,000	-	1,219	(3,781)
Interest	275,000	275,000	-	323,193	48,193
TOTAL REVENUES	830,000	830,000	-	1,136,898	306,898
EXPENDITURES:					
Current:					
Materials and services	25,000	25,000	-	10,285	(14,715)
Contingency	7,567,693	6,843,525	(724,168)	-	(6,843,525)
TOTAL EXPENDITURES	7,592,693	6,868,525	(724,168)	10,285	(6,858,240)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,762,693)	(6,038,525)	(724,168)	1,126,613	7,165,138
OTHER FINANCING (USES):					
Transfers out	(239,358)	(963,526)	(724,168)	(864,862)	(98,664)
NET CHANGE IN FUND BALANCE	(7,002,051)	(7,002,051)	-	261,751	7,263,802
FUND BALANCE, JUNE 30, 2025	7,002,051	7,002,051	-	7,716,104	714,053
FUND BALANCE, JUNE 30, 2026	$ -	$ -	$ -	$ 7,977,855	$ 7,977,855

Expenditures/Other Financing Uses reconciliation:	
Expenditures, budgetary basis	$ 10,285
Interfund services (U.S. GAAP Basis)	10,554
Expenditures (U.S. GAAP Basis)	$ 20,839
Other financing uses, budgetary basis	$ (864,862)
Interfund services	10,554
Other financing uses (U.S. GAAP Basis)	$ (854,308)

See Notes to Required Supplementary Information.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISONS

1. Budgetary Basis of Accounting

A budget is prepared and legally adopted for all funds on the modified accrual basis of accounting, except for property taxes in the General Fund which are budgeted on the cash basis. The budget is adopted by the Board, appropriations made and the tax levy is declared no later than June 30. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The appropriation level for all funds is at the object level. The level of control over appropriations is established by resolution with the following object classifications: materials and services (including contractual payments), special payments, capital outlay, debt service, operating contingency and operating transfers. The detailed budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. The budget is adopted on a modified accrual basis with the exception of the following:

- Property taxes susceptible to accrual are recognized on a cash basis.
- Interfund services provided are recorded as transfers in and out rather than revenues and expenditures.

2. Excess of Expenditures Over Appropriations

For the year ended June 30, 2026, the District had no expenditures exceeding appropriations.

3. General Fund Budgetary Highlights

Original budget compared to final budget. During the year, there was no need for any changes to the originally adopted budget.

Final budget compared to actual results. A review of actual revenues compared to the final budget yields no significant variances.

For expenditures, the most significant difference between the appropriated budget and actual expenditures was the following:

Budgetary expenditure	Final Budget Amount	Actual Amount Budgetary	Variance with Final Budget— over (under) Actual Amounts
Contingency	$ 2,000,000	$ -	$ (2,000,000)

With current expenditures coming in $943,832 under budget there was no need for the General Fund to utilize its $2 million contingency in the current fiscal year.

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISONS

4. System Development Charges Zone 1 Fund

Original budget compared to final budget. One change from the original budget was made to increase transfers out to the Capital Projects Fund by $724,168. Contingency funds adequately supported this change.

Final budget compared to actual results. A review of actual revenues compared to the final budget yields no significant variances.

The most significant difference between estimated expenditures and actual expenditures was as follows:

Budgetary expenditures	Final Budget Amount	Actual Amount Budgetary	Variance with Final Budget— over (under) Actual Amounts
Contingency	$ 6,843,525	$ -	$ (6,843,525)

While $724,168 of current year contingencies was utilized in support of District capital projects, 90% of the originally budgeted contingency remained untouched.

SUPPLEMENTARY INFORMATION

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2026

	System Development Charges Zone 2 Fund	System Development Charges Zone 3 Fund	Total
ASSETS			
Restricted cash and investments	$ 2,341,305	$ 1,806,066	$ 4,147,371
TOTAL ASSETS	$ 2,341,305	$ 1,806,066	$ 4,147,371
LIABILITIES			
Due to Clackamas County	$ 4,404	$ 617	$ 5,021
TOTAL LIABILITIES	4,404	617	5,021
FUND BALANCES			
Restricted	$ 2,336,901	$ 1,805,449	$ 4,142,350
TOTAL FUND BALANCES	2,336,901	1,805,449	4,142,350
TOTAL LIABILITIES AND FUND BALANCES	$ 2,341,305	$ 1,806,066	$ 4,147,371

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	System Development Charges Zone 2 Fund	System Development Charges Zone 3 Fund	Total
REVENUES:			
Licenses and permits	$ 629,067	$ 96,310	$ 725,377
Interest	94,229	85,345	179,574
Miscellaneous	12,823	1,966	14,789
TOTAL REVENUES	736,119	183,621	919,740
EXPENDITURES:			
Current:			
Culture, education and recreation	29,877	13,332	43,209
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	706,242	170,289	876,531
OTHER FINANCING SOURCES (USES):			
Transfers out	(763,480)	(583,431)	(1,346,911)
NET CHANGE IN FUND BALANCE	(57,238)	(413,142)	(470,380)
FUND BALANCE, JUNE 30, 2025	2,394,139	2,218,591	4,612,730
FUND BALANCE, JUNE 30, 2026	$ 2,336,901	$ 1,805,449	$ 4,142,350

