

**COLUMBIA COUNTY**  
**COLUMBIA COUNTY, OREGON**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2009**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223

COLUMBIA COUNTY, OREGON

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2009

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**COLUMBIA COUNTY, OREGON**

**TABLE OF CONTENTS**

	<b><u>PAGE NUMBER</u></b>
Board of Commissioners and Elected Officials	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet – Governmental Funds	14
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds to the Statement of Activities	17
Statement of Net Assets – Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Statement of Fiduciary Net Assets	21
Notes to Financial Statements	22
Required Supplementary Information	
Major Governmental Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
General Fund	45
Road Fund	46
Development Agency Fund	47
Schedule of Funding Progress, Post Employment Health Insurance Subsidy	48
Other Supplementary Information	
Combining Balance Sheet – Nonmajor Governmental Funds	49
Combining Statement of Revenues, Expenditures and Changes in Fund Net Assets – Nonmajor Governmental Funds	50
Nonmajor Special Revenue Funds	
Combining Balance Sheet – Special Revenue Funds	51
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds	52

**COLUMBIA COUNTY, OREGON**

**TABLE OF CONTENTS (CONTINUED)**

	<b><u>PAGE NUMBER</u></b>
Other Supplementary Information (continued)	
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
Fair Board Fund	53
Children and Youth Services Fund	54
Animal Control Fund	55
Corner Preservation Fund	56
Inmate Benefit Expense Fund	57
Courthouse Security Fund	58
Community Corrections Fund	59
Law Library Fund	60
Footpath and Bicycle Trail Fund	61
County Clerk’s Record Fund	62
Meadowview Service District	63
4-H Extension Service District Fund	64
CC Rider Transportation Fund	65
Unmet Needs Fund	66
Direct Pass-Through Grant Fund	67
County Park Fund	68
Building Services Fund	69
Jail Bond Fund	70
Transfer Station Fund	71
Combining Statement of Net Assets – Fiduciary Funds	72
Combining Statement of Changes in Assets and Liabilities Fiduciary Funds	73
Schedule of Expenditures General Fund by Department	74
Other Financial Schedules	
Schedule of Property Tax Transactions and Balances Uncollected	75
Schedule of Accountability for Elected Officials	76
<b>AUDITORS’ COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS</b>	<b>77</b>
<b>GRANT COMPLIANCE REVIEW</b>	
Schedule of Expenditures of Federal Awards	80
Report on Internal Controls over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	81
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	83
Schedule of Findings and Questioned Costs	85

**COLUMBIA COUNTY, OREGON**

**Board of Commissioners**

<u>Name and Address</u>	<u>Term Expires</u>
Anthony Hyde	January 2013
Rita Bernhard, Chair	January 2011
Earl Fisher	January 2013

**Elected Officials**

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Susan Poling	County Assessor	January 2011
Elizabeth Huser	County Clerk	January 2011
Steve Atchison	County District Attorney	January 2011
Jeff Dickerson	County Sheriff	January 2013
Leslie Keenon	County Surveyor	January 2011
Ruth Baker	County Treasurer	January 2013
Wally Thompson	Justice of the Peace	January 2013

Board Members receive mail at the County address listed below:

230 Strand Street, St. Helens, Oregon 97051

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FINANCIAL SECTION

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**PAULY, ROGERS AND CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

- 
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
  - (503) 620-2632 • FAX (503) 684-7523

December 18, 2009

County Commissioners  
Columbia County  
St Helens, Oregon

### **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Columbia County, Oregon (County), as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Columbia County, Oregon, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 18, 2009 on our consideration of the County's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and Required Supplementary Information on page 48, as listed on the table of contents are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of expressing opinions on the financial statements that collectively comprise the basic financial statements. The accompanying supplementary information, which includes the combining and individual nonmajor fund financial statements, the Schedule of Accountability for Elected Officials, and additional schedules as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as listed in the table of contents, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Supplementary Information and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Expenditures – General Fund by Department, on page 74 and Schedule of Accountability of Elected Officials on page 76, as listed in the table of contents, are presented as supplementary schedules, and are not a required part of the basic financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management about this supplementary information. However, we did not audit the information and do not express an opinion on it.

*Pauly, Rogers and Co. P.C.*  
PAULY, ROGERS AND CO., P.C.

**Columbia County, Oregon**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2009**

As management of Columbia County, we offer readers of the County's financial statements this narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the financial statements.

**Financial Highlights**

- The assets of Columbia County exceeded its liabilities at the close of the most recent fiscal year by \$58,101,874 (*net assets*). Of this amount, \$8,846,953 (*unrestricted*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets decreased by \$4,544,003. This is largely due to the depreciation of capital assets, which is a requirement of GAAP to be shown as an expense in all funds.
- As of the close of the current fiscal year, Columbia County's governmental funds reported combined ending fund balances of \$11,600,995.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,267,218 or 34.9% percent of total general fund expenditures.

**Overview of the Financial Statements**

The discussion and analysis are intended to serve as introductions to Columbia County's basic financial statements. Columbia County's basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements, and
3. Notes to the financial statements

This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of Columbia County's finances, in a manner similar to a private-sector business.

The *Statement of net assets* presents information on all of Columbia County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or

decreases in net assets may serve as a useful indicator of whether the financial position of Columbia County is improving or deteriorating.

The *Statement of activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Columbia County include general government, public safety, roads, economic development, and culture and recreation. The transfer station is a business-type activity of the County.

The government-wide financial statements include not only the County itself (known as the primary government), but also a legally separate Urban Renewal Agency, the Columbia County Development Agency (CCDA), Meadowview Service District, and a 4-H & Extension Service District, for which the County is financially accountable. Although legally separate, the CCDA, MSD, and the 4-H ESD's governing body are identical to the County's, and because the services are exclusively for the benefit of the County, they are included as blended component units, an integral part of the primary government. Complete financial statements for the CCDA and for the 4-H ESD may be obtained at the Office of the Finance Director, 230 Strand Street, St. Helens, Oregon 97051-0010. Meadowview does not have separate financial statements.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Columbia County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Columbia County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

***Governmental funds.*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resource, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Columbia County maintains twenty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, two special revenue funds (Roads and the CCDA), with the data from the other eighteen governmental funds combined into a single, aggregated presentation (Other Governmental). Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

**Proprietary fund:** Since the opening of the Waste Transfer Facility in 2006, the County maintains an *enterprise* fund. Enterprise funds are used to report the same functions presented as *business-type* activities in the government-wide financial statements. The County uses this fund to account for all activity related to the transfer station.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support County programs.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required supplementary information.** Columbia County adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for each major fund to demonstrate compliance with this budget.

**Other supplementary information.** The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information for major funds.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The County's assets exceeded liabilities by \$58,101,874 at the close of the current fiscal year and \$62,645,877 at the close of the prior fiscal year. This reduction is largely attributable to the depreciation of infrastructure assets without appropriate ability to renew this infrastructure such as the road system due to the lack of replacement funds.

By far the largest portion of Columbia County's net assets (84% percent) reflects its investment in capital assets (e.g. infrastructure, land, buildings, machinery and equipment). Columbia County uses these capital assets to provide services to citizens. These assets are *not* available for future spending. At June 30, 2008, the County had \$67,102,071 (net of accumulated depreciation) invested in capital assets.

