CLATSOP COUNTY 4-H AND EXTENSION SERVICE DISTRICT

Astoria, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2019

CLATSOP COUNTY 4-H AND EXTENSION SERVICE DISTRICT
Astoria, Oregon

DISTRICT OFFICIALS

June 30, 2019

BOARD OF COMMISSIONERS

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Don Bohn, County Manager
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CLATSOP COUNTY 4-H AND EXTENSION SERVICE DISTRICT
Astoria, Oregon

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June 30, 2019

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FINANCIAL SECTION

KOONTZ, BLASQUEZ & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Clatsop County 4-H and Extension Service District
Astoria, Oregon 97103

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Clatsop County 4-H and Extension Service District, Astoria, Oregon, a component unit of Clatsop County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Clatsop County 4-H and Extension Service District's 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 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 entity's 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 entity's 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.

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(541) 926-5543 • (541) 967-9460 fax

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 the major fund of Clatsop County 4-H and Extension Service District, Astoria, Oregon as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 29, respectively, 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 management's discussion and analysis 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 management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clatsop County 4-H and Extension Service District's basic financial statements. The schedule of property tax transactions is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The aforementioned information is the responsibility of management, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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.

Koontz, Blasquez & Associates, P.C.

By: _____
Debra L. Blasquez, CPA

Albany, Oregon
December 27, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLATSOP COUNTY 4-H AND EXTENSION SERVICE DISTRICT
Astoria, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

INTRODUCTION

As management of Clatsop County 4-H and Extension Service District, Astoria, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2019, total net position of Clatsop County 4-H and Extension Service District amounted to $354,682. Of this amount, $12,805 was invested in capital assets and the remaining balance of $341,877 was unrestricted.

- The District's total net position decreased by $32,511 during the current fiscal year.

- Overall expenditures were $462,092, which exceeded total revenues of $429,581 by $32,511.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Clatsop County 4-H and Extension Service District's basic financial statements. The District'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 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 the District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position 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).

The government-wide financial statements can be found on pages 10 through 11 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The only fund of Clatsop County 4-H and Extension Service District is a governmental fund.

- **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 available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing 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 the 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 District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

  The District maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, which is considered to be a major governmental fund.

  Clatsop County 4-H and Extension Service District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

  The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 16 through 28 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes budgetary comparison information for the General Fund. This required supplementary information can be found on page 28 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2019, the District's assets exceeded liabilities by $354,682.

A portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

District's Net Position

At the end of the current fiscal year, the District was able to report positive balances in all categories of net position. The District's net position decreased by $32,511 during the current fiscal year.

Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Governmental Activities	
	2019	2018
Assets		
Current assets	$ 432,558	$ 395,934
Net capital assets	12,805	13,517
Total assets	445,363	409,451
Liabilities		
Current liabilities	87,585	22,258
Noncurrent liabilities	3,096	-
Total liabilities	90,681	22,258
Net position		
Net investment in capital assets	12,805	13,517
Unrestricted	341,877	373,676
Total net position	$ 354,682	$ 387,193

District's Changes in Net Position

The condensed statement of activities information shown below explains changes in net position.

Condensed Statement of Activities

	Governmental Activities	
	2019	2018
General revenues		
Property taxes	$ 318,595	$ 309,712
Other taxes	7,854	8,095
Timber and land sales	91,185	129,006
Investment earnings	11,947	7,101
Total revenues	429,581	453,914
Program expenses		
Education	462,092	414,753
Change in net position	(32,511)	39,161
Net position - beginning of year	387,193	348,032
Net position - end of year	$ 354,682	$ 387,193

FINANCIAL ANALYSIS OF THE DISTRICT'S FUND

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the District's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental fund reported a fund balance of $327,597, a decrease of $30,016 from the prior year. This total amount constitutes unassigned fund balance, which is available for spending at the District's discretion.

The 8.4% decrease in total fund balance can be attributed to a decrease in timber revenue.

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget amounts.