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SYSTEM DEVELOPMENT CHARGES ZONE 2 FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget— over (under)	Actual Amounts	Variance with Final Budget— over (under)
	Original	Final	Final Budget	Budgetary	Actual Amounts
REVENUES:					
Licenses and permits	$ 400,000	$ 400,000	$ -	$ 629,067	$ 229,067
Miscellaneous	10,000	10,000	-	12,823	2,823
Interest	71,000	71,000	-	94,229	23,229
TOTAL REVENUES	481,000	481,000	-	736,119	255,119
EXPENDITURES:					
Current:					
Materials and services	15,000	15,000	-	14,919	(81)
Contingency	1,625,296	1,052,992	(572,304)	-	(1,052,992)
TOTAL EXPENDITURES	1,640,296	1,067,992	(572,304)	14,919	(1,053,073)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,159,296)	(586,992)	(572,304)	721,200	1,308,192
OTHER FINANCING (USES):					
Transfers out	(615,924)	(1,188,228)	(572,304)	(778,438)	(409,790)
NET CHANGE IN FUND BALANCE	(1,775,220)	(1,775,220)	-	(57,238)	1,717,982
FUND BALANCE, JUNE 30, 2025	1,775,220	1,775,220	-	2,394,139	618,919
FUND BALANCE, JUNE 30, 2026	$ -	$ -	$ -	$ 2,336,901	$ 2,336,901

Expenditures/Other Financing Uses reconciliation:	
Expenditures, budgetary basis	$ 14,919
Interfund services (U.S. GAAP Basis)	14,958
Expenditures (U.S. GAAP Basis)	$ 29,877
Other financing uses, budgetary basis	$ (778,438)
Interfund services	14,958
Other financing uses (U.S. GAAP Basis)	$ (763,480)

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
SYSTEM DEVELOPMENT CHARGES ZONE 3 FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget— over (under)	Actual Amounts	Variance with Final Budget— over (under)
	Original	Final	Final Budget	Budgetary	Actual Amounts
REVENUES:					
Licenses and permits	$ 100,000	$ 100,000	$ -	$ 96,310	$ (3,690)
Interest	65,000	65,000	-	85,345	20,345
Miscellaneous	4,000	4,000	-	1,966	(2,034)
TOTAL REVENUES	169,000	169,000	-	183,621	14,621
EXPENDITURES:					
Current:					
Materials and services	15,000	15,000	-	4,351	(10,649)
Contingency	1,494,909	983,023	(511,886)	-	(983,023)
TOTAL EXPENDITURES	1,509,909	998,023	(511,886)	4,351	(993,672)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,340,909)	(829,023)	(511,886)	179,270	1,008,293
OTHER FINANCING (USES):					
Transfers out	(290,287)	(802,173)	(511,886)	(592,412)	(209,761)
NET CHANGE IN FUND BALANCE	(1,631,196)	(1,631,196)	-	(413,142)	1,218,054
FUND BALANCE, JUNE 30, 2025	1,631,196	1,631,196	-	2,218,591	587,395
FUND BALANCE, JUNE 30, 2026	$ -	$ -	$ -	$ 1,805,449	$ 1,805,449

Expenditures/Other Financing Uses reconciliation:	
Expenditures, budgetary basis	$ 4,351
Interfund services (U.S. GAAP Basis)	8,981
Expenditures (U.S. GAAP Basis)	$ 13,332
Other financing uses, budgetary basis	$ (592,412)
Interfund services	8,981
Other financing uses (U.S. GAAP Basis)	$ (583,431)

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original Budget— over (under)	Actual Amounts	Variance with Final Budget— over (under)
	Original	Final	Final Budget	Budgetary	Actual Amounts
REVENUES:					
Intergovernmental	$ 887,000	$ 887,000	$ -	$ 968,922	$ 81,922
Interest	279,000	279,000	-	269,034	(9,966)
TOTAL REVENUES	1,166,000	1,166,000	-	1,237,956	71,956
EXPENDITURES:					
Current:					
Materials and services	14,000	14,000	-	7,502	(6,498)
Capital outlay	4,841,000	6,674,106	1,833,106	3,577,441	(3,096,665)
Contingency	2,804,611	2,804,611	-	-	(2,804,611)
TOTAL EXPENDITURES	7,659,611	9,492,717	1,833,106	3,584,943	(5,907,774)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,493,611)	(8,326,717)	1,833,106	(2,346,987)	5,979,730
OTHER FINANCING SOURCES:					
Transfers in	1,010,500	2,818,858	1,808,358	2,211,719	(607,139)
Proceeds from sale of capital assets	-	-	-	190,694	190,694
TOTAL OTHER FINANCING SOURCES (USES)	1,010,500	2,818,858	1,808,358	2,402,413	(416,445)
NET CHANGE IN FUND BALANCE	(5,483,111)	(5,507,859)	(24,748)	55,426	5,563,285
FUND BALANCE, JUNE 30, 2025	6,997,671	7,022,419	24,748	6,312,979	(709,440)
FUND BALANCE, JUNE 30, 2026	$ 1,514,560	$ 1,514,560	$ -	$ 6,368,405	$ 4,853,845