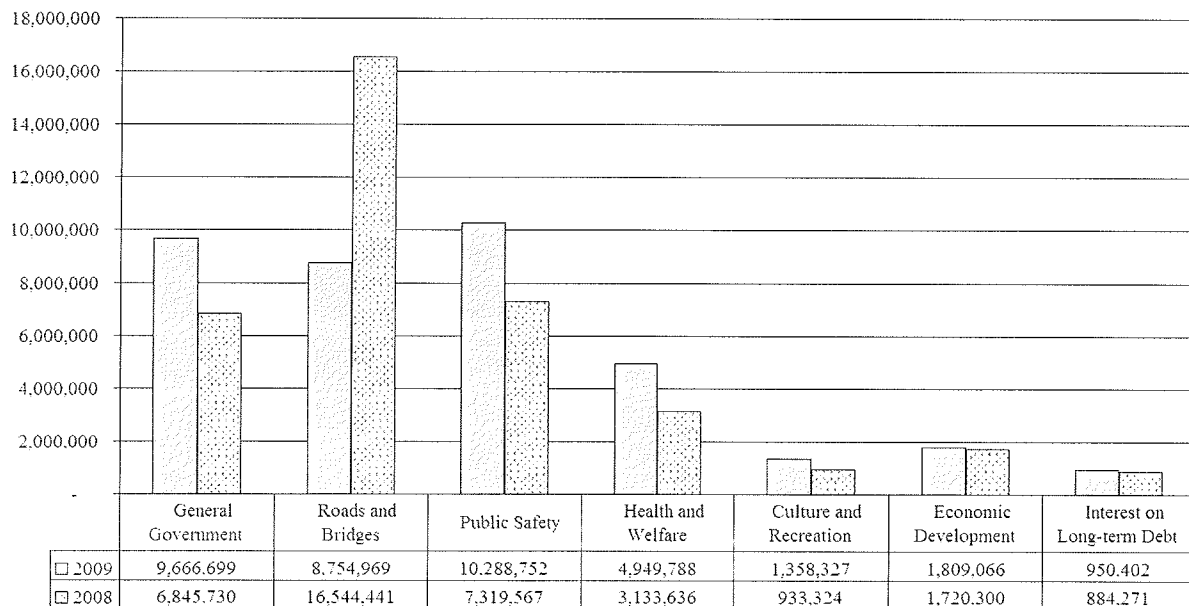
At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Columbia County's Net Assets**

	Governmental Activities 2009	Governmental Activities 2008	Business- Type Activities 2009	Business- Type Activities 2008	Total 2009	Total 2008
Current & Other Assets	13,535,928	16,368,756	1,034,086	1,089,758	14,570,014	17,458,514
Net Pension Asset & Bond Cost	6,236,100	6,625,121			6,236,100	6,625,121
Capital Assets	62,065,527	66,117,572	5,036,544	5,174,838	67,102,071	71,292,410
<b>Total Assets</b>	<b>81,837,555</b>	<b>89,111,449</b>	<b>6,070,630</b>	<b>6,264,596</b>	<b>87,908,185</b>	<b>95,376,045</b>
Current Liabilities	1,649,645	5,921,670	566,622	472,292	2,216,267	6,393,962
Long-term Outstanding Liabilities	23,428,916	22,175,078	4,161,128	4,161,128	27,590,044	26,336,206
<b>Total Liabilities</b>	<b>25,078,561</b>	<b>28,096,748</b>	<b>4,727,750</b>	<b>4,633,420</b>	<b>29,806,311</b>	<b>32,730,168</b>
Capital Asset Investment, Net of Related Debt	48,097,427	51,255,226	875,416	902,391	48,972,843	52,157,617
Net Assets	8,661,567	9,759,475	467,464	728,785	9,129,031	10,488,260
<b>Total Net Assets</b>	<b>56,758,994</b>	<b>61,014,701</b>	<b>1,342,880</b>	<b>1,631,176</b>	<b>58,101,874</b>	<b>62,645,877</b>

The chart below graphs the County's expenses by activity. Every activity experienced a relative increase except for Roads and Bridges. General Government expenses increased primarily due to Rider Transit system expenditures; Roads and Bridges expenditures came down to a more normal level after work on Port Westward projects wound down during the 2009 fiscal year.

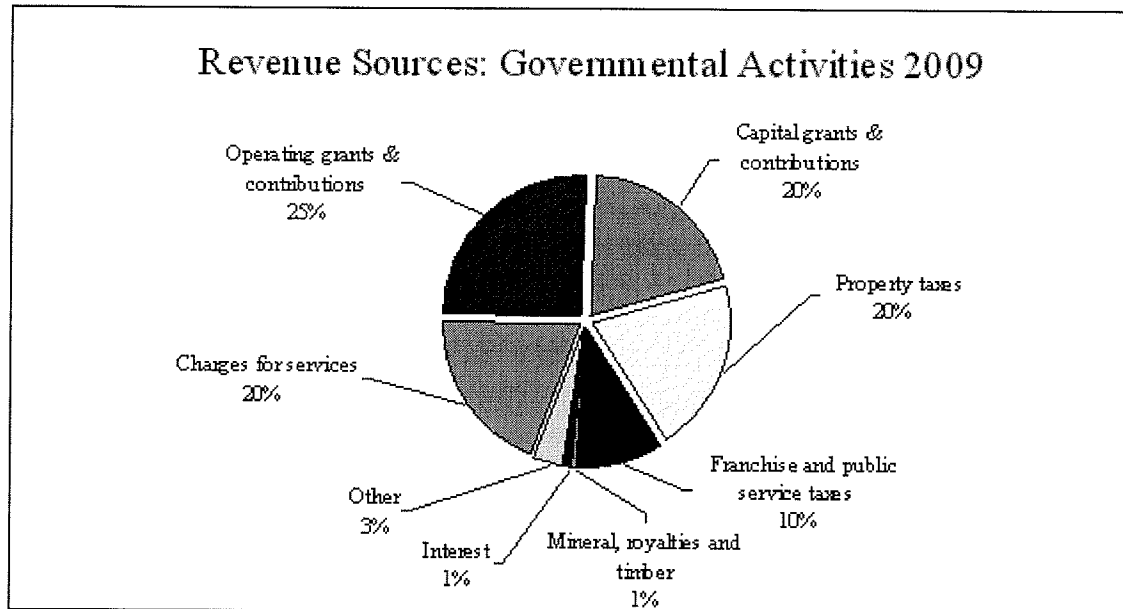
**Expenses by Governmental Activity**



## Statement of Activities

	Governmental Activities 2009	Governmental Activities 2008	Business- Type Activities 2009	Business- Type Activities 2008	Total 2009	Total 2008
Revenue						
Charges for Services	6,543,481	7,199,313	2,027,965	2,341,384	8,571,446	9,540,697
Operating Grants and Contributions	8,619,550	6,497,151			8,619,550	6,497,151
Capital Grants and Contributions	6,739,839	3,421,859			6,739,839	3,421,859
Property Taxes	6,665,185	8,878,743			6,665,185	8,878,743
Franchise and Public Service Taxes	3,355,667	3,681,292			3,355,667	3,681,292
Mineral, Royalties and Timber Rev	224,968	381,407			224,968	381,407
Unrestricted Investment Earnings	249,663	552,978	16,338	38,608	266,001	591,586
Other Revenue	1,123,943	3,447,087			1,123,943	3,447,087
Transfers					-	-
Total Revenues	33,522,296	34,059,830	2,044,303	2,379,992	35,566,599	36,439,822
Expenses						
General Government	9,666,699	6,845,730			9,666,699	6,845,730
Roads and Bridges	8,754,969	16,544,441			8,754,969	16,544,441
Public Safety	10,288,752	7,319,567			10,288,752	7,319,567
Health and Welfare	4,949,788	3,133,636			4,949,788	3,133,636
Culture and Recreation	1,358,327	933,324			1,358,327	933,324
Economic Development	1,809,066	1,720,300			1,809,066	1,720,300
Interest on Long-term Debt	950,402	884,271			950,402	884,271
Business-Type Activity	-	-	2,332,599	2,199,529	2,332,599	2,199,529
Total Expenses	37,778,003	37,381,269	2,332,599	2,199,529	40,110,602	39,580,798
Change in Net Assets	(4,255,707)	(3,321,439)	(288,296)	180,463	(4,544,003)	(3,140,976)
Net Assets, Beginning of Period	61,014,701	64,336,140	1,631,176	1,450,713	62,645,877	65,786,853
Net Assets, End of Period	56,758,994	61,014,701	1,342,880	1,631,176	58,101,874	62,645,877

Revenue details are graphed below, showing the County's governmental activities by revenue source.



