

**COLUMBIA COUNTY DEVELOPMENT AGENCY  
(A COMPONENT UNIT OF COLUMBIA COUNTY)  
COLUMBIA COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2011**



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

COLUMBIA COUNTY DEVELOPMENT AGENCY  
(A COMPONENT UNIT OF COLUMBIA COUNTY)

COLUMBIA COUNTY, OREGON

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ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2011

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COLUMBIA COUNTY DEVELOPMENT AGENCY  
(A COMPONENT UNIT OF COLUMBIA COUNTY)

COLUMBIA COUNTY, OREGON

AGENCY BOARD MEMBERS AS OF JUNE 30, 2011

<u>Name</u>	<u>Term Expires</u>
Anthony Hyde, Chair	January 2013
Earl Fisher	January 2013
Henry Heimuller	January 2014

All Board Members receive mail at the address below.

ADMINISTRATION

Jennifer Cuellar-Smith, Registered Agent  
Columbia County Commissioners Office  
230 Strand Street

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COLUMBIA COUNTY DEVELOPMENT AGENCY  
(A COMPONENT UNIT OF COLUMBIA COUNTY)

COLUMBIA COUNTY, OREGON

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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

August 17, 2011

Board of Directors  
Columbia County Development Agency  
St. Helens, Oregon

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and major fund of the Columbia County Development Agency, as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the 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 overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Columbia County Development Agency, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United State of America.

The Management's Discussion and Analysis, as listed on the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 basic financial statements taken as a whole. The supplementary data, including general fund budgetary comparison which is required supplementary information, as noted in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary data has 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.

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



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## Management's Discussion and Analysis

This discussion is intended to be an easily readable analysis of the Columbia County Development Agency's (Agency) financial activities based on currently known facts, decisions and conditions. It focuses on current year activities and should be read in conjunction with the financial statements that follow.

The report consists of agency-side statements, fund financial statements, notes to the statements and supplemental information.

### AGENCY-WIDE STATEMENTS

#### Statement of Net Assets

The Statement of net Assets provides a focus on the unrestricted assets related to the Agency's governmental activities.

ASSETS	2011	2010
Cash and cash equivalents	\$ 366,650	\$ 376,296
Property Taxes Receivable	39,030	44,501
Prepays	1,162	1,162
Total Assets	406,842	421,959
LIABILITIES:		
Accounts Payable	2,700	-
Total Liabilities	2,700	-
NET ASSETS:		
Unrestricted	404,142	421,959
Total Net Assets	\$ 404,142	\$ 421,959

Net assets are slightly lower than the prior year due to this year's property taxes not quite covering current expenses – primarily loan payments – for the same period.

## Statement of Activities

The Statement of Activities focuses on the program costs and their matching resources. The urban renewal agency revenue this particular year was only slightly weighted towards property tax increments. The balance of the revenue is derived from bank interest and royalties. This Statement summarizes the extent to which the revenues exceeded or lagged behind the expenses.

GENERAL REVENUES:	2011	2010
Property taxes	\$ 463,332	\$ 44,480
Interest	2,170	10,007
Forest land sales and royalties	9,497	1,154
Total general revenues	<u>474,999</u>	<u>55,641</u>
EXPENSES:		
Governmental Activities:		
Economic Development	40,204	369,051
Debt Service	<u>452,612</u>	<u>1,672,030</u>
Total expenses	<u>492,816</u>	<u>2,041,081</u>
Change in net assets	(17,817)	(1,985,440)
NET ASSETS, BEGINNING	421,959	2,417,374
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>(9,975)</u>
NET ASSETS, ENDING	<u>\$ 404,142</u>	<u>\$ 421,959</u>

The tax increment is based on the value of the property in the designated urban renewal area which is mostly industrial property. Values for industrial properties, including utility properties, are set by the Department of Revenue and can fluctuate widely. Tax increment revenue is restricted to the repayment and administration of debt. Engineering and construction of improvements and equipment benefiting the urban renewal area are examples of expenses financed with debt to be repaid by tax increments.

