

**COLUMBIA COUNTY DEVELOPMENT AGENCY
(A Component Unit of Columbia County)**

Financial Statements

For the Year Ended June 30, 2019

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Independent Auditor's Report

**To the Board of Commissioners
Columbia County Development Agency
Columbia County, Oregon**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities and major fund of Columbia County Development Agency (the Agency), a component unit of Columbia County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Columbia County Development Agency, as of June 30, 2019, and the respective changes in financial position and budgetary comparison for the general fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The schedule of property tax transactions and balance of taxes withheld (the Schedule) is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

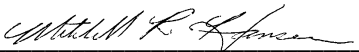
The Schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

As discussed in Note 1, the financial statements present only Columbia County Development Agency and do not proprot to, and do not, present fairly the financial position of Columbia County as of June 30, 2019 and the changes in its financial position, where applicable, for the period then ended in conformity with accounting principles generally accepted in the United States of America.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 27, 2019, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2019 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

By: 

Mitchell R. Hansen, Shareholder
December 27, 2019

COLUMBIA COUNTY DEVELOPMENT AGENCY

**Management's Discussion and Analysis
For the Year Ended June 30, 2019**

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-wide statements, fund financial statements and notes to the statements. Other supplementary information in addition to the basic financial statements is also contained in this report.

Agency-Wide Statements

Statement of Net Position

The Statement of Net Position provides a focus on the assets restricted for economic development activities, the urban renewal Agency's governmental activity as of June 30, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and cash equivalents	\$ 4,522,494	\$ 1,970,138
Property taxes receivable	<u>173,868</u>	<u>195,970</u>
Total Assets	4,696,362	2,166,108
Liabilities:		
Accounts payable	<u>10,699</u>	<u>10,636</u>
Total Liabilities	10,699	10,636
Net Position:		
Restricted for urban renewal	<u>4,685,663</u>	<u>2,155,472</u>
Total Net Position	<u>\$ 4,685,663</u>	<u>\$ 2,155,472</u>

COLUMBIA COUNTY DEVELOPMENT AGENCY

**Management’s Discussion and Analysis (Continued)
For the Year Ended June 30, 2019**

Agency-Wide Statements (Continued)

Statement of Activities

The statement of activities focuses on the program costs and their matching resources. The Agency’s revenue is primarily earned thru property tax increments. Property tax levels can vary significantly from year to year because a small number of utility or industrial payers drive this revenue; a change in enterprise zone status and/or tax valuation translates directly to a change in the revenue outlook.

As expected, this year showed strong property tax revenue, more than sufficient to cover debt service obligations. The increase of \$319,670 in property tax (11% relative last year) is due to fiscal year 2019 being the fourth property tax year of a new utility facility which is the beneficiary of a 15-year Strategic Investment Program tax abatement granted the project.

The Agency’s share of County proceeds from gas royalties and timber sales increased over last year due to higher county-wide revenues in these categories. The balance of the revenue is derived from bank and investment interest.

This Statement summarizes the extent to which the revenues exceeded or lagged behind the expenses for the years ended June 30, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
General Revenues:		
Property taxes	\$ 3,130,264	\$ 2,810,594
Interest on investments	80,602	26,483
Forest, land sales and royalties	<u>161,655</u>	<u>43,510</u>
Total General Revenues	3,372,521	2,880,587
Expenses:		
Governmental activities-		
Economic development	66,626	63,620
Debt service	756,954	756,954
Special payments-		
Debt service (scheduled and additional)		1,173,520
District management	<u>18,750</u>	<u>17,872</u>
Total Expenses	<u>842,330</u>	<u>2,011,966</u>
Change in Net Position	2,530,191	868,621
Net position, beginning	<u>2,155,472</u>	<u>1,286,851</u>
Net Position, Ending	<u><u>\$ 4,685,663</u></u>	<u><u>\$ 2,155,472</u></u>

COLUMBIA COUNTY DEVELOPMENT AGENCY

Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2019

Agency-Wide Statements (Continued)

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 Oregon Department of Revenue and can fluctuate. Some years, as was the case five years ago, valuations may dip below the established frozen value and no current tax increment revenue is generated. 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 the agency-wide statements is a section containing fund financials statements. For the general fund, a Budgetary Comparison Schedule is presented as required supplementary information.