Relative last year, combined grant and contributed revenue has increased as a proportion of revenues from 29% to 45% while the categories of Property Taxes and Mineral, Royalties and Timber declined from 26% to 20% and 8% to 1% respectively. All other categories were the same or declined a percentage point from last year's levels.

### **Business-type Activities**

The transfer station did less business than expected in its third full year of operation, primarily due to a drop off in housing starts and the consequent decline in trash and recyclables. The County holds household hazardous waste events for its citizens monthly and has started on expansion plans for additional recycling activity. In order to provide for increased activity in the area of E-waste collection, the County is working on construction of additional space for collection, storage and processing of recyclable materials. This will expand the operation and bring efficiencies to current operations.

### **Budgetary Highlights**

The General Fund is the chief operating fund of the County. At the end of the current fiscal year unreserved fund balance in the General Fund was \$5,267,218 indicating a high degree of liquidity of the General Fund. This ending fund balance is higher than budgeted due to an across the board effort to contain costs in the face of the severe economic downturn.

Amendments to the original budget for the general fund were necessary due to the impacts of the weak economy as well as the federal natural disaster declaration for the late December 2009 winter storm, just one year after the previous winter's federal disaster declaration due to major flood damage around the Nehalem River and tributaries.

## Capital Asset and Debt Administration

**Capital Assets.** Columbia County's investment in capital assets for its governmental activities as of June 30, 2009, amounts to \$67,102,071 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, machinery and equipment.

<b>Columbia County Capital Assets</b> (Net of Depreciation)	Governmental Activities 2009	Governmental Activities 2008	Business- Type 2009	Business- Type 2008	<b>Total 2009</b>	<b>Total 2008</b>
Land and land improvements	5,922,912	4,739,768	637,483	637,483	6,560,395	5,377,251
Construction in progress	9,483,360	9,763,324		-	9,483,360	9,763,324
Buildings	13,827,122	13,223,922	4,307,403	4,429,376	18,134,525	17,653,298
Infrastructure	31,032,241	37,042,672		-	31,032,241	37,042,672
Furniture and equipment	1,799,892	1,347,886	91,658	107,979	1,891,550	1,455,865
	<u>62,065,527</u>	<u>66,117,572</u>	<u>5,036,544</u>	<u>5,174,838</u>	<u>67,102,071</u>	<u>71,292,410</u>

Net capital assets declined for the county during the year. Additions were made in the amount of less than 2% of the 2008 asset total. The most significant addition was purchase of land for a future transit facility.

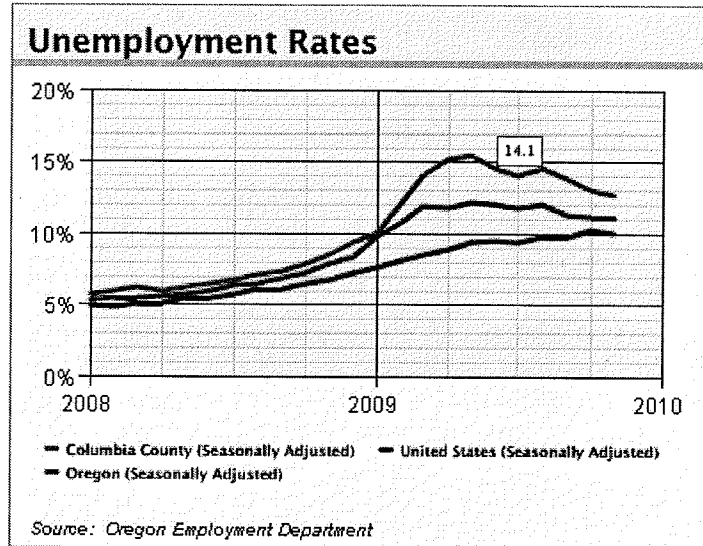
**Long-term debt.** At the end of the current fiscal year, Columbia County had total long-term debt outstanding of \$27,590,044 while in the prior year the balance was \$28,566,120.

<b>Columbia County's Outstanding Debt</b>	<b>2009</b>	<b>2008</b>
General Obligation Bonds-1999 Jail Construction	-	710,000
General Obligation Bonds Refunded 2006, Prem & def charges	8,165,000	8,330,000
Limited Tax Bond - PERS UAL Bond	8,043,898	8,106,657
Road Improvement Bond - Rainier	319,432	331,535
Leases, Election, Sheriff cars & fingerprint comp	75,997	149,732
Long Term Notes-OECDD-business type activity	4,161,128	4,272,447
Note-City of St Helens, Transitional Housing	90,513	94,390
Compensated Absences	1,145,432	1,230,607
Net OPEB obligation	247,884	-0-
Interim Financing-Port Westward SPWF Loan	5,340,760	5,340,752
<b>Total</b>	<u>27,590,044</u>	<u>28,566,120</u>

**Key Economic Factors and Budget Information for the Future:** FY09 started July 1, 2008. In the fall of that year, an economic crisis began to unfold. From Main Street to Wall Street, the Fall of 2008 represented a time of great economic uncertainty and hardship – reaching beyond our borders and culminating in a global recession with economic analysts making comparisons to the Great Depression.

The impact on Columbia County is probably best exemplified by our unemployment rate. Over the course of a single fiscal year, unemployment more than doubled to end at 14.1 percent on June 30, 2009. While Columbia County did not experience the worst unemployment levels across Oregon counties, our county data trended above both Oregon and US averages throughout the fiscal year.

Among other employment losses of the fiscal year, a major county employer, Boise Inc., began implementing layoffs and closed its veneer plant in the fall of 2008.



The economic downturn coupled with gasoline prices coming down from their high of over \$4/gallon in June 2008 to less than \$2/gallon just five months later in November, led to Cascade Grain, an ethanol energy company - and one of the anchors to the Port Westward Industrial Park in North County – filing for bankruptcy. The company ended the fiscal year operating with a skeleton crew and in a Chapter 11 bankruptcy mode. In subsequent months, the bankruptcy was converted to a chapter 7 liquidation bankruptcy proceeding with the ultimate conclusion of the process still uncertain.

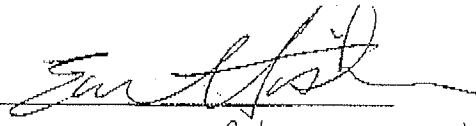
The Secure Rural Schools funding bill was extended by Congress through FY2011 but with funding trending downward each year. This funding source is of tremendous significance because it represented over 20% of General Fund revenues in prior years.