## FUND FINANCIAL STATEMENTS

### Fund Statements

Following agency-wide statements is a section containing fund financials statements. For the General Fund, a Budgetary Comparison Schedule is presented as supplementary information.

### Budgetary Highlights

The budget was based on a predicted revenues and post-project completion carrying costs – primarily debt service payments.

### Capital Assets and Debt Administration

Columbia County on behalf of the Agency finalized its debt agreement for the road project with the State of Oregon Economic and Community Development Department (OECDD).

The Port of Saint Helens finalized its debt agreement was well for the water project with OECDD. A small draw is pending on that loan that will allow the final phase of the water distribution and a discharge system for the Port Westward Industrial Park to be completed.

Both of these loan repayments are guaranteed through tax increment revenue from the Urban Renewal Agency.

## NOTES AND SUPPLEMENTAL INFORMATION

### Economic Factors

The Agency, particularly during this period of economic difficulty, particularly with regards to employment, is a pivotal partner in promoting economic development in Columbia County, especially in the designated urban renewal area (Clatskanie).

### Next Year's Budgets and Rates

The Agency's budget for fiscal year 2011-12 is less than last year because of the negotiated loan amortization schedules for both the road and water loans to make \$0 payments this fiscal year.

### Financial Contact

The Agency's financial statements are designed to present users (citizens, tax payers, customers, investors and creditors) with a general overview of the Agency's finances and to demonstrate the Agency's accountability. If you have questions about the report or need additional financial information, you should contact the Agency's Finance Director at 230 Strand Street, St. Helens, Oregon 97051.

COLUMBIA COUNTY DEVELOPMENT AGENCY  
(A COMPONENT UNIT OF COLUMBIA COUNTY)

COLUMBIA COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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COLUMBIA COUNTY DEVELOPMENT AGENCY  
COLUMBIA COUNTY, OREGON

STATEMENT OF NET ASSETS  
June 30, 2011

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ASSETS	
Cash and Cash Equivalents	\$ 366,650
Property Taxes Receivable	39,030
Prepays	<u>1,162</u>
Total Assets	<u>406,842</u>
LIABILITIES:	
Accounts Payable	<u>2,700</u>
Total Liabilities	<u>2,700</u>
NET ASSETS:	
Restricted	<u>404,142</u>
Total Net Assets	<u>\$ 404,142</u>

See accompanying notes to basic financial statements.



COLUMBIA COUNTY DEVELOPMENT AGENCY  
COLUMBIA COUNTY, OREGON

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2011

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GENERAL REVENUES:

Property Taxes	\$ 463,332
Interest	2,170
Forest Land Sales and Royalties	<u>9,497</u>
Total General Revenues	<u>474,999</u>

EXPENSES:

Governmental Activities:

Economic Development	40,204
Debt Service	<u>452,612</u>
Total Expenses	<u>492,816</u>

Change in Net Assets (17,817)

NET ASSETS, BEGINNING 421,959

NET ASSETS, ENDING \$ 404,142

See accompanying notes to basic financial statements.

COLUMBIA COUNTY DEVELOPMENT AGENCY  
COLUMBIA COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUND  
June 30, 2011

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GENERAL FUND

ASSETS:

Cash and Investments	\$	366,650
Property Taxes Receivable		39,030
Prepays		<u>1,162</u>
Total Assets	\$	<u><u>406,842</u></u>

LIABILITIES:

Accounts Payable		2,700
Deferred Revenue-Property taxes		<u>39,030</u>
Total Liabilities		<u>41,730</u>

FUND BALANCE:

Nonspendable		1,162
Restricted for Urban Renewal		<u>363,950</u>
Total Fund Balance		<u>365,112</u>
Total Liabilities and Fund Balance	\$	<u><u>406,842</u></u>

Reconciliation of Governmental Fund Balance Sheet to Statement of Net Assets:

Total Fund Balance	\$	365,112
Deferred Revenue related to Property Taxes		<u>39,030</u>
Net Assets of Governmental Activities	\$	<u><u>404,142</u></u>

See accompanying notes to basic financial statements.