OTHER FINANCIAL SCHEDULE

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2026

Tax Year	Uncollected June 30, 2025	Levy as Extended by Assessor	Discounts Allowed	Interest	Adjustments	Collections	Uncollected June 30, 2026
2025-26	$ -	$ 7,794,258	$ (203,611)	$ 2,594	$ (11,367)	$ (7,440,425)	$ 141,449
2024-25	144,513	-	(501)	4,806	(1,401)	(83,677)	63,740
2023-24	74,244	-	(486)	3,844	(578)	(38,334)	38,690
2022-23	29,791	-	3	5,643	(541)	(22,847)	12,049
2021-22	11,376	-	1	2,942	(793)	(10,284)	3,242
2020-21	3,327	-	1	631	(603)	(1,721)	1,635
2019-20 and prior	14,271	-	-	1,975	(3,210)	(4,080)	8,956
	$ 277,522	$ 7,794,258	$ (204,593)	$ 22,435	$ (18,493)	$ (7,601,368)	$ 269,761

Statistical Section

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

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Financial Trends
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. 63-66

Revenue Capacity
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax. 67-70

Debt Capacity
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. 71-74

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. 75-77

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. 78-79

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

Fiscal Year Ended June 30,	Net Investment in Capital Assets	Restricted for Debt Service	Restricted for Acquisition and Development	Unrestricted	Total Net Position
2017	$ 31,608,504	$ 1,611,355	$ 15,681,999	$ 9,120,486	$ 58,022,344
2018	27,320,530	1,500,000	25,855,807	10,354,456	65,030,793
2019	30,487,718	1,500,000	25,683,555	10,385,006	68,056,279
2020	28,709,906	-	13,288,728	11,471,987	53,470,621
2021	28,193,991	-	14,031,776	12,695,963	54,921,730
2022	27,468,838	-	15,063,360	13,843,641	56,375,839
2023	27,338,767	-	15,131,518	18,256,241	60,726,526
2024	29,442,761	-	14,879,153	18,781,879	63,103,793
2025	38,948,062	-	12,856,717	17,345,114	69,149,893
2026	40,857,074	-	12,120,205	16,280,025	69,257,304

Source: Clackamas County Finance Department

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

	Fiscal Year									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Expenses:										
Culture, education and recreation	$ 6,913,076	$ 8,198,709	$ 7,410,746	$ 7,434,393	$ 5,632,975	$ 8,407,030	$ 9,086,719	$ 8,026,851	$ 6,916,765	$ 7,533,851
Health and welfare	2,512,913	1,992,348	2,489,894	2,377,903	3,048,127	1,360,201	1,479,233	4,215,581	5,659,171	6,164,060
Interest on long-term debt/lease payable	347,982	287,707	128,732	49,448	-	446	336	1,970	1,368	1,112
Total expenses	9,773,971	10,478,764	10,029,372	9,861,744	8,681,102	9,767,677	10,566,288	12,244,402	12,577,304	13,699,023
Program Revenues:										
Charges for services:										
Culture, education and recreation	1,705,683	2,013,611	1,920,593	1,343,443	418,720	1,761,858	2,327,384	2,074,420	1,507,259	1,480,384
Health and welfare	516,216	327,797	450,510	315,128	179,451	755,082	378,877	889,037	1,233,212	1,211,224
Operating grants and contributions:										
Culture, education and recreation	197,348	357,715	1,147,078	1,130,720	997,473	346,296	2,446,218	599,881	1,144,037	1,195,796
Health and welfare	509,763	335,348	269,068	269,068	427,488	148,413	1,048,379	257,092	936,031	978,378
Capital grants and contributions:										
Culture, education and recreation	3,925,943	2,338,138	2,273,696	2,833,282	1,379,654	1,452,371	758,353	1,893,279	1,985,031	-
Total program revenues	6,854,953	5,372,609	6,060,945	5,891,641	3,402,786	4,464,020	6,959,211	5,713,709	6,805,570	4,865,782
Net Expense	(2,919,018)	(5,106,155)	(3,968,427)	(3,970,103)	(5,278,316)	(5,303,657)	(3,607,077)	(6,530,693)	(5,771,734)	(8,833,241)
General Revenues:										
Property taxes levied for general purposes	6,870,480	7,199,471	5,917,835	7,839,539	6,466,047	6,613,648	6,900,234	7,128,492	7,368,088	7,593,607
Earnings on investments	261,026	499,910	949,549	727,519	177,743	141,868	1,056,202	1,778,499	1,740,658	1,248,031
Interagency transfer in	-	-	-	-	-	-	-	-	2,567,966	55,251
Miscellaneous	2,665	64,912	126,529	99,500	85,635	2,250	1,328	969	141,122	43,763
Total general revenues	7,134,171	7,764,293	6,993,913	8,666,558	6,729,425	6,757,766	7,957,764	8,907,960	11,817,834	8,940,652
Change In Net Position before Special Item	4,215,153	2,658,138	3,025,486	4,696,455	1,451,109	1,454,109	4,350,687	2,377,267	6,046,100	107,411
Special Item:										
Gain on capital asset disposal	-	4,350,311	-	-	-	-	-	-	-	-
(Loss) on settlement agreement	-	-	-	(19,282,112)	-	-	-	-	-	-
Total Change In Net Position	4,215,153	7,008,449	3,025,486	(14,585,657)	1,451,109	1,454,109	4,350,687	2,377,267	6,046,100	107,411