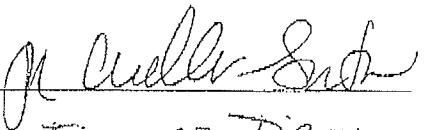
The summer of 2009 saw an Oregon Legislature struggling to plug an estimated \$4 billion dollar budget gap for the 2009-2011 biennium with a combination of cost cutting and revenue generating mechanisms. The state-wide budget picture is still uncertain with two tax ballot measures in front of voters in January of 2010.

In a bright spot, Columbia County Rider, the public transit system in the County, continues to improve and add services. Federal and State grants and increased community support enabled the County to purchase additional vehicles and expand services to provide inter-city and demand response transit services to County residents.

All of these factors were considered in preparing the County's budget for fiscal year 2009-10, which include layoffs and implementation of a furlough days throughout the year in order to cut costs in the continuing uncertain economic climate.

Request for information. This financial report is designed to provide a general overview of Columbia County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 230 Strand Street, St. Helens, OR 97051.

Signature:   
Title: Commissioner, Columbia County

Signature:   
Title: FINANCE DIRECTOR

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## BASIC FINANCIAL STATEMENTS

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**COLUMBIA COUNTY, OREGON**

**STATEMENT OF NET ASSETS**  
**June 30, 2009**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 10,502,810	\$ 689,260	\$ 11,192,070
Receivables:			
Accounts receivable	75,000	240,327	315,327
Property taxes receivable	636,316	-	636,316
Due from other governments	1,929,994	-	1,929,994
Special assessments receivable	2,393	-	2,393
Prepays	185,431	104,499	289,930
Inventories	203,984	-	203,984
Total current assets	<u>13,535,928</u>	<u>1,034,086</u>	<u>14,570,014</u>
Noncurrent assets:			
Net pension asset	6,222,692	-	6,222,692
Bond costs	13,408	-	13,408
Capital Assets:			
Nondepreciable	15,406,272	637,483	16,043,755
Depreciable, net	<u>46,659,255</u>	<u>4,399,061</u>	<u>51,058,316</u>
Total noncurrent assets	<u>68,301,627</u>	<u>5,036,544</u>	<u>73,338,171</u>
Total Assets	<u>81,837,555</u>	<u>6,070,630</u>	<u>87,908,185</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,196,277	445,985	1,642,262
Interest payable	314,718	120,637	435,355
Deposits	138,650	-	138,650
Total current liabilities	<u>1,649,645</u>	<u>566,622</u>	<u>2,216,267</u>
Noncurrent liabilities:			
Accrued Compensated Absences	1,145,432	-	1,145,432
Net OPEB obligation	247,884	-	247,884
Current portion of long-term obligations	893,398	116,852	1,010,250
Noncurrent portion of long-term obligations	<u>21,142,202</u>	<u>4,044,276</u>	<u>25,186,478</u>
Total noncurrent liabilities	<u>23,428,916</u>	<u>4,161,128</u>	<u>27,590,044</u>
Total Liabilities	<u>25,078,561</u>	<u>4,727,750</u>	<u>29,806,311</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	48,097,427	875,416	48,972,843
Restricted for Debt Service	50,556	-	50,556
Restricted for System Development	231,522	-	231,522
Unrestricted	<u>8,379,489</u>	<u>467,464</u>	<u>8,846,953</u>
Total Net Assets	<u>\$ 56,758,994</u>	<u>\$ 1,342,880</u>	<u>\$ 58,101,874</u>

The accompanying notes are an integral part of this statement.

**COLUMBIA COUNTY, OREGON**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2009**

	<b>Program Revenues</b>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs</b>				
<b>Governmental Activities</b>				
General government	\$ 9,666,699	\$ 2,366,573	\$ 3,276,719	\$ 1,519,294
Roads and bridges	8,754,969	367,058	-	4,966,394
Public safety	10,288,752	2,350,344	1,645,531	69,151
Health and welfare	4,949,788	-	3,594,627	-
Culture and recreation	1,358,327	246,528	9,734	170,000
Economic development	1,809,066	1,212,978	92,939	15,000
Interest on long-term debt	950,402	-	-	-
<b>Total governmental activities</b>	<u>37,778,003</u>	<u>6,543,481</u>	<u>8,619,550</u>	<u>6,739,839</u>
<b>Business- Type Activities</b>				
Transfer station	<u>2,332,599</u>	<u>2,027,965</u>	<u>-</u>	<u>-</u>
<b>Total Business-Type Activities</b>	<u>2,332,599</u>	<u>2,027,965</u>	<u>-</u>	<u>-</u>
<b>Total Government</b>	<u>\$ 40,110,602</u>	<u>\$ 8,571,446</u>	<u>\$ 8,619,550</u>	<u>\$ 6,739,839</u>

**General Revenues**

Property taxes  
Franchise taxes and other taxes  
Intergovernmental  
Fines, fees  
Mineral royalties and timber  
Interest and investment earnings  
Miscellaneous income

**Total General Revenues and Transfers**

**Change in Net Assets**

**Net Assets - beginning of year**

**Net Assets - end of year**

The accompanying notes are an integral part of this statement.

**Net Revenue (Expenses) and  
Changes in Net Assets**

Governmental Activities	Business-Type Activities	Total
\$ (2,504,113)	\$ -	\$ (2,504,113)
(3,421,517)	-	(3,421,517)
(6,223,726)	-	(6,223,726)
(1,355,161)	-	(1,355,161)
(932,065)	-	(932,065)
(488,149)	-	(488,149)
(950,402)	-	(950,402)
<u>(15,875,133)</u>	<u>-</u>	<u>(15,875,133)</u>
-	(304,634)	(304,634)
-	(304,634)	(304,634)
<u>(15,875,133)</u>	<u>(304,634)</u>	<u>(16,179,767)</u>
6,665,185	-	6,665,185
407,492	-	407,492
2,948,175	-	2,948,175
603,251	-	603,251
224,968	-	224,968
249,663	16,338	266,001
520,692	-	520,692
<u>11,619,426</u>	<u>16,338</u>	<u>11,635,764</u>
(4,255,707)	(288,296)	(4,544,003)
<u>61,014,701</u>	<u>1,631,176</u>	<u>62,645,877</u>
<u>\$ 56,758,994</u>	<u>\$ 1,342,880</u>	<u>\$ 58,101,874</u>

**COLUMBIA COUNTY, OREGON**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**June 30, 2009**

	GENERAL FUND	ROAD FUND	DEVELOPMENT AGENCY FUND	OTHER GOVERNMENTAL	TOTAL
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 5,347,794	\$ 268,956	\$ 2,345,392	\$ 2,540,668	\$ 10,502,810
Receivables					
Accounts receivable	-	-	-	75,000	75,000
Property taxes receivable	450,361	-	71,058	114,897	636,316
Due from other governments	552,825	805,123	7,452	564,594	1,929,994
Special assessments receivable	-	2,393	-	-	2,393
Prepays	116,703	29,523	-	39,205	185,431
Inventories	-	203,984	-	-	203,984
<b>Total assets</b>	<b>\$ 6,467,683</b>	<b>\$ 1,309,979</b>	<b>\$ 2,423,902</b>	<b>\$ 3,334,364</b>	<b>\$ 13,535,928</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts Payable	\$ 643,731	\$ 197,663	\$ 6,528	\$ 348,355	\$ 1,196,277
Compensated Absences	-	-	-	5,453	5,453
Deposits and bail	136,050	-	-	2,600	138,650
Deferred revenue	420,684	-	68,388	105,481	594,553
<b>Total liabilities</b>	<b>1,200,465</b>	<b>197,663</b>	<b>74,916</b>	<b>461,889</b>	<b>1,934,933</b>
Fund balances:					
Reserved for					
Debt service	-	-	-	50,556	50,556
System Development	-	189,140	-	42,382	231,522
Unreserved, reported in:					
General fund	5,267,218	-	-	-	5,267,218
Special revenue funds	-	923,176	2,348,986	2,779,537	6,051,699
<b>Total fund balances</b>	<b>5,267,218</b>	<b>1,112,316</b>	<b>2,348,986</b>	<b>2,872,475</b>	<b>11,600,995</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,467,683</b>	<b>\$ 1,309,979</b>	<b>\$ 2,423,902</b>	<b>\$ 3,334,364</b>	<b>\$ 13,535,928</b>

The accompanying notes are an integral part of this statement.