COLUMBIA COUNTY DEVELOPMENT AGENCY  
COLUMBIA COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND  
For the Year Ended June 30, 2011

---

GENERAL FUND

	<u>ACTUAL</u>
REVENUES:	
Property Taxes	\$ 468,803
Interest on Investments	2,170
Forest, Land, Sales & Royalties	<u>9,497</u>
Total Revenues	<u>480,470</u>
EXPENDITURES:	
Debt Service	452,612
Materials and Service	<u>40,204</u>
Total Expenditures	<u>492,816</u>
Net Changes in Fund Balances	(12,346)
FUND BALANCES, BEGINNING	<u>377,458</u>
FUND BALANCES, ENDING	<u>\$ 365,112</u>

See accompanying notes to basic financial statements.

COLUMBIA COUNTY DEVELOPMENT AGENCY  
COLUMBIA COUNTY, OREGON

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - GOVERNMENTAL FUND TO STATEMENT OF ACTIVITIES

For the year ended June 30, 2011

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

Net change in fund balance - total governmental fund	\$	(12,346)
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund. This is the effect of the change in property taxes receivable during the year.		<u>(5,471)</u>
Changes in net assets of governmental activities	\$	<u>(17,817)</u>

See accompanying notes to basic financial statements.

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COLUMBIA COUNTY DEVELOPMENT AGENCY  
(A COMPONENT UNIT OF COLUMBIA COUNTY)

COLUMBIA COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

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COLUMBIA COUNTY DEVELOPMENT AGENCY

COLUMBIA COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

Columbia County Development Agency (the Agency) (a component unit of Columbia County) was organized in June 2001, with an effective date of September 2001, under the provisions of the Oregon Revised Statutes, Chapter 457, to provide rehabilitation of blighted and deteriorated areas within the County's designated urban renewal area. The fiscal year ended June 30, 2003, was the first year property taxes were levied. As provided by ORS 457, the Board of County Commissioners of Columbia County is designated as the governing body of the Columbia County Urban Renewal Agency. Principal funding sources are property tax revenues and interest earnings. Fiscal and accounting functions are handled by personnel of Columbia County.

The Agency is a legally separate entity governed by the Board of County Commissioners. The Agency Board of Commissioners is not financially accountable for any other governmental entity. Financial accountability is determined in accordance with criteria set forth in accounting principles generally accepted in the United States of America, primarily on the basis of authority to appoint the voting majority of the governing board, ability to impose its will on that organization, the potential for that organization to provide specific benefits or impose specific financial burdens and that organization's fiscal dependency. The Agency is a component unit of Columbia County due to the fact that the Board of County Commissioners of Columbia County are the governing body and as such, are able to impose their will on the Agency. Therefore, the Agency is included in the financial statements of Columbia County for the year ended June 30, 2011.

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

Government-wide financial statements consist of the statement of net assets and the statement of activities display information as a whole. Funds are used to report financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and 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. 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. There is only one fund which is a governmental fund.



COLUMBIA COUNTY DEVELOPMENT AGENCY

COLUMBIA COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

The financial transactions are recorded in the General fund. The fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures or expenses.

*General Fund* - The General Fund is used to record expenditures related to capital improvements projects. Major sources of revenue and other financing sources are specific taxes that are legally restricted to expenditures for specific purposes.

*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 depreciation – consists of all capital assets, net of accumulated depreciation. There were no net assets invested in capital assets at June 30, 2011.

Restricted – consists of external constraints placed on net asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe which transactions are recorded within 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the 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. Revenues are considered 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. 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 government-wide presentation.

COLUMBIA COUNTY DEVELOPMENT AGENCY

COLUMBIA COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BUDGETS

On or before June 30 of each year a resolution is adopted 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 and a like number of interested citizens. The budget committee presents the budget to the Board for budget hearings prior to enactment of the resolution. All funds are budgeted as required by Oregon Local Budget Law.