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

Source: Clackamas County Finance Department

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

	Fiscal Year									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
General Fund:										
Nonspendable	$ 14,375	$ 12,591	$ 1,615	$ 2,950	$ 10,395	$ 102	$ 9,477	$ 24,705	$ 5,028	$ 10,486
Assigned	-	-	-	-	-	118,932	-	-	-	-
Unassigned	4,669,479	5,464,227	5,224,600	6,863,231	8,483,479	10,174,229	14,902,768	15,457,267	8,966,310	9,672,490
Total General Fund	$ 4,683,854	$ 5,476,818	$ 5,226,215	$ 6,866,181	$ 8,493,874	$ 10,293,263	$ 14,912,245	$ 15,481,972	$ 8,971,338	$ 9,682,976
All Other Governmental Funds:										
Special revenue funds:										
Nonspendable	$ 342	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	15,161,252	16,140,167	16,361,472	8,516,570	9,668,542	10,903,099	11,716,682	13,507,451	12,328,834	12,120,205
Assigned	299,756	275,112	308,916	435,364	618,320	-	-	-	-	-
Capital project funds:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	520,747	9,715,640	9,322,083	4,509,765	4,363,234	4,160,261	3,414,836	1,371,702	527,883	-
Assigned	3,618,905	4,193,490	4,495,571	3,412,561	3,377,147	3,322,019	3,166,020	3,027,185	5,785,096	6,368,405
Debt service funds:										
Restricted	1,611,355	1,500,000	1,500,000	262,393	-	-	-	-	-	-
Assigned	121,676	147,027	186,649	-	-	-	-	-	-	-
Total All Other Governmental Funds	$ 21,334,033	$ 31,971,436	$ 32,174,691	$ 17,136,653	$ 18,027,243	$ 18,385,379	$ 18,297,538	$ 17,906,338	$ 18,641,813	$ 18,488,610

Notes:
-Implementation of GASB 54 in the fiscal year ended June 30, 2010 required additional fund balance classifications.

Source: Clackamas County Finance Department

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

	Fiscal Year									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenues:										
Property taxes	$ 6,855,995	$ 7,324,250	$ 5,987,708	$ 7,833,028	$ 6,475,391	$ 6,591,911	$ 6,950,617	$ 7,117,775	$ 7,315,766	$ 7,611,429
Licenses and permits	3,425,942	2,338,138	1,073,696	2,205,769	1,379,654	1,452,371	758,353	1,307,444	1,604,031	1,537,863
Interest	261,026	499,910	949,549	727,519	177,743	141,868	1,056,202	1,778,499	1,740,658	1,248,031
Intergovernmental	530,279	505,210	1,207,962	638,808	1,823,799	244,570	8,209	676,857	910,675	1,270,357
Charges for services	2,192,332	2,341,408	2,371,103	1,658,571	598,171	2,516,940	2,706,261	2,963,457	2,740,471	2,691,608
Contributions and donations	206,399	187,853	208,184	182,227	150,915	206,085	3,442,317	180,116	567,258	335,939
Miscellaneous	42,050	195,580	220,037	239,421	192,892	46,304	45,399	18,948	170,718	78,256
Total revenues	13,514,023	13,392,349	12,018,239	13,485,343	10,798,565	11,200,049	14,967,358	14,043,096	15,049,577	14,773,483
Expenditures:										
Culture and recreation	5,703,417	6,828,034	6,546,014	6,467,811	4,803,234	7,169,713	5,861,151	7,469,242	6,385,531	6,807,393
Health and welfare	2,156,831	1,759,919	2,269,565	2,150,262	2,703,162	1,167,163	3,129,363	3,129,363	4,901,177	4,779,765
Capital outlay	409,036	1,585,201	2,755,085	1,261,277	773,886	901,144	1,442,371	3,140,964	15,497,463	3,173,226
Debt service:										
Interest	335,181	298,828	114,925	114,063	-	446	1,819	1,970	1,368	1,112
Principal	720,000	5,530,000	380,000	2,590,000	-	94,228	120,478	123,030	128,134	133,940
Bond miscellaneous charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	9,324,465	16,001,982	12,065,589	12,583,413	8,280,282	9,332,694	10,555,182	13,864,569	26,913,673	14,895,436
Excess (deficiency) of revenues over (under) expenditures	4,189,558	(2,609,633)	(47,350)	901,930	2,518,283	1,867,355	4,412,176	178,527	(11,864,096)	(121,953)
Other Financing Sources:										
Land sale proceeds	-	14,040,000	-	-	-	-	-	-	5,869,502	190,694
Lease Financing	-	-	-	-	-	341,681	118,965	-	219,436	489,694
Special Item:										
Settlement agreement	-	-	-	(14,300,000)	-	-	-	-	-	-
Net Change in Fund Balances	4,189,558	11,430,367	(47,350)	(13,398,070)	2,518,283	2,209,036	4,531,141	178,527	(5,775,158)	558,435
Debt service as a percentage of noncapital expenditures	11.8%	40.4%	5.3%	23.9%	-	1.1%	1.3%	1.2%	1.1%	1.2%