COLUMBIA COUNTY, OREGON

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

**June 30, 2009**

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Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

Fund Balances-Governmental Funds	\$	11,600,995
<p>The cost of capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The statement of net assets includes those capital assets among the assets of the County as a whole.</p>		
Governmental Capital Assets	\$	276,976,532
Less Accumulated Depreciation		<u>(214,911,005)</u>
		62,065,527
<p>Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.</p>		
Accrued Compensated Absences	\$	(1,139,979)
Interest Payable		(314,718)
Bonds Payable		(16,208,898)
Notes Payable		(5,803,100)
Lease Payable		<u>(23,602)</u>
		(23,490,297)
The net OPEB obligation is not reported as a liability in the governmental funds.		(247,884)
Deferred Revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.		594,553
<p>The unamortized portion of prepaid pension cost, bond premiums and bond issuance costs is not available to pay for current period expenditures, and therefore is not reported in the governmental funds.</p>		
Prepaid Pension Asset		6,222,692
Bond Costs		<u>13,408</u>
Total Net Assets	\$	<u>56,758,994</u>

The accompanying notes are an integral part of this statement.

**COLUMBIA COUNTY, OREGON**

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2009**

	GENERAL FUND	ROAD FUND	DEVELOPMENT AGENCY FUND	OTHER GOVERNMENTAL	TOTAL
<b>REVENUES</b>					
Property taxes	\$ 5,227,721	\$ -	\$ 139,705	\$ 1,278,527	\$ 6,645,953
Public service taxes	358,993	-	-	-	358,993
Intergovernmental	3,368,151	7,227,009	-	7,580,563	18,175,723
Charges for Services	3,826,701	-	-	-	3,826,701
Licenses and permits	205,965	40,171	-	-	246,136
Fines, fees and forfeitures	622,128	326,887	-	2,124,856	3,073,871
Franchise fees	48,499	-	-	-	48,499
Interest on investments	98,472	1,675	71,909	77,607	249,663
Mineral royalties and timber	222,229	-	2,739	-	224,968
Payments in lieu of taxes	168,109	-	-	-	168,109
Administrative allocation reimbursement	1,850,143	-	-	-	1,850,143
Miscellaneous	43,497	234,926	-	206,024	484,447
<b>Total revenues</b>	<b>16,040,608</b>	<b>7,830,668</b>	<b>214,353</b>	<b>11,267,577</b>	<b>35,353,206</b>
<b>EXPENDITURES</b>					
Current:					
General government	6,311,230	-	132,063	2,002,034	8,445,327
Roads and bridges	-	6,796,383	-	2,000	6,798,383
Public safety	6,437,583	-	-	1,551,809	7,989,392
Health and welfare	66,119	-	-	3,777,476	3,843,595
Culture and recreation	-	-	-	1,054,764	1,054,764
Economic development	1,404,771	-	-	-	1,404,771
Capital outlay	313,413	913,259	1,153,002	2,212,379	4,592,053
Debt service	551,532	-	247,627	1,101,337	1,900,496
<b>Total expenditures</b>	<b>15,084,648</b>	<b>7,709,642</b>	<b>1,532,692</b>	<b>11,701,799</b>	<b>36,028,781</b>
Excess of Revenues Over (Under) Expenditures	955,960	121,026	(1,318,339)	(434,222)	(675,575)
<b>Other Financing Sources, (Uses)</b>					
Transfers In	526,244	597,235	-	673,934	1,797,413
Transfers Out	(1,266,169)	-	-	(531,244)	(1,797,413)
<b>Total Other Financing Sources, (Uses)</b>	<b>(739,925)</b>	<b>597,235</b>	<b>-</b>	<b>142,690</b>	<b>-</b>
Net Change in Fund Balance	216,035	718,261	(1,318,339)	(291,532)	(675,575)
<b>FUND BALANCE - BEGINNING</b>	<b>5,051,183</b>	<b>394,055</b>	<b>3,667,325</b>	<b>3,164,007</b>	<b>12,276,570</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 5,267,218</b>	<b>\$ 1,112,316</b>	<b>\$ 2,348,986</b>	<b>\$ 2,872,475</b>	<b>\$ 11,600,995</b>

The accompanying notes are an integral part of this statement.

COLUMBIA COUNTY, OREGON

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS - TO  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2009**

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Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

Excess of Revenues over Expenditures \$ (675,575)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Asset additions and deletions	\$	7,040,712	
Less current year depreciation		(9,756,437)	
Less current year disposals, net		<u>(1,336,320)</u>	
			(4,052,045)

In the Statement of Activities, the contributions to the Post Retirement Health Benefits Program in excess of the actuarially determined contribution amount increased the net OPEB obligation. In the governmental funds, the entire contribution is recognized as an expenditure. This is the amount by which the net OPEB obligation is increased.

Estimated implicit benefit payments for Post Retirement Health Benefits	\$	124,625	
Annual OPEB cost		<u>(372,509)</u>	
			(247,884)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Change in deferred revenue	19,232
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Repayment of long-term debt is an expenditure in the governmental funds, however repayment reduces long-term liabilities in the statement of net assets.

Change in Accrued Compensated Absences	\$	90,628	
Change in Interest Payable		(28,508)	
Change in Bonds Payable		937,759	
Change in Notes Payable		19,246	
Change in Leases Payable		<u>70,461</u>	
			1,089,586

Governmental funds report the effect of issuance costs, premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	(48,863)
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Payment for PERS UAL is recorded as an other financing use in the Governmental funds. The Government-wide statements record the prepaid pension asset.	(340,158)
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Change in Net Assets	\$	<u><u>(4,255,707)</u></u>
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The accompanying notes are an integral part of this statement.

COLUMBIA COUNTY, OREGON

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2009**

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>
	<u>TRANSFER STATION FUND</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 689,260
Accounts receivable, net	240,327
Prepays	104,499
Total current assets	<u>1,034,086</u>
Capital assets, net	<u>5,036,544</u>
Total assets	<u>\$ 6,070,630</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 445,985
Interest payable	120,637
Current portion of long-term obligations	116,852
Total current liabilities	<u>683,474</u>
Non current portion of long term liabilities	<u>4,044,276</u>
Total liabilities	<u>4,727,750</u>
Net Assets	
Invested in Capital Assets, net of related debt	875,416
Unrestricted	467,464
Total net assets	<u>1,342,880</u>
Total liabilities and net assets	<u>\$ 6,070,630</u>

The accompanying notes are an integral part of this statement.