Budgetary Highlights

The budget was based on predicted revenues and the carrying costs of the entity.

Capital Assets and Debt Administration

The Port of Columbia County holds the loan for the water project with OECD. The loan came in at a lower level than the allowable amount set aside for the project, the water distribution and discharge system for the Port Westward Industrial Park, at \$8,095,121.

These loan repayments are guaranteed through tax increment revenue from the Agency.

Notes and Supplemental Information

Economic Factors

The Agency is a pivotal partner in promoting economic development in Columbia County, especially in the designated urban renewal area located near the City of Clatskanie. During fiscal year 2015, construction of a new utility facility was completed in the urban renewal area.

Next Year's Budgets and Rates

The Agency's budget of \$7.1 million dollars for fiscal year 2019-20 is similar to the budget for this past year just audited. Property tax levels are such that debt service is financed by tax increment finance revenues.

COLUMBIA COUNTY DEVELOPMENT AGENCY

**Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2019**

Notes and Supplemental Information (Continued)

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, please contact the Agency's Finance Director at 230 Strand Street, St. Helens, Oregon 97051.

COLUMBIA COUNTY DEVELOPMENT AGENCY

Statement of Net Position
June 30, 2019

Assets:

Cash and cash equivalents	\$ 4,522,494
Property taxes receivable	<u>173,868</u>

Total Assets 4,696,362

Liabilities:

Current-	
Accounts payable	<u>10,699</u>

Total Liabilities 10,699

Net Position:

Unrestricted	<u>4,685,663</u>
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Total Net Position \$ 4,685,663

See accompanying notes.

COLUMBIA COUNTY DEVELOPMENT AGENCY

**Statement of Activities
For the Year Ended June 30, 2019**

General Revenues:

Property taxes	\$ 3,130,264
Interest	80,602
Forest, land sales and royalties	<u>161,655</u>

Total General Revenues **3,372,521**

Expenses:

Governmental activities-	
Economic development	66,626
Debt service on behalf of other governments	756,954
District management - special payment	<u>18,750</u>

Total Expenses **842,330**

Change in Net Position **2,530,191**

Net position, beginning of year 2,155,472

Net Position, End of Year **\$ 4,685,663**

COLUMBIA COUNTY DEVELOPMENT AGENCY

Balance Sheet
Governmental Fund
June 30, 2019

	General Fund
Assets:	
Cash and investments	\$ 4,522,494
Property taxes receivable	<u>173,868</u>
Total Assets	<u>\$ 4,696,362</u>
Liabilities:	
Accounts payable	<u>\$ 10,699</u>
Total Liabilities	10,699
Deferred Inflows of Resources:	
Unavailable revenue - property taxes	<u>132,903</u>
Total Deferred Inflows of Resources	132,903
Fund Balance:	
Unassigned	<u>4,552,760</u>
Total Fund Balance	<u>4,552,760</u>
Total Liabilities Deferred Inflows of Resources and Fund Balance	<u>\$ 4,696,362</u>
Reconciliation of Governmental Fund Balance Sheet to Statement of Net Position:	
Total fund balance	\$ 4,552,760
Unavailable revenue - property taxes	<u>132,903</u>
Net Position of Governmental Activities	<u>\$ 4,685,663</u>

See accompanying notes.

COLUMBIA COUNTY DEVELOPMENT AGENCY

**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2019**

	<u>General Fund</u>
Revenues:	
Property taxes	\$ 3,193,331
Interest on investments	80,602
Forest, land sales and royalties	<u>161,655</u>
Total Revenues	3,435,588
Expenditures:	
Debt service on behalf of other governments	756,954
Materials and service	66,626
District management - special payment	<u>18,750</u>
Total Expenditures	<u>842,330</u>
Changes in Fund Balance	2,593,258
Fund balances - beginning of year	<u>1,959,502</u>
Fund Balances - End of year	<u>\$ 4,552,760</u>

See accompanying notes.