Source: Clackamas County Finance Department

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

Fiscal Year Ended June 30,	Real Property	Personal Property	Manufactured Structures	Public Utilities	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	True Cash Value	Assessed Value as a Percentage of True Cash Value
2017	$ 13,994,666,666	$ 436,869,762	$ 40,259,567	$ 310,713,100	$ 1,529,955,330	$ 13,252,553,765	0.53	$ 18,260,306,778	72.58
2018	14,685,919,772	447,170,936	46,090,839	324,431,754	1,561,948,261	13,941,665,040	0.53	20,286,725,848	68.72
2019	12,217,413,194	447,634,113	48,533,384	256,542,100	1,284,664,800	11,685,457,991	0.53	17,843,416,493	65.50
2020	16,146,206,741	499,450,522	54,827,567	308,225,600	1,755,199,374	15,253,511,056	0.53	23,630,114,057	64.55
2021	19,164,218,336	448,201,076	67,163,350	273,988,747	7,296,546,976	12,657,024,533	0.53	19,953,571,509	63.43
2022	20,785,892,540	444,334,269	76,681,940	274,936,465	8,501,495,160	13,080,350,054	0.53	21,581,845,214	60.61
2023	23,931,346,985	459,688,120	97,237,850	286,401,091	11,156,629,358	13,618,044,688	0.53	24,774,674,046	54.97
2024	24,888,823,053	470,528,983	110,098,410	312,099,195	11,671,029,969	14,110,519,672	0.53	25,781,549,641	54.73
2025	24,898,128,187	479,126,202	119,375,940	319,539,110	11,222,465,952	14,593,703,487	0.52	25,816,169,439	56.53
2026	25,515,577,345	491,764,499	131,906,240	344,940,734	11,433,787,111	15,050,401,707	0.52	26,484,188,818	56.83

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

- For all property within the North Clackamas Parks and Recreation District.

Source: Clackamas County Department of Assessment and Taxation

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

	North Clackamas Parks & Recreation District		Overlapping Rates								
Year	General Operations	Total Direct Rate	Clackamas County	County Component Units	Cities	Schools	College/ ESD	Fire	Other Special	Total Direct & Overlapping	Total Direct & Overlapping Range
2017	$ 0.53	$ 0.53	$ 2.97	$ 0.84	$ 1.13	$ 7.16	$ 1.09	$ 2.47	$ 0.55	$ 16.74	15.42-20.83
2018	0.53	0.53	2.94	0.82	1.28	7.13	1.09	2.48	0.64	16.91	15.32-20.95
2019	0.53	0.53	3.09	0.97	0.84	7.32	1.10	2.46	0.72	17.04	15.26-21.01
2020	0.53	0.53	2.94	0.83	1.26	4.53	1.08	2.48	0.88	14.53	15.64-22.84
2021	0.53	0.53	3.06	0.99	0.89	4.30	1.10	2.40	0.84	14.11	15.49-22.56
2022	0.53	0.53	3.06	0.99	0.89	4.38	1.07	2.39	0.82	14.12	15.48-22.62
2023	0.53	0.53	3.11	0.97	1.09	4.20	1.15	2.37	0.80	14.22	15.69-22.77
2024	0.53	0.53	3.09	1.19	1.11	8.46	1.15	2.82	0.81	19.16	16.23-23.31
2025	0.52	0.52	3.08	1.19	1.04	8.34	1.15	2.85	0.81	18.98	16.14-21.88
2026	0.52	0.52	3.07	1.22	1.07	8.54	1.13	2.85	0.81	19.22	17.38-22.00

Notes:
-Rates are a summary for all Tax Code Areas where North Clackamas Parks and Recreation District taxes are assessed from the Tax District Summary found on the Clackamas County website under the Department of Assessment and Taxation.