COLUMBIA COUNTY, OREGON

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2009**

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	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS
	TRANSFER STATION FUND
<b>OPERATING REVENUES</b>	
Tipping fees	\$ 2,019,335
Miscellaneous	8,630
Total operating revenues	<u>2,027,965</u>
<b>OPERATING EXPENSES</b>	
Payroll cost	214,992
Operating expenses	1,762,977
Depreciation	142,289
Total operating expenses	<u>2,120,258</u>
Income, (Loss) From Operations	(92,293)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest income	16,338
Interest expense	<u>(212,341)</u>
Total non-operating Revenues	<u>(196,003)</u>
Change in Net Assets	(288,296)
Beginning Net Assets	<u>1,631,176</u>
Ending Net Assets	<u>\$ 1,342,880</u>

The accompanying notes are an integral part of this statement.

**COLUMBIA COUNTY, OREGON**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
For the Year Ended June 30, 2009**

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS
	TRANSFER STATION FUND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 1,944,926
Cash paid to employees and others for salaries and benefits	(214,992)
Cash paid to suppliers and others	<u>(1,656,868)</u>
Net cash provided (used) by operating activities	<u>73,066</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Intergovernmental	<u>(111,319)</u>
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(111,319)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	(3,995)
Loan payments	(212,341)
Interest expense	<u>(3,228)</u>
Net cash provided (used) by capital and related financing activities	<u>(219,564)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>16,338</u>
Net cash provided by investing activities	<u>16,338</u>
Net change in cash and cash equivalents	(241,479)
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>930,739</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u><u>\$ 689,260</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income (loss)	\$ (92,293)
Adjustments to Reconcile Operating Income (loss) to net	
Depreciation/Amortization	142,289
(Increase), Decrease in Accounts Receivable	(83,039)
Increase, (Decrease) in Accounts Payable/Accrued Liabilities	208,877
(Increase), Decrease in Prepaid Expenses	<u>(102,768)</u>
Net cash provided (used) by operating activities	<u><u>\$ 73,066</u></u>

The accompanying notes are an integral part of this statement.

**COLUMBIA COUNTY, OREGON**  
**FIDUCIARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**June 30, 2009**

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	<u>AGENCY FUNDS</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 957,308
Property tax receivable	3,728,651
Other assets	<u>494,463</u>
Total assets	<u>\$ 5,180,422</u>
 <b>LIABILITIES</b>	
Payable to inmates	\$ 15,394
Due to other governments	<u>5,165,028</u>
Total liabilities	<u>\$ 5,180,422</u>

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NOTES TO BASIC FINANCIAL STATEMENT

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**COLUMBIA COUNTY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2009

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**(1) Summary of Significant Accounting Policies**

A. Description of Reporting Entity

The County was incorporated in 1854 under the name of "Columbia County." County voters elect the Management, composed of a three-member Board of Commissioners. Other elected officials providing services for the County include Sheriff, Clerk, Assessor, Treasurer, Surveyor, District Attorney, and Justice of the Peace.

Columbia County is a primary government. A primary government is a financial reporting entity, which has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statement to emphasize it is legally separate from the government. The County has no discretely presented component units and has three blended component units described below. The blended component units are reported as special revenue funds. The blended component units have June 30 year-ends.

**Blended Component Units**

Meadowview Service District - The District provides street lighting for the Meadowview District. The County Board of Commissioners is the governing board for the District.

Columbia County 4-H & Extension Service District - The District provides educational services primarily in agriculture and home economics for County residents. In addition, the District oversees the 4-H program. The County Board of Commissioners is the governing board for the District.

Columbia County Development Agency Fund - The Agency was formed to plan, direct, and manage the Port Westward Urban Renewal Agency. The County Board has been appointed governing body of the Agency.

Complete financial statements for each component unit may be obtained at the Office of the Finance Director, 230 Strand Street, St. Helens, Oregon 97051-0100.

B. Government-Wide and Fund Financial Statements

Government-Wide Statements

The statement of net assets and the statement of activities display information about the County as a whole. These statements include all the financial activities, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The statement of activities presents a comparison between direct expenses and program revenues for each function of the governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

**COLUMBIA COUNTY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2009

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B. Government-Wide and Fund Financial Statements (continued)

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

These statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Major individual governmental funds are reported as separate columns in the fund financial statements. There are the following major governmental funds: General Fund, Road Fund, and the Development Agency Fund. Non-major funds are consolidated into a single column in the financial section of the basic financial statements and are detailed in the supplemental information.

**GOVERNMENTAL FUNDS**

General Fund

This fund accounts for the financial resources that are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, grants, and state shared revenues. Primary expenditures are for public safety, corrections, judicial, economic development, and general administration.

Special Revenue Funds

These funds account for revenues derived from specific taxes or other earmarked revenue sources, including state gas tax and state revenue sharing entitlements, which are legally restricted to expenditures for specified purposes. Funds included in this fund category are:

*Road Fund*

This fund was established as a requirement of ORS 366.542(4). Monies received from the State of Oregon (State Highway funds, gasoline tax apportionment and grants) and the general fund are the major sources of revenue. These monies are to be used for the construction and expansion, operations and maintenance, repair and preservation of County roads, streets and bridges.

*Development Agency Fund*

This fund was established to account for the revenues and expenditures of the Urban Renewal District. The fund receives its revenues from tax increments, interest, loan proceeds, and royalties.

Additionally, there are the following non-major funds within the governmental fund type.

Special Revenue Funds

*Fair Board Fund*

This fund was established as a requirement of ORS 565-325. This fund receives monies from state lottery, rentals and concessions. Admission fees from the county fair augment these revenues. The fair board is charged with the responsibility to maintain, repair and preserve the county fair grounds and buildings and support agriculture-oriented programs such as the 4-H and hold one annual county fair.

**COLUMBIA COUNTY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2009

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B. Government-Wide and Fund Financial Statements (continued)

*Children and Youth Services Fund*

This fund was established to account for the activities of the commission for children and families program according to ORS 417.760. The fund receives its revenue from state programs and grants.

*Animal Control Fund*

This fund was created under the authority of ORS 433.390. Monies are received from dog fees and animal control services. These revenues are to be used for the administration of the program and animal control.

*Corner Preservation Fund*

The Public Land Corner Preservation Fund was established under County Ordinance No. 89-16. Revenues are derived from fees charged by the County Clerk when recording instruments under ORS 205.130(2) and ORS 203.148. These fees were established to pay expenses incurred in the establishment and maintenance of corners of government survey under ORS 209.070 (5 and 6).

*Inmate Benefits Expense Fund*

This fund was established to account for profits generated from products and services sold and supplied to inmates of the County jail. These revenues are to be used exclusively in a manner benefiting the population of the jail.

*Courthouse Security Fund*

This fund accounts for revenues received from cities and courts that are a percentage of fines paid to the cities and courts. The disbursement of the funds is determined by the courthouse security committee, which is made up of the presiding Judge, Sheriff, Jail manager, Commissioner and manager of building services.

*Community Corrections Fund*

This fund was established under the Senate Bill 1145 and 156 in 1995 to account for the activities of the adult parole and probation program. The fund receives its revenue from state programs and from supervision fees.

*Law Library Fund*

This fund was established under authority of ORS 9.840 and 9.850. Revenues are received per schedule detailed in ORS 21.350 from the state court administrator. The revenue is to be used exclusively to maintain a law library at the county seat, and be available for use by litigants and attorneys without additional fees.

*Footpath and Bicycle Trail Fund*

This fund was established to provide for the operations and capital improvement needs of the County's bike paths. Revenue and other financing sources consist primarily of one percent of the County's state gasoline tax.

*County Clerk's Record Fund*

This fund was established under ORS 205.320(18). The County Clerk collects revenues to be expended for acquiring storage and retrieval systems, reimbursement of expenses incurred in collecting the fee and for maintaining and restoring records as authorized by the County Clerk.