COLUMBIA COUNTY DEVELOPMENT AGENCY

**Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2019**

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 \$ 2,593,258

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 unavailable revenue - property taxes during the year. (63,067)

Changes in Net Position of Governmental Activities \$ 2,530,191

COLUMBIA COUNTY DEVELOPMENT AGENCY

Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual
 Governmental Fund
 For the Year Ended June 30, 2019

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Revenues:				
Property taxes	\$ 2,708,166	\$ 2,708,166	\$ 3,193,331	\$ 485,165
Interest on investments	10,000	10,000	80,602	70,602
Forest, land sales and royalties	10,000	10,000	161,655	151,655
Total Revenues	2,728,166	2,728,166	3,435,588	707,422
Expenditures:				
Debt service on behalf of other governments	956,955	956,955 (1)	756,954	(200,001)
Materials and service	62,141	62,141 (1)	66,626	4,485
Contingency	3,399,850	3,399,850 (1)		(3,399,850)
District management - special payment	80,000	80,000	18,750	(61,250)
Total Expenditures	4,498,946	4,498,946	842,330	(3,656,616)
Net Changes in Fund Balances	(1,770,780)	(1,770,780)	2,593,258	4,364,038
Fund balances - beginning of year	1,770,780	1,770,780	1,959,502	188,722
Fund Balances - End of Year	\$ -	\$ -	\$ 4,552,760	\$ 4,552,760

(1) Appropriation level.

COLUMBIA COUNTY DEVELOPMENT AGENCY

Notes to Financial Statements For the Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Columbia County Development Agency (the Agency) have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The Agency is an urban renewal agency of Columbia County (the County). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting standards.

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 (ORS), 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 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 of Columbia County. 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 is the governing body and as such, is able to impose its will on the Agency on the basis of budget adoption, taxing authority, and funding.

Government-Wide Financial Statements (GWFS) - Government-wide financial statements consist of the statement of net position 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. Taxes, interest and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are provided for all governmental funds.

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.

COLUMBIA COUNTY DEVELOPMENT AGENCY

Notes to Financial Statements For the Year Ended June 30, 2019

Note 1 - Continued

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.

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.

The financial transactions are recorded in the general fund. The general 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.

Fund Balance - In the fund financial statements, the fund balance for governmental funds is reported in 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.

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.

COLUMBIA COUNTY DEVELOPMENT AGENCY

Notes to Financial Statements For the Year Ended June 30, 2019

Note 1 - Continued

There were no restricted, nonspendable, committed or assigned fund balances at year end.

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.

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. The budget is adopted on the modified accrual basis of accounting.

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.

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.

Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and Payables - Uncollected property taxes are reported as receivables in the government wide statement of net position. 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 thirty days of fiscal year end are recognized as revenue.

COLUMBIA COUNTY DEVELOPMENT AGENCY

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 1 - Continued

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

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net positions that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government does not have an item that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred Inflows - Unavailable Revenue as of June 30, 2019 consists of uncollected property taxes not deemed available to finance operations of the current period.

Note 2 - Cash and Investments

Oregon 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, 2019, which were included in the cash that is pooled with Columbia County.

Investments - Oregon 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, 2019. Cash and investments are pooled with Columbia County.

As of June 30, 2019, the following investments and maturities are reported:

Investment Type	Investment Maturities (in Months)		
	Less Than 3	3 - 17	18 - 59
State Treasurer's Investment Pool	\$ 4,522,494	\$ -	\$ -

COLUMBIA COUNTY DEVELOPMENT AGENCY

Notes to Financial Statements For the Year Ended June 30, 2019

Note 2 - Continued

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. At June 30, 2019, the fair value of the Agency's position in the pool is the same as the value of pool shares, which approximates cost.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

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, 2019, none of the bank balance was exposed to custodial credit risk because it was either insured or collateralized.

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, 2019, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

Note 3 - 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 2018 to 2019. There were no claims against the Agency during the year ended June 30, 2019.