-Direct Rate is the actual rate charged to each property that falls within the boundaries of the North Clackamas Parks and Recreation District.

-Overlapping rates are those of local governments that apply to property owners within District geographical boundaries. Not all overlapping rates apply to all District property owners; for example, although County property taxes apply to all District property owners, only those in the cities of Damascus, Happy Valley and Milwaukie pay the city rate for Clackamas County. Other property owners pay County taxes at the rural rate. Only a small portion of the taxpayers within the cities of Happy Valley and Milwaukie are within the District boundaries. The average rate has been used for each category for comparison purposes, but a range of total rates has also been provided.

-Property tax levies may only be approved by a majority vote in elections in which a majority of voters cast a ballot. In November elections of even numbered years a majority vote in favor of a tax levy is sufficient to enact a levy, regardless of voter turnout.

Source: Clackamas County Department of Assessment and Taxation

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
PRINCIPAL PROPERTY TAX PAYERS
JUNE 30, 2026 AND NINE YEARS AGO

	2026			2017		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Portland General Electric	$ 1,383,483,766	1	9.19 %	$ 103,552,000	4	0.78 %
General Growth Properties Inc.	323,057,844	2	2.15	249,221,847	1	1.88
Northwest Natural Gas Co.	315,947,583	3	2.10	56,452,000	9	0.43
Fred Meyer Stores	301,202,177	4	2.00	129,845,446	2	0.98
PCC Structurals Inc.	286,547,672	5	1.90	127,383,162	3	0.96
Shorenstein Properties LLC	235,597,341	6	1.57			
B10 MOUNTAIN A OR LLC	165,139,845	7	1.10			
Comcast Corporation	135,421,861	8	0.90	82,860,100	5	0.63
KAISER FOUNDATION HOSP	81,862,535	9	0.54	60,736,094	7	0.46
HS MERCANTILE VILLAGE	70,770,455	10	0.47			
ROIC Oregon LLC			0.15	56,373,662	10	0.43
Marvin F. Poer & Company				73,854,510	6	0.56
Blount Inc				59,366,621	8	0.45
Total	$ 3,299,031,079		21.92 %	$ 999,645,442		7.56 %

Source: Clackamas County Department of Assessment and Taxation

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2017	$ 7,048,958	$ 6,721,214	95.4	$ 126,279	$ 6,847,493	97.1
2018	7,398,202	7,046,634	95.2	138,246	7,184,880	97.1
2019	6,151,624	5,884,693	95.6	92,964	5,977,657	97.2
2020	8,057,767	7,702,870	95.6	134,271	7,837,141	97.3
2021	6,640,657	6,357,340	95.7	101,954	6,459,293	97.3
2022	6,846,117	6,511,527	95.1	134,162	6,645,688	97.1
2023	7,102,857	6,801,542	95.8	99,914	6,901,456	97.2
2024	7,329,218	6,984,148	95.3	102,411	7,086,559	96.7
2025	7,565,759	7,214,997	95.4	81,466	7,296,462	96.4
2026	7,794,258	7,440,425	95.5	-	7,440,425	95.5

Source: Clackamas County Department of Assessment and Taxation

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

	Governmental Activities								
Fiscal Year	Assessment Debt	Limited Tax Revenue Series 2000 Refunding Bonds	Full Faith & Credit Obligations Series 2008 Bonds	Full Faith & Credit Obligations Series 2010 Bonds	Lease	Software Subscription	Total Primary Government	Percentage of Personal Income	Per Capita
2017	$ -	$ -	$ 5,169,613	$ 3,421,000	$ -	$ -	$ 8,590,613	0.12	$ 70
2018	-	-	-	3,040,327	-	-	3,040,327	0.04	24.92
2019	-	-	-	2,649,654	-	-	2,649,654	0.04	21.72
2020	-	-	-	-	-	-	-	N/A	-
2021	-	-	-	-	-	-	-	N/A	-
2022	-	-	-	-	247,453	-	247,453	N/A	2.36
2023	-	-	-	-	150,492	95,448	245,940	0.003	2.32
2024	-	-	-	-	50,664	72,246	122,910	N/A	1.15
2025	-	-	-	-	165,768	48,615	214,382	N/A	2.01
2026	-	-	-	-	545,431	24,534	569,965	N/A	5.34