**COLUMBIA COUNTY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2009

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B. Government-Wide and Fund Financial Statements (continued)

*Meadowview Service District*

This fund is the general fund for this special district. Under ORS 451.490, a local option tax is assessed against the property owners in this lighting district. Revenues received from this local option tax are used to pay the utilities for the street lights and the administration of this fund. The Board of Commissioners is the governing body of this special district.

*4-H Extension Service District*

The Columbia County 4-H & Extension Service District was formed in May of 1988 under provisions of the ORS 451 and provides agricultural education and other services to County residents. This fund serves to collect the revenue for the district and to distribute the revenue to and for the administration of the district, which is supervised by the Oregon State University agricultural division. The Board of Commissioners is the governing body of the service district.

*CC Rider Transportation Fund*

The Columbia County Rider Transportation Fund was established to provide transportation for Columbia County citizens. It is funded by state and federal grants and by local public entities' support. Additional revenue is generated by rider fares and Medicaid payment for senior transportation.

*County Unmet Needs Fund*

This fund was established solely by donations from the public for the Columbia County victims of the flood of December 2007. The Board of Commissioners has assumed supervisory responsibility for the actions of the board of the Unmet Needs Committee.

*Direct Pass Through Grant Fund*

This fund was set up to receive, control and disburse funds that are received for other entities under contract with the State of Oregon. The County has an oversight and fiduciary responsibility to the State.

*County Park Fund*

This fund was created by ordinance No 94-9 in December 1994. It was established to operate and maintain and expand the County Park system. The fund receives monies from the State Highway Fund, from grants, and logging revenue from County forests.

*Building Services Fund*

Per ORS 455.210.3C, building fee revenue can only be used for the operations of the building department. In order to accommodate this requirement, the building services fees and expenses were split out this year from the Land Development Services department in the general fund. As a stand-alone fund, it is cleaner to account for income and expenses according to this new ORS.

**COLUMBIA COUNTY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2009

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B. Government-Wide and Fund Financial Statements (continued)

DEBT SERVICE FUNDS

These funds are used to account for revenues and expenditures related to the servicing of general long-term debt.

*Jail Bond Fund*

This fund is used to accumulate tax revenue received from a special tax levy, which was approved by Columbia County's voters as ballot measure 5-49 on November 3, 1998. This bond levy is assessed to all County property owners. Monies received from this bond levy are used for the retirement of principal and interest on the Jail General Obligation Fund.

PROPRIETARY FUNDS

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the cost of providing the services to the general public on a continuing basis be financed primarily through user charges. Funds included in this category are:

*County Transfer Station Fund*

This fund accounts for the operations of the County's Transfer Station facility in which the County has a long term intergovernmental agreement with its Cities to process all waste generated in the County. The fund receives its revenues primarily from tipping fees.

FIDUCIARY FUNDS

Fiduciary Funds reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Fiduciary funds are used to account for assets the County holds in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The County's only fiduciary funds are agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The agency funds consist of:

*Inmate Commissary Fund*

This fund accounts for assets administered by the County on behalf and for the benefit of inmates.

*Treasurer Fund*

This fund accounts for assets held by the County Treasurer for the benefit of other districts and governments in the County.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded with the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus.

The government-wide financial statements are reported using the economic resources measurement focus and the full 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**COLUMBIA COUNTY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2009

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C. Measurement Focus and Basis of Accounting (continued)

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 within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, long-term compensated absences are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

A deferred revenue liability arises in the Governmental Funds Balance Sheet when potential revenue does not meet both the measurable and available criteria for recognition in the current period. This unavailable deferred revenue consists primarily of uncollected property taxes and assessments not deemed available to financial operation of the current period. In the government-wide Statement of Net Assets, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the liability created on Governmental Fund Balance Sheet for unavailable deferred revenue is eliminated. Note that deferred revenues also arise outside the scope of measurement focus and bases of accounting, such as when the County receives resources before it has a legal claim to them. For instance, when grant monies are received prior to the incurrence of qualifying expenditures.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as fund liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Vested compensated absences are recorded as expenditures only to the extent that they are expected to be liquidated with expendable financial resources. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long term portions of debt and compensated absences must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the governmental-wide presentation. This reconciliation is part of the financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Transfer Station Fund are charges to customers for services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and overhead, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**COLUMBIA COUNTY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2009

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C. Measurement Focus and Basis of Accounting (continued)

The proprietary financial statements have incorporated all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

D. Cash, Cash Equivalents, and Investments

The cash and investments reported on the balance sheet include petty cash, deposits with financial institutions, and the investment in the Local Government Investment Pool. Assets whose use is restricted to specific purposes by state statute are segregated on the balance sheet.

E. Receivables

Receivables are recorded on the combined balance sheet in accordance with the policies enumerated in paragraph C above. Management believes that any uncollectible accounts included in the receivable balances are not significant, and therefore no provision for uncollectible accounts has been made.

F. Supply Inventories and Prepaids

Inventories are valued at cost using first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Prepaid services are accounted for in the same manner. The consumption method is used.

G. Capital Assets and Depreciation

Capital assets include property, plant, equipment, and infrastructure assets (e.g. roads, quarries, etc.). Capital assets are reported in the government-wide financial statements. In the governmental funds statements, capital assets are charged to expenditures as purchased.

Capital assets are recorded at historical cost, or estimated historical cost if actual cost is not available. Donated fixed assets are recorded at their estimated fair market value at the time received.

Capital assets are defined as assets with an initial, individual cost of \$5,000 or more, and having useful lives extending beyond a single reporting period. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight-line basis over the following estimated useful lives:

<u>ASSET</u>	<u>YEARS</u>
Buildings & Improvements	7 - 50
Infrastructure	20 - 40
Equipment	5 - 10

**COLUMBIA COUNTY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2009

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G. Capital Assets and Depreciation (continued)

Monthly depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

H. Interfund Transactions

Amounts reported in the fund financial statements as due to/due from other funds are eliminated in the government-wide statement of net assets, except for the net residual amounts due between governmental and fiduciary funds.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

I. Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and are shown as other financial uses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as debt service expenditures.

J. Compensated Absences

All vacation pay is accrued when incurred in the government-wide statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

Funds used to liquidate accrued compensated absences included the general fund, road fund, county park fund, community corrections fund, fair board fund, children and family services fund, animal control fund, corner preservation fund, 4H extension service fund, CC Rider fund, building services fund, and transfer station fund.

K. Use of Estimates

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

**COLUMBIA COUNTY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2009

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L. Net Assets

Net assets comprise the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net assets are classified in the following three categories:

Invested in capital assets, net of related debt – consists of all capital assets, net of accumulated depreciation and reduced by any outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. A portion of Net Assets is restricted for Debt Service and for System Development.

Unrestricted net assets – consists of all other assets that are not included in the other categories previously mentioned.

M. Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as they are needed.

**(2) Stewardship, Compliance, and Accountability**

A. Budget Requirements, Compliance, and Accountability

On or before June 30 of each year, the County enacts a resolution approving the budget, appropriating the expenditures, and levying the property taxes. Prior to enacting this resolution, the proposed budget is presented to a budget committee consisting of members of the Board of Commissioners and a like number of interested citizens. The budget committee presents the budget to the Board of Commissioners for budget hearings prior to enactment of the resolution.