CLATSOP COUNTY 4-H AND EXTENSION SERVICE DISTRICT
Astoria, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The table below compares revenues and expenditures of the District to budgeted amounts used by the District to monitor performance during the year. The overall change in fund balance was budgeted at a net decrease of $223,580. Total actual expenditures exceeded total revenues by $30,016. The favorable variance of $193,564 can be attributed to expenditures being less than anticipated.

	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues			
Property taxes	$ 310,270	$ 320,378	$ 10,108
Other taxes	6,500	7,854	1,354
Timber and land sales	84,420	91,185	6,765
Investment earnings	1,500	11,947	10,447
Miscellaneous	24,000	-	(24,000)
Total revenues	426,690	431,364	4,674
Expenditures			
4-H and Extension			
Current			
Materials and services	503,920	461,380	(42,540)
Capital outlay	45,000	-	(45,000)
Contingency	101,350	-	(101,350)
Total expenditures	650,270	461,380	(188,890)
Excess (deficiency) of revenues over (under) expenditures	(223,580)	(30,016)	193,564
Fund balance - beginning	223,580	357,613	134,033
Fund balance - ending	$ -	$ 327,597	$ 327,597

The following denotes explanations for some of the major variances between budgeted and actual amounts above:

- Other taxes were budgeted for $6,500. Actual revenue was $7,854 (20.8% over budget). This increase is the result of a shared service fund in accordance with ORS 285C.635 and ORS 285C.639. This amount varies every year and, therefore, Clatsop County cannot anticipate what actual revenues will be.

- Investment earnings were budgeted for $1,500. Actual revenue was $11,947 (696.5% over budget) due to significant increases in investment earnings as a result of the economic upturn.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2019 amounted to $12,805, net of accumulated depreciation. This investment in capital assets includes buildings and improvements, equipment and vehicles, furniture and fixtures, and computer equipment. The total depreciation expense related to the District's investment in capital assets for its governmental activities during the current fiscal year was $712.

Additional information on the District's capital assets can be found in Note III-C on pages 25 through 26 of this report.

Long-Term Debt

At the end of the current fiscal year, the District had total debt outstanding of $7,224. This amount represents a capital lease. The District's total debt outstanding decreased by $4,128 during the current fiscal year.

Additional information on the District's long-term debt can be found in Note III-E on pages 26 through 27 of this report.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could affect its future financial health:

- The District plans to continue to accumulate funds in unassigned fund balance for the future purchase of facilities and equipment.

- The District expects an increase in contractual services costs associated with contractual obligations with Oregon State University.

These factors were considered in preparing the District's budget for fiscal year 2019-2020.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be directed to the following address: Monica Steele, Clatsop County Budget and Finance, 800 Exchange Street, Suite 310, Astoria, Oregon 97103.

BASIC FINANCIAL STATEMENTS

CLATSOP COUNTY 4-H AND EXTENSION SERVICE DISTRICT
Astoria, Oregon

STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	$ 407,197
Property taxes receivable	18,137
Loan receivable	7,224
Total current assets	432,558
Capital assets, net of accumulated depreciation	12,805
Total assets	445,363
LIABILITIES	
Current liabilities	
Accounts payable	83,441
Accrued payroll and taxes	16
Long-term liabilities, current portion	4,128
Total current liabilities	87,585
Noncurrent liabilities	
Long-term liabilities, less current portion	3,096
Total liabilities	90,681
NET POSITION	
Net investment in capital assets	12,805
Unrestricted	341,877
Total net position	$ 354,682

The accompanying notes are an integral part of these financial statements.

CLATSOP COUNTY 4-H AND EXTENSION SERVICE DISTRICT
Astoria, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities					
Education	$ 462,092	$ -	$ -	$ -	$ (462,092)
General revenues					
Property taxes					318,595
Other taxes					7,854
Timber and land sales					91,185
Investment earnings					11,947
Total general revenues					429,581
Change in net position					(32,511)
Net position - beginning					387,193
Net position - ending					$ 354,682

The accompanying notes are an integral part of these financial statements.