Source: Clackamas County Finance Department

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

Fiscal Year	Full Faith & Credit Obligation Bonds	Total General Bonded Debt	Less Amounts Restricted to Repaying Principal	Net General Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
2017	$ 8,590,613	$ 8,590,613	$ (111,355)	$ 8,479,258	0.06	$ 69.14
2018	3,040,327	3,040,327	-	3,040,327	0.02	24.92
2019	2,649,654	2,649,654	-	2,649,654	0.02	21.72
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-

Source: Clackamas County Finance Department

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2026

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
City of Happy Valley	$ -	0.24	$ -
City of Milwaukie	49,334,768	99.28	48,980,890
Clackamas Community College	228,701,511	29.65	67,813,429
Clackamas County	76,004,100	21.55	16,376,603
Clackamas County Education Service District	24,267,851	22.43	5,443,352
Clackamas County Rural Fire Protection District #1	18,648,036	48.16	8,980,931
Clackamas County School District #115 (Gladstone)	10,768,706	5.38	578,872
Clackamas County School District #12 (North Clackamas)	533,994,534	74.78	399,295,480
Clackamas County School District #62 (Oregon City)	400,153,421	7.95	31,831,404
Clackamas Soil & Water Conservation	4,241,000	21.55	913,808
Metro	840,530,000	5.90	49,569,416
Oak Lodge Water Service District	-	98.27	-
Port of Portland	-	5.35	-
Other debt:			
City of Happy Valley	12,260,000	0.24	3,065,000
City of Milwaukie	740,000	99.28	734,598
Clackamas Community College	8,325,000	29.65	2,476,688
Clackamas County Rural Fire Protection District #1	3,525,000	48.16	1,707,510
Clackamas County School District #12 (North Clackamas)	416,820	74.78	312,240
Clackamas County School District #62 (Oregon City)	-	7.95	-
Metro	4,065,000	5.90	241,055
Oak Lodge Water Services District	2,054,603	98.27	2,017,826
Port of Portland	15,190,000	5.35	817,222
Subtotal overlapping debt			641,156,322
District direct debt			569,965
Total direct and overlapping debt			$ 641,726,287

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

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

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

Year	True Cash Value	Debt Percentage	Debt Limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
2017	$ 18,260,306,778	13	$ 2,373,839,881	$ 8,590,613	$ 2,365,249,268	0.36
2018	20,286,725,848	13	2,637,274,360	3,040,327	2,634,234,033	0.12
2019	17,843,416,493	13	2,319,644,144	2,649,654	2,316,994,490	0.11
2020	23,630,114,057	13	3,071,914,827	-	3,071,914,827	0.00
2021	19,953,571,509	13	2,593,964,296	-	2,593,964,296	0.00
2022	21,581,845,214	13	2,805,639,878	247,453	2,805,392,425	0.01
2023	24,774,674,046	13	3,220,707,626	245,940	3,220,461,686	0.01
2024	25,781,549,641	13	3,351,601,453	122,910	3,351,478,543	0.00
2025	25,816,169,439	13	3,356,102,027	214,382	3,355,887,645	0.01
2026	26,484,188,818	13	3,442,944,546	569,965	3,442,374,581	0.02

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

Source: Clackamas County Finance Department

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

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Clackamas County Unemployment Rate
2017	122,642	$ 6,900,820	$ 56,268	3.9
2018	122,000	7,150,176	58,608	3.7
2019	122,000	7,530,572	61,726	3.9
2020	105,000	6,803,055	64,791	5.8
2021	105,000	7,524,930	71,666	6.9
2022	105,000	7,678,545	73,129	3.8
2023	106,000	8,508,514	80,269	3.9
2024	106,739	9,073,349	85,005	3.6
2025	106,739	N/A	N/A	4.1
2026	106,739	N/A	N/A	5.0

Sources:
Figures are per calendar year for Clackamas County from the Bureau of Department of Human Resources, State of Oregon, Employment Economic Analysis-U.S. Dept of Commerce Division

N/A: Not available

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT
(A Component Unit of Clackamas County, Oregon)
PRINCIPAL EMPLOYERS (1)
JUNE 30, 2026 AND NINE YEARS AGO

	2026			2017		
Employer	Employees	Rank	Percentage of Total (2)	Employees	Rank	Percentage of Total (2)
Oregon Health & Sciences University	20,882	1	.02 %	15,424	3	.01 %
Intel Corp.	20,000	2	.02	19,500	1	.02
Providence Health & Services	19,221	3	.01	17,378	2	.01
Kaiser Permanente	13,308	4	.01	10,269	5	.01
Amazon	11,000	5	.01			
Nike Inc.	10,500	6	.01	8,500	7	.01
Portland Public Schools	7,195	7	.01	7,678	8	.01
Beaverton School District	5,685	8	.00			
City of Portland	5,224	9	.00	5,667	10	.00
Multnomah County	4,528	10	.00	6,189	9	.00
Fred Meyer				11,200	4	.01
Legacy Health				9,300	6	.01
Total	117,543		0.09 %	111,105		0.09 %

Sources:

(1) Statistics are the latest available data published in the Portland Business Journal *Book of Lists 2025*, and *Book of Lists 2016*. The Business Journal Book of Lists ranks Portland Metropolitan Area employers.