While financial position, results of operations, and changes in fund balance/net assets are reported on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis of accounting differs from generally accepted accounting principles. The budgetary basis of accounting is substantially the same as generally accepted accounting principles in the United States of America with the exception that property taxes are recorded as revenue when received.

The resolution authorizing appropriations for the General Fund sets the legal level of control by which expenditures cannot legally exceed appropriations. Expenditure categories of personal services, materials and services, capital outlay, debt service transfers, and contingency are the legal level of control for the General Fund. The detail budget document, however, is required to contain more specific information for the above mentioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and adoption by the Board. Management may modify original and supplemental budgets by the use of appropriation transfers between the legal levels of control within a fund. Such transfers require approval by the Board. Management may not amend the budget without seeking the approval of the Board. Appropriations lapse as of year-end. At year-end, all expenditures were within authorized appropriations.

E. PROPERTY TAXES RECEIVABLE AND PROPERTY TAX CALENDAR

Property taxes receivable is recorded to indicate the amount of uncollected taxes receivable in the future. Such taxes are offset by a liability to indicate that these amounts have to be recorded as receipts. Ad valorem property taxes are levied and become a lien on all taxable property as of July 1. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Taxes are billed and collected by Columbia County and remittances are made at periodic intervals.

F. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COLUMBIA COUNTY DEVELOPMENT AGENCY

COLUMBIA COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. RECEIVABLES AND PAYABLES

Uncollected property taxes are shown in the government wide statement of net assets. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. Property taxes collected within approximately sixty days of fiscal year- end are recognized as revenue.

The remaining balance of taxes receivable is recorded as deferred revenue because it is not deemed available to finance operations of the current period.

H. FUND EQUITY

In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.
- Unassigned fund balance is the residual classification of the General Fund.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

COLUMBIA COUNTY DEVELOPMENT AGENCY

COLUMBIA COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

State statutes govern cash management policies. Statutes authorize investing in bankers' acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

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.

There were deposits at June 30, 2011, which were included in the cash that is pooled with Columbia County. Please refer to Columbia County's basic financial statements, issued under separate cover, for additional information pertaining to the nature and collateralization of the County's cash and investments.

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. The fair value in the State Treasurer's Local Governmental Investment Pool approximates the cash value of the pooled shares at June 30, 2011. Cash and investments are pooled with Columbia County. Please refer to Columbia County's basic financial statements, issued under separate cover, for additional information pertaining to the nature and categorization of investments.

As of June 30, 2011, the following investments and maturities are reported:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>		
		<u>Less than 3</u>	<u>3-17</u>	<u>18-59</u>
State Treasurer's Investment Pool	\$ 366,650	\$ 366,650	\$ -	\$ -
Total	\$ 366,650	\$ 366,650	\$ -	\$ -

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. 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. In addition, the Columbia County Treasury Pool is utilized under the warrant system as well as maintaining deposits from property tax collection proceeds.

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2011, none of the bank balance was exposed to custodial credit risk because it was either insured or collateralized.

COLUMBIA COUNTY DEVELOPMENT AGENCY

COLUMBIA COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

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2. CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

This is the risk of exposure of the investments to fair value losses arising from increasing interest rates. There is no formal investment policy that limits investment maturities. State policies are followed.

Concentration Risk

Concentration risk is the risk of loss due to a large portion of investments with a single issuer. At June 30, 2011, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

3. DEFERRED REVENUE

Deferred revenue as of June 30, 2011 consists of uncollected property taxes not deemed available to finance operations of the current period.

4. RISK MANAGEMENT

There is exposure to various risks of loss related to: torts, errors and omissions; and natural disasters. Commercial insurance is purchased to minimize exposure to these risks. There has been no reduction in commercial insurance coverage from fiscal year 2010 to 2011. Settled claims for have not exceeded this commercial coverage.