CLATSOP COUNTY 4-H AND EXTENSION SERVICE DISTRICT
Astoria, Oregon

BALANCE SHEET

GOVERNMENTAL FUND

June 30, 2019

	General Fund
ASSETS	
Cash and cash equivalents	$ 407,197
Property taxes receivable	18,137
Total assets	$ 425,334
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities	
Accounts payable	$ 83,441
Accrued payroll and taxes	16
Total liabilities	83,457
Deferred inflows of resources	
Unavailable revenue - property taxes	14,280
Fund balance	
Unassigned	327,597
Total liabilities, deferred inflows of resources, and fund balance	$ 425,334

The accompanying notes are an integral part of these financial statements.

CLATSOP COUNTY 4-H AND EXTENSION SERVICE DISTRICT
Astoria, Oregon

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

For the Year Ended June 30, 2019

Total fund balance		$ 327,597
Loans receivable are not available as current financial resources and are therefore not reported as assets in the governmental funds.		7,224
Capital assets are not financial resources and are therefore not reported in the governmental fund:		
Cost	98,150	
Accumulated depreciation	(85,345)	12,805
Liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Long-term liabilities		(7,224)
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 60 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental fund.		14,280
Net position of governmental activities		$ 354,682

The accompanying notes are an integral part of these financial statements.

CLATSOP COUNTY 4-H AND EXTENSION SERVICE DISTRICT
Astoria, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUND

For the Year Ended June 30, 2019

	General Fund
REVENUES	
Property taxes	$ 320,378
Other taxes	7,854
Timber and land sales	91,185
Investment earnings	11,947
Total revenues	431,364
EXPENDITURES	
Current	
Education	461,380
Excess (deficiency) of revenues over (under) expenditures	(30,016)
Fund balance - beginning	357,613
Fund balance - ending	$ 327,597

The accompanying notes are an integral part of these financial statements.

CLATSOP COUNTY 4-H AND EXTENSION SERVICE DISTRICT
Astoria, Oregon

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

For the Year Ended June 30, 2019

Net change in fund balance	$ (30,016)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report lease receivable payments as revenue. No income is recorded on the statement of activities. Payments are treated as reductions of the asset.	(4,128)
The governmental fund reports capital outlay as expenditures; however, on the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	
Current year depreciation	(712)
Long-term debt proceeds are reported as other financing sources in the governmental funds. On the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability on the statement of net position.	
Debt principal paid	4,128
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental fund. On the statement of activities, property taxes are recognized as revenue when levied.	(1,783)
Change in net position	$ (32,511)

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CLATSOP COUNTY 4-H AND EXTENSION SERVICE DISTRICT
Astoria, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Clatsop County 4-H and Extension Service District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. 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 District's accounting policies are described below.

A. Reporting Entity

Clatsop County 4-H and Extension Service District was formed under the provisions of ORS Chapter 451 to provide Oregon State University (OSU) Extension Service education programs, training, and information to residents of Clatsop County. The District provides numerous services to the residents of the County, including advice for farmers, foresters, and orchard operators; answers for home gardeners and professional horticulturalists; and youth and family programs, including 4-H and food safety support. Services are provided by OSU faculty based on an agreement between OSU and the District. Essentially all expenditures of the District are related to the OSU contract, which covers office expenses, clerical salaries, program assistants, student internships, rent, utilities, and equipment. The District is reported as a component unit of Clatsop County.

Clatsop County 4-H and Extension Service District is managed by Clatsop County's five-member board of commissioners.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges for goods and services provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (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. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Property taxes, investment earnings, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and have therefore been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

General Fund – The General Fund is the District's only fund. It accounts for all financial resources of the District.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity

1. Deposits and Investments

The District's 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)

1. Deposits and Investments (Continued)

State statutes authorize the District to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

2. Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15.

Uncollected property taxes are shown as assets in the governmental fund. Property taxes collected within approximately 60 days of fiscal year-end are recognized as revenue, while the remaining are recorded as unavailable revenue because they are not deemed available to finance operations of the current period.

3. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized.

Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)

3. Capital Assets (Continued)

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Machinery and equipment	5
Buildings and improvements	40

4. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts are deferred and amortized over the life of the obligations using the effective interest method. Long-term liabilities are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums, discounts, and issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

5. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet 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 position or fund balance that applies to a future period and so will not be recognized as an outflow of resources until then.