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

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

Year Ended June 30,	Health and Welfare	Culture and Recreation	Total
2017	8.36	25.46	33.82
2018	7.34	28.36	35.70
2019	7.46	26.24	33.70
2020	7.46	27.93	35.39
2021	7.51	27.88	35.39
2022	5.68	30.11	35.79
2023	6.32	32.47	38.79
2024	6.35	35.44	41.79
2025	5.57	36.22	41.79
2026	5.29	37.50	42.79

Note:
-Reported full-time equivalent employees are the budgeted employees at each year-end.

Source: Clackamas County Finance Department.

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

Function	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Health and welfare:										
Social service units provided	7,967	8,996	8,890	5,680	4,250	5,280	7,852	3,761	5,973	5,564
Meals on Wheels and on-site meals served	67,256	76,515	67,006	72,298	72,060	74,058	75,975	80,217	70,780	71,068
One way rides, older adults and disabled	8,357	9,887	8,570	5,794	-	3,910	5,007	5,582	6,013	2,349
Culture and recreation:										
Recreation programs	65	61	71	63	27	48	47	36	51	49
Recreation class participants	3,500	3,492	3,913	3,263	926	2,294	2,781	2,320	3,141	3,066
Recreation classes	238	217	271	195	101	192	215	195	179	176
Swim lesson participants	4,991	4,421	4,678	3,611	-	2,202	2,783	3,134	3,316	3,658
Aquatic park total customers served	233,955	235,647	228,350	146,279	14,464	116,124	162,352	171,547	167,414	157,675

Note:
-In 2021, NCPRD closed the majority of its operations mid-March 2020 due to the statewide shutdown caused by the COVID-19 pandemic. This is reflected in the lower number of programs and participants.

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

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

Function	Year Ending June 30, 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Health and welfare:										
Milwaukie Center (serving senior and disabled citizens)										
Activity Rooms	9	9	9	9	9	9	9	9	9	9
Congregate dining room & café	2	2	2	2	2	2	2	2	2	2
Transportation vehicles (14, 16 & 20 passenger)	4	4	4	4	4	4	4	4	4	4
Culture and recreation:										
Acreage-maintained	520	527	640	358	358	276	276	250	253	263
Parks maintained	64	64	64	60	60	58	58	34	35	36
Play structures	33	36	37	32	32	31	31	32	33	39
Maintenance vehicles/equipment	35	35	35	35	35	36	36	36	36	37
Passenger van (Recmobile)	1	1	2	2	2	2	2	2	2	3
Aquatic Park (five pools, game room, activity rooms)	1	1	1	1	1	1	1	1	1	1
Sports fields:										
Baseball	13	14	14	14	14	10	10	5	5	5
Soccer	6	8	8	8	8	7	7	3	3	3
Tennis courts	3	3	3	3	3	3	3	3	3	3
Basketball	17	19	19	16	19	19	19	15	14	15
Volleyball courts	2	2	2	2	2	2	2	2	2	2
Sports programs	70	21	24	31	14	23	36	38	24	24
Sports program participants	6,890	5,885	5,952	5,126	962	3,916	5,555	5,376	4,287	3,436
Sports courses offered during the year	87	94	98	70	49	98	106	94	67	63

Notes:
-Starting in 2018, a number of youth and adult programs are now reported as individual programs, not a total number of offerings for each program, as reported in prior years.

-In 2021, NCPRD closed the majority of its operations mid-March 2020 due to the statewide shutdown caused by the COVID-19 pandemic. This is reflected in the lower number of programs and participants.

-NCPRD's partnership with the North Clackamas School District to maintain the 36-acre Hood View sports complex ended in fiscal year 2022. Acreage maintained at the Mt. Talbert Nature Area was transferred to Metro as of the end of the fiscal year.

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

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

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Clackamas Parks and Recreation District (the District), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 28, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

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



Portland, Oregon
October 28, 2026

REPORT OF INDEPENDENT AUDITORS REQUIRED BY OREGON STATE REGULATIONS

Report of Independent Auditors Required by Oregon State Regulations

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Clackamas Parks and Recreation District (the District), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 28, 2026.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the financial statements. 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 procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to, the following:

- Accounting records and internal control
- Public fund deposits
- Budget
- Insurance and fidelity bonds
- Programs funded from outside sources
- Investments
- Public contracts and purchasing

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In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Internal Control Over Financial Reporting

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

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of County Commissioners, management of the District, and the Oregon Secretary of State, and is not intended to be and should not be used by anyone other than these parties.



Ashley Osten, Principal, for
Baker Tilly US, LLP
Portland, Oregon
October 28, 2026