All funds, except the Fiduciary Funds, are budgeted. Governmental Funds are budgeted on the modified accrual basis of accounting. The board order or resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The levels of control established by the board order or resolution are total expenditures by department for the General Fund, and personal services, materials and services, capital outlay and debt service for all other funds. The detailed budget document, however, is required to contain more specific, detailed information.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. A supplemental budget requires hearings before the public, publication in newspapers and approval by the County Board of Commissioners. One supplemental budget was adopted during the year ended June 30, 2009. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the County Commissioners. Budget amounts shown in the basic financial statements include the original budget amounts, plus appropriation transfers and appropriation increases. Several appropriations transfers were made which adjusted the 08-09 budget during the year ended June 30, 2009. Some of these appropriation transfers were not approved by resolution as required by Oregon Budget Law. Appropriations lapse at the end of each fiscal year.

**COLUMBIA COUNTY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 June 30, 2009

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A. Budget Requirements, Compliance, and Accountability (continued)

The Building Services Fund reflects a budgeted beginning fund balance for FY09, although it was newly established in FY09 and did not have a carryover amount with which to budget a beginning fund balance. In order to record a beginning balance in this new fund, the beginning fund balance for the General Fund was reduced by \$570,934 and this amount was then shown as beginning fund balance in the Building Services Fund. Appropriating and changing beginning fund balances in this way is not in compliance with Oregon Budget Law. This transaction is required to be budgeted and recorded as a transfer out (use) in the General Fund and transfer in (resource) to the Building Fund. The Development Agency Fund incorrectly budgeted and recorded capital outlay expenditures as debt service expenditures.

Expenditures of the various funds were within authorized appropriations, except in the following funds: General Fund Transfers Out exceeded the budget by \$652,968; Inmate Benefit Fund Transfers Out exceeded the budget by \$40,000; Courthouse Security Fund Transfers Out exceeded the budget by \$42,000, Meadowview Fund Materials and Services exceeded the budget by \$983; and the Development Agency Fund Capital Outlay exceeded appropriations by \$1,153,002.

**(3) Cash and Cash Equivalents**

Cash management policies are governed by state statutes. A cash pool is maintained that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as Cash and Cash Equivalents. Cash and Investments (recorded at cost) consisted of:

Deposits with Financial Institutions:

Cash on hand	\$ 2,826
Deposits with financial institutions	118,899
Investments	<u>12,027,653</u>
Total Cash and Investments	<u>\$ 12,149,378</u>

Government-wide Financial Statements	\$ 11,192,070
Fiduciary Funds Financial Statements	<u>957,308</u>
Total Cash and Investments	<u>12,149,378</u>

DEPOSITS - Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

**COLUMBIA COUNTY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**(3) Cash and Cash Equivalents (continued)**

Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. The County does not have a deposit policy for custodial credit risk. At June 30, 2009, the credit union balances totaled \$133,162. Of this amount, \$33,162 was exposed to custodial credit risk because it was uninsured. No bank deposits were exposed to custodial credit risk because they were held at an approved depository as identified by Oregon State Treasury.

INVESTMENTS - State statutes authorize investment primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers and the State Treasurer's Investment Pool, among others. Investments are valued at fair value as required by GASB 31. At June 30, 2009, there is a one percent difference between the fair value in the State Treasurer's Local Governmental Investment Pool and the value of the pool shares at June 30, 2009.

As of June 30, 2009, the following investments and maturities are reported:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
State Treasurer's Investment Pool	\$ 12,027,653	\$ -	\$ 12,027,653	\$ -
Total	\$ 12,027,653	\$ -	\$ 12,027,653	\$ -

The State Treasurer's Local Government Investment Pool (LGIP), is a cash and investment pool available for use by all state funds and local governments and is maintained by the State Treasurer. The LGIP is an open-ended, no-load diversified portfolio offered to eligible participants, including any municipality, political subdivision, or public corporation of the state. Currently, there are more than 1,500 participants in the Pool. Local government pooled assets are reported as an Investment Trust Fund in Oregon's Comprehensive Annual Financial Report. The Oregon Short-Term Fund Board, established by the Oregon Legislature, advises the Oregon Investment Council and the Oregon State Treasury in the management and investments of the LGIP. The State of Oregon LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer of the Pool and it is responsible for all funds in the Pool. These funds must be invested and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Funds Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually.

A. Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date past seventeen months.

**COLUMBIA COUNTY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 June 30, 2009

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**(3) Cash and Cash Equivalents (continued)**

B. Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the value of the investment will not be able to be recovered by collateral securities that are in the possession of an outside party. The County has no investments subject to this risk. There is no formal investment policy for investment custodial credit risk.

C. Concentration of Credit Risk

To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the LGIP investment policy sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. At June 30, 2009, there was compliance with all percentage restrictions. Amounts in the State Treasurer's Local Government Investment Pool are not required by law to be collateralized.

**(4) Property Taxes**

Columbia County makes assessments of property value, and levies and collects the taxes for the County and all other taxing districts within the County. Assessments of property values are as of January 1. Taxes levied are a lien on the properties as of July 1 of each year. Taxes are due November 15 and a 3% discount is allowed for payment at this time. Uncollected taxes, including delinquent amounts, are deemed to be substantially collectible or recoverable through liens.

**(5) Interfund Transfers**

A. Interfund Transfers

Interfund transfers are used to pay administrative services provided by the general fund, provide funds for debt service, and contribute to the cost of capital projects. Transfers to and from other funds at June 30, 2009, are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 526,244	\$ 1,266,169
Road Fund	597,235	-
Non-major Governmental Funds	<u>673,934</u>	<u>531,244</u>
Total All Funds	<u>\$ 1,797,413</u>	<u>\$ 1,797,413</u>

**COLUMBIA COUNTY, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**(6) Capital Assets**

Capital asset activity for governmental activities for the year ended June 30, 2009 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Non-depreciable:				
Land	\$ 4,739,768	\$ 1,183,144	\$ -	\$ 5,922,912
Construction in Progress	9,763,324	986,734	(1,266,698)	9,483,360
Non-depreciable capital assets	<u>14,503,092</u>	<u>2,169,878</u>	<u>(1,266,698)</u>	<u>15,406,272</u>
Depreciable:				
Buildings & Improvements	19,614,087	1,134,340	(69,622)	20,678,805
Infrastructure	230,830,839	2,824,073	-	233,654,912
Equipment	6,404,186	912,420	(80,064)	7,236,542
Depreciable Capital Assets	<u>256,849,112</u>	<u>4,870,834</u>	<u>(149,686)</u>	<u>261,570,259</u>
Accumulated Depreciation:				
Buildings & Improvements	(6,390,165)	(461,518)	-	(6,851,683)
Infrastructure	(193,788,166)	(8,834,505)	-	(202,622,671)
Equipment	(5,056,301)	(460,414)	80,064	(5,436,651)
Total Accumulated Depreciation	<u>(205,234,632)</u>	<u>(9,756,437)</u>	<u>80,064</u>	<u>(214,911,005)</u>
Net Depreciable Capital Assets	<u>51,614,480</u>	<u>(4,885,603)</u>	<u>(69,622)</u>	<u>46,659,255</u>
Net Capital Assets	<u>\$ 66,117,572</u>	<u>\$ (2,715,725)</u>	<u>\$ (1,336,320)</u>	<u>\$ 62,065,527</u>

Depreciation expense for governmental activities is charged to functions as follows:

Administration	\$ 131,440
Roads and Bridges	8,986,749
Public Safety	396,609
Culture and Recreation	99,450
Economic Development	142,189
Total Governmental Activities Depreciation	<u>\$ 9,756,437</u>