In addition to liabilities, the statement of net position and/or balance sheet 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 or fund balance that applies to a future period and therefore will not be recognized as an inflow of resources until that time. The District 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 balance sheet. The governmental fund reports unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)

6. Fund Equity

The District reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.

- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

- Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., board of commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

- Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the board of commissioners or by an official or body to which the board of commissioners delegates the authority.

- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Commitment or assignment of fund balance is accomplished through adoption of a resolution or ordinance by the board of commissioners. Further, commitments and assignments of fund balance may be modified or rescinded only through approval of the board of commissioners via resolution or ordinance. Authority to assign fund balance has been granted to the Budget Officer.

The District has not formally adopted a minimum fund balance policy.

E. Use of Estimates

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The District budgets its fund in accordance with the requirements of state law. An annual appropriated budget is adopted for the General Fund. The fund is budgeted on the modified accrual basis of accounting.

The District begins its budgeting process by appointing budget committee members. Management prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of commissioners by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for the fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, debt service, capital outlay, and contingency for the fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of the fund's original budget may be adopted by the board of commissioners at a regular board meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of commissioners. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of commissioners. During the year, there were no supplemental budgets. The District does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts.

III. DETAILED NOTES ON THE FUND AND ALL ACCOUNT GROUPS

A. Deposits and Investments

Clatsop County 4-H and Extension Service District's deposits and investments are held by Clatsop County in a pool of cash and cash equivalents that is available for use by the District and all funds of the County. The District's fund's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value.

III. DETAILED NOTES ON THE FUND AND ALL ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Fair Value Measurement – U.S. Government Bonds and U.S. Treasury Securities

Fair value is defined as the price that would be received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- Level 1 – Unadjusted quoted prices for identical investments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; observable inputs other than quoted market prices.
- Level 3 – Unobservable inputs that are supported by little or no market activity.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2019.

Fair values of County assets measured on a recurring basis at June 30, 2019 are as follows:

	Credit Quality Rating	Level 1
U.S. Government bonds	Aaa	$ 7,535,085
U.S. Treasury securities	Aaa	21,023,745
		$ 28,558,830

Fair Value Measurement – State of Oregon Local Government Investment Pool (LGIP)

Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. The Oregon State Treasury administers the LGIP. The LGIP is an open-ended, no-load, diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the state's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the County's position in the LGIP is the same as the value of the pool shares.

III. DETAILED NOTES ON THE FUND AND ALL ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

As of June 30, 2019, the County had the following investments in the LGIP:

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	$ 41,729,583

As of June 30, 2019, the District's portion of Clatsop County investments amounted to $407,197.

Credit Risk

Oregon statutes authorize the County to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The County has adopted an investment policy that was reviewed by the Oregon Short-Term Fund Board and complies with state statutes.

Interest Rate Risk

The County's policy limits investment maturities to 18 months as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

The County's policy places a limit on the amount that may be invested in any one insurer, as follows:

	Amount
Oregon Local Government Investment Pool	100%
Certificates of deposit	25%
United States Treasury bills, bonds, notes	25%
Banker's acceptance (BAs) OR issue	25%
Repurchase agreements (all to be fully collateralized by U.S. government and U.S. obligation mark to market)	10%

III. DETAILED NOTES ON THE FUND AND ALL ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of a counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. The County does not have a policy that limits the amount of investments that can be held by counterparties.

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the County's deposits may not be returned. All County deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The County holds accounts at US Bank and Columbia Bank, for which the FDIC provides insurance coverage of $250,000 for demand deposit accounts and an additional $250,000 for time and savings accounts, per institution. At June 30, 2019, the County had deposits of $321,709 insured by the FDIC and $926,639 covered by the PFCP.

Deposits

The County's deposits and investments and amounts allocable to the District at June 30, 2019 are as follows:

	Clatsop County	Allocable to District
Cash on hand	$ 4,190	$ -
Checking accounts	1,009,214	-
Investments		
Oregon Local Government Investment Pool	41,729,583	407,197
U.S. Government bonds	7,535,085	-
U.S. Treasury securities	21,023,745	-
Total deposits and investments	$ 71,301,817	$ 407,197

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

B. Property Tax Assessment Appeal

The District has established a tax reserve with Clatsop County Tax Department for the settlement of a property tax assessment petition refund filed by Georgia-Pacific. During the year ended June 30, 2019, $1,015 of the reserve was turned over to the District as unsegregated taxes in accordance with the provisions of ORS 311.814. As of June 30, 2019, the balance of the reserve was $3,179. (See Note III-D for additional information.)

C. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets being depreciated				
Buildings and improvements	$ 28,460	$ -	$ -	$ 28,460
Equipment and vehicles	35,668	-	-	35,668
Furniture and fixtures	5,467	-	-	5,467
Computer equipment	28,555	-	-	28,555
Total capital assets being depreciated	98,150	-	-	98,150
Less accumulated depreciation for				
Buildings and improvements	(14,943)	(712)	-	(15,655)
Equipment and vehicles	(35,668)	-	-	(35,668)
Furniture and fixtures	(5,467)	-	-	(5,467)
Computer equipment	(28,555)	-	-	(28,555)
Total accumulated depreciation	(84,633)	(712)	-	(85,345)
Governmental activities capital assets, net	$ 13,517	$ (712)	$ -	$ 12,805

Capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Buildings and improvements	$ 28,460	$ (15,655)	$ 12,805
Equipment and vehicles	35,668	(35,668)	-
Furniture and fixtures	5,467	(5,467)	-
Computer equipment	28,555	(28,555)	-
Total capital assets	$ 98,150	$ (85,345)	$ 12,805

III. DETAILED NOTES ON THE FUND AND ALL ACCOUNT GROUPS (Continued)

C. Capital Assets (Continued)

Depreciation expense was charged to the functions/programs of the District as follows:

Governmental activities	
Education	$ 712

D. Reserve Account

In May 2012, Clatsop County, the Oregon Department of Revenue, and the Oregon Department of Justice reached an agreement with Georgia-Pacific, the County's largest property taxpayer, in connection with a property tax appeal. Under this agreement, the County refunded property taxes in the amount of $2,500,000 to Georgia-Pacific. In August 2012, to facilitate this refund, the County issued long-term obligations in the amount of $2,550,800, bearing interest at 2.18% and maturing over 10 years.

The County has executed an intergovernmental agreement with taxing districts affected by this refund with each taxing district contributing to the annual debt service payment based on its respective property tax distribution percentage established by the Clatsop County Assessment and Taxation Department. The District's initial share of the long-term obligation amounted to $8,674. As of June 30, 2019, the District's commitment toward the long-term obligation amounted to $3,179. The District has established a reserve account in accordance with ORS 311.814 with the Clatsop County Assessment and Taxation Department in the amount of $3,179, which will be used to pay down the District's remaining share of the long-term obligation. Any amount of the reserve account not used for the satisfaction of this obligation will be returned to the District as unsegregated taxes. As of June 30, 2019, the total debt outstanding on the long-term obligation amounted to $814,263.

E. Long-Term Liabilities

1. Changes in Long-Term Liabilities

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
Solutions Yes Copier Lease	0.00%	$ 20,640	$ 11,352	$ -	$ 4,128	$ 7,224	$ 4,128

2. Solutions Yes Copier Lease

On April 14, 2016, the County signed a lease agreement with Solutions Yes for the purchase of copiers and printers. This lease agreement qualifies as a capital lease for accounting purposes and has therefore been recorded at the present value of minimum lease payments as of the inception date. Interest is fixed at 0% and payments of $344 are due monthly.

III. DETAILED NOTES ON THE FUND AND ALL ACCOUNT GROUPS (Continued)

E. Long-Term Liabilities

3. Maturities of Long-Term Liabilities

Year Ending June 30	Lease Principal	Lease Interest
2020	$ 4,128	$ -
2021	3,096	-
Total	$ 7,224	$ -

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

B. Tax Abatements

As of June 30, 2019, the District had tax abatements through the Strategic Investment Program (SIP), pursuant to ORS 285C.600. The SIP offers a 15-year property tax exemption on a portion of large capital investments. Total abated property taxes under this program amounted to $6,328.

C. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements that have future effective dates that will impact future financial presentations. Management has not currently determined what impact implementation of the following statements will have on future financial statements.

GASB Statement No. 84, *Fiduciary Activities,* will be effective for the District beginning with its fiscal year ending June 30, 2020. This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and 61,* will be effective for the District beginning with its fiscal year ending June 30, 2020. The objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

IV. OTHER INFORMATION (Continued)

C. New Pronouncements (Continued)

GASB Statement No. 87, *Leases,* will be effective for the District beginning with its fiscal year ending June 30, 2021. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting of leases by governments.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, will be effective for the District beginning with its fiscal year ending June 30, 2021. The objective of this statement is to simplify accounting for interest cost incurred before the end of a construction period, and enhance the relevance and comparability of capital asset information.

D. Subsequent Events

Management has evaluated subsequent events through December 27, 2019, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CLATSOP COUNTY 4-H AND EXTENSION SERVICE DISTRICT
Astoria, Oregon

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

GENERAL FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Property taxes	$ 310,270	$ 10,108	$ 320,378	$ -	$ 320,378
Other taxes	6,500	1,354	7,854	-	7,854
Timber and land sales	84,420	6,765	91,185	-	91,185
Investment earnings	1,500	10,447	11,947	-	11,947
Miscellaneous	24,000	(24,000)	-	-	-
Total revenues	426,690	4,674	431,364	-	431,364
EXPENDITURES					
4-H and Extension					
Current					
Materials and services	503,920	(42,540)	461,380	-	461,380
Capital outlay	45,000	(45,000)	-	-	-
Contingency	101,350	(101,350)	-	-	-
Total expenditures	650,270	(188,890)	461,380	-	461,380
Excess (deficiency) of revenues over (under) expenditures	(223,580)	193,564	(30,016)	-	(30,016)
Fund balance - beginning	223,580	134,033	357,613	-	357,613
Fund balance - ending	$ -	$ 327,597	$ 327,597	$ -	$ 327,597

OTHER FINANCIAL SCHEDULES

CLATSOP COUNTY 4-H AND EXTENSION SERVICE DISTRICT
Astoria, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Year Ended June 30, 2019

Tax Year	Taxes Receivable July 1, 2018	2018-2019 Levy	Adjustments	Collections	Taxes Receivable June 30, 2019
2018-2019	$ -	$ 328,239	$ (9,028)	$ 308,982	$ 10,229
2017-2018	9,949	-	(325)	5,248	4,376
2016-2017	4,293	-	(307)	1,779	2,207
2015-2016	2,614	-	(240)	1,534	840
2014-2015	941	-	(220)	574	147
2013-2014	404	-	(199)	108	97
2012-2013	269	-	(176)	48	45
Prior	744	-	(496)	52	196
Subtotal - Prior	19,214	-	(1,963)	9,343	7,908
Total	$ 19,214	$ 328,239	$ (10,991)	318,325	$ 18,137

Add:	
Other taxes and interest	1,038
Undistributed taxes with county, July 1, 2018	-
GP reserve - unsegregated taxes released	1,015
Total available	320,378
Less: Turnovers to District	(320,378)
Undistributed taxes with county, June 30, 2019	$ -

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

KOONTZ, BLASQUEZ & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

Board of Commissioners
Clatsop County 4-H and Extension Service District
Astoria, Oregon 97103

We have audited the basic financial statements of Clatsop County 4-H and Extension Service District 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 Clatsop County 4-H and Extension Service District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

Accounting records

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

Programs funded from outside sources

Authorized investment of surplus funds (ORS Chapter 294)

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

Accountability for collecting or receiving money by elected officials

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In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

The District does not have any elected officials collecting or receiving money.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered Clatsop County 4-H and Extension Service District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clatsop County 4-H and Extension Service District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Clatsop County 4-H and Extension Service District's internal control over financial reporting.

This report is intended solely for the information and use of the board of commissioners and management of Clatsop County 4-H and Extension Service District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Koontz, Blasquez & Associates, P.C.

By: _____
Debra L. Blasquez, CPA

Albany, Oregon
December 27, 2019