5. COMMITMENTS

Tax increment revenues are pledged to repay a loan made to Columbia County for infrastructure improvements at Port Westward. The Oregon Economic & Community Development Department (OECDD) has supported the development of the Agency by committing loans in the amount of \$5,746,893 for access and road corridor improvements. The loan was finalized in FY2011 at 4.99% interest and will be repaid with tax increment revenues. Columbia County is fully responsible for the debt, and no obligation has been recorded in the Agency's financial statements.

Tax increment revenues are pledged to repay a loan from OECDD incurred by the Port of St. Helens to build a water intake and discharge system in the plan area. The loan is a construction loan with a 25 year term, 5% interest, with a maximum loan amount of \$8,668,500. The loan was finalized in FY2011 with provisions for amending the amortization table should the Port make any additional draw(s) against their maximum loan amount. The Port of St. Helens is fully responsible for the debt, and no obligation has been recorded in the Agency's financial statements.

COLUMBIA COUNTY DEVELOPMENT AGENCY  
(A COMPONENT UNIT OF COLUMBIA COUNTY)

COLUMBIA COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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COLUMBIA COUNTY DEVELOPMENT AGENCY  
COLUMBIA COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GOVERNMENTAL FUND  
 For the Year Ended June 30, 2011

GENERAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES:</b>				
Property Taxes	\$ 444,000	\$ 444,000	\$ 468,803	\$ 24,803
Interest on Investments	2,020	2,020	2,170	150
Forest, Land, Sales & Royalties	-	-	9,497	9,497
<b>Total Revenues</b>	<u>446,020</u>	<u>446,020</u>	<u>480,470</u>	<u>34,450</u>
<b>EXPENDITURES:</b>				
Debt Service	454,815	454,815 (1)	452,612	2,203
Materials and Service	150,000	150,000 (1)	40,204	109,796
Contingency	327,205	327,205 (1)	-	327,205
<b>Total Expenditures</b>	<u>932,020</u>	<u>932,020</u>	<u>492,816</u>	<u>437,001</u>
<b>Net Changes in Fund Balances</b>	<u>(486,000)</u>	<u>(486,000)</u>	<u>(12,346)</u>	<u>473,654</u>
<b>FUND BALANCES, BEGINNING</b>	<u>586,000</u>	<u>586,000</u>	<u>377,458</u>	<u>(208,542)</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 365,112</u>	<u>\$ 265,112</u>

(1) Appropriation Level



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COLUMBIA COUNTY DEVELOPMENT AGENCY  
(A COMPONENT UNIT OF COLUMBIA COUNTY)

COLUMBIA COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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COLUMBIA COUNTY DEVELOPMENT AGENCY  
COLUMBIA COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES  
 OF TAXES UNCOLLECTED  
 For the Year Ended June 30, 2011

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/10	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/11
Current:						
2010-2011	\$ 482,004	\$ 11,636	\$ (3,610)	\$ 274	\$ 442,563	\$ 23,921
Prior Years:						
2009-2010	1,913	-	68	47	861	1,073
2008-2009	2,096	-	108	111	888	1,316
2007-2008	36,846	-	2,124	5,180	27,280	11,690
2006-2007	3,145	-	643	679	3,131	657
Prior	500	-	13	444	138	375
Total Prior	44,500	-	2,956	6,461	32,298	15,111
Total	<u>\$ 526,504</u>	<u>\$ 11,636</u>	<u>\$ (654)</u>	<u>\$ 6,735</u>	<u>\$ 474,861</u>	<u>\$ 39,030</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 474,861
Accrual of Receivables:	
June 30, 2010	7,401
June 30, 2011	(12,463)
Taxes in Lieu	(997)
Total Revenue	<u>\$ 468,803</u>

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COLUMBIA COUNTY DEVELOPMENT AGENCY  
(A COMPONENT UNIT OF COLUMBIA COUNTY)

COLUMBIA COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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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

August 17, 2011

## Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of Columbia County Development Agency as of and for the year ended June 30, 2011, and have issued our report thereon dated August 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

### Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the Columbia County Development Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

### OAR 162-10-0230 Internal Control

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

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

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



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