Note 4 - Commitments

Tax increment revenues are pledged to repay a loan from the Oregon Economic and Community Development Department 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 at 5% interest. The final loan document was signed in fiscal year 2013 for a total of \$8,095,122. The Port of St. Helens is the counter party to the loan contract with the State of Oregon's Infrastructure Finance Authority.

Note 5 - Tax Abatements

The Agency is a taxing district in Columbia County. As of June 30, 2019, Columbia County provides tax abatements through two programs: Enterprise Zone and Strategic Investment.

COLUMBIA COUNTY DEVELOPMENT AGENCY

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 5 - Continued

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

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

Strategic Investment (ORS 3285C.600) - The purpose of the Strategic Investment program is to improve employment in areas where eligible projects are to be located and urges business firms that will benefit from an eligible project to hire employees from the region in which the eligible project is to be located whenever practicable.

In order to be eligible for the SIP exemption:

- The project must be an eligible project;
- Benefit a traded sector industry as defined in ORS 285B.280; and
- The total cost of the project equals or exceeds:
 - \$100 million; or
 - \$25 million, for rural areas.

For the fiscal year ended June 30, 2019, Columbia County's abatement programs had the following effect on the Agency's property tax collections:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Enterprise Zone (ORS 285C.175)	\$ 17,782
Strategic Investment Program (ORS 285C.600)	<u>722,042</u>
	<u>\$ 739,824</u>

SUPPLEMENTARY INFORMATION

COLUMBIA COUNTY DEVELOPMENT AGENCY

**Schedule of Property Tax Transactions and Balances of Taxes Uncollected
For the Year Ended June 30, 2019**

<u>Tax Year</u>	<u>Original Levy or Balance Uncollected at July 1, 2018</u>	<u>Deduct Discounts</u>	<u>Adjustments to Rolls</u>	<u>Interest</u>	<u>Cash Collections by County Treasurer</u>	<u>Balance Uncollected or Unsegregated at June 30, 2019</u>
Current:						
2018-19	<u>\$ 3,195,502</u>	<u>\$ 84,775</u>	<u>\$ (19,978)</u>	<u>\$ 1,136</u>	<u>\$ 3,037,688</u>	<u>\$ 91,880</u>
Prior Years:						
2017-18	92,177	5	(5,231)	2,765	52,725	41,913
2016-17	47,760	100	(4,064)	2,519	23,640	25,565
2015-16	26,940	76	(6,110)	3,334	20,746	8,893
2014-15	18,442	197	(3,450)	2,013	15,832	3,850
Prior	<u>10,650</u>	<u>188</u>	<u>(277)</u>	<u>697</u>	<u>8,275</u>	<u>1,767</u>
Total Prior Years	<u>195,970</u>	<u>567</u>	<u>(19,131)</u>	<u>11,329</u>	<u>121,218</u>	<u>81,988</u>
Total	<u>\$ 3,391,472</u>	<u>\$ 85,342</u>	<u>\$ (39,109)</u>	<u>\$ 12,464</u>	<u>\$ 3,158,906</u>	<u>\$ 173,868</u>
Reconciliation to Revenue:						
Cash collections by County Treasurer above						\$ 3,158,906
Accrual of receivables- June 30, 2018						(195,970)
June 30, 2019						173,868
Unearned revenue- June 30, 2018						195,970
June 30, 2019						(132,903)
Other taxes						<u>(6,540)</u>
Total Revenue						<u>\$ 3,193,331</u>

See independent auditor's report.

INDEPENDENT AUDITOR'S REPORT REQUIRED BY FEDERAL AND STATE REGULATIONS

Independent Auditor's 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, 2019, and have issued our report thereon dated December 27, 2019. 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:

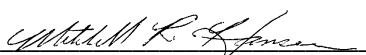
- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public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

By: 
Mitchell R. Hansen, Shareholder
December 27, 2019



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

Independent Auditor's Report

**To the County Commissioners
Columbia County Development Agency
St. Helens, Oregon**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbia County Development Agency as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 27, 2019.

Internal Control Over Financial Reporting

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

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

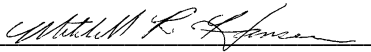
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

By: 
Mitchell R. Hansen, Shareholder
December 27, 2019