

**TILLAMOOK COUNTY 4-H AND
EXTENSION SERVICE DISTRICT**

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2009

TILLAMOOK COUNTY 4-H AND EXTENSION SERVICE DISTRICT
For the Year Ended June 30, 2009

Governing Body Under ORS 451.485
Tillamook County Board of Commissioners

<u>Name</u>	<u>Term Expires</u> <u>December 31,</u>
Tim Josi 6740 Baseline Road Tillamook, Oregon 97141	2010
Charles J. Hurliman 12985 Hwy 101 South Tillamook, Oregon 97141	2012
Mark Labhart 9190 Mill Creek Road Tillamook, Oregon 97141	2012

Administrative Offices

Tillamook County Courthouse
201 Laurel Avenue
Tillamook, Oregon 97141

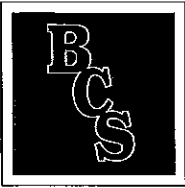
Registered Agent

Jackie Russell

TILLAMOOK COUNTY 4-H AND EXTENSION SERVICE DISTRICT

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BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

INDEPENDENT AUDITOR'S REPORT

Board of Directors

TILLAMOOK COUNTY 4-H AND EXTENSION SERVICE DISTRICT

Tillamook, Oregon

We have audited the accompanying financial statements of the governmental activities and each major fund of **TILLAMOOK COUNTY 4-H AND EXTENSION SERVICE DISTRICT**, a *Component Unit of Tillamook County, Oregon* as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of **TILLAMOOK COUNTY 4-H AND EXTENSION SERVICE DISTRICT**, as of June 30, 2009, the respective changes in the financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages *i* through *iii* is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A

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Established - 1968

SALEM: 480 CHURCH STREET SE ■ SALEM, OR 97301 ■ PHONE: (503) 585-7751 ■ FAX: (503) 370-3781

STAYTON: 408 NORTH THIRD AVENUE ■ STAYTON, OR 97383 ■ PHONE: (503) 769-2186 ■ FAX: (503) 769-4312

ALBANY: 321 1st AVENUE E STE 2A ■ ALBANY, OR 97321 ■ PHONE: (541) 928-6500 ■ FAX: (541) 928-6501

INDEPENDENT AUDITOR'S REPORT (Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Other Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Other Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

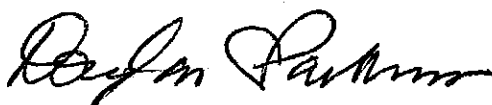
Boldt, Carlisle & Smith LLC

Certified Public Accountants

Salem, Oregon

December 7, 2009

By:



Douglas C. Parham, Member

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The 4-H Extension Service District is a Component Unit of Tillamook County, Oregon. The district is included in the Tillamook County Comprehensive Annual Financial Report. This discussion and analysis presents the highlights of financial activities and financial position for the District.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities at June 30, 2009, by \$549,792 (net assets). Of this amount \$228,983 was invested in capital assets and \$320,809 is unrestricted.

The District's net assets increased by \$19,983. There was a combined increase of \$23,735 in fund balances. The increase is attributable to reduced expenses / expenditures due to cost control measures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's annual financial report consists of various sections. Taken together they provide a comprehensive financial report of the District. The components of the report include the following:

Management's Discussion and Analysis. This section of the report provides financial highlights, overview and economic factors affecting the District.

Basic Financial Statements. Includes a Statement of Net Assets, Statement of Activities, Balance Sheet, Statement of Receipts, Disbursements and changes in fund balances and a budgetary comparison for the General Fund. Also, notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

Other Supplementary Information. Readers desiring additional information on the District's two funds can find it in this section of this report. Included within this section is: the statement of receipts, disbursements and changes in fund balance – budget and actual for the Capital Projects Fund.

Audit comments and disclosures required by state regulations. Supplemental communication on District compliance and internal controls as required by Oregon statutes.

FINANCIAL SUMMARY AND ANALYSIS

As mentioned earlier, net assets as of June 30, 2009, were \$549,792. Net assets are comprised of cash and capital assets (e.g., property and equipment) less liabilities. Table 1 shows net assets as of June 30, 2009 and 2008.

Table 1
Net Assets

	<u>2009</u>	<u>2008</u>
Assets		
Current assets	\$ 325,547	\$ 296,153
Capital assets, net	<u>228,983</u>	<u>236,271</u>
Total assets	<u>554,530</u>	<u>532,424</u>
Liabilities		
Accounts payable and acrued expenses	<u>4,738</u>	<u>2,615</u>
Net assets		
Invested in capital assets	228,983	236,271
Unrestricted	<u>320,809</u>	<u>293,538</u>
Total net assets	<u>\$ 549,792</u>	<u>\$ 529,809</u>

There has been an increase in net assets of \$19,983 for 2009 compared to \$293 for 2008 as shown in Table 2.

Table 2
Changes in Net Assets

	<u>2009</u>	<u>2008</u>
Revenues		
Program		
Operating grants	\$ 9,600	\$ 103,610
General		
Property taxes	242,762	229,825
Timber sales	57,310	67,834
Other	<u>26,714</u>	<u>28,715</u>
Total revenues	336,386	429,984
Program Expenses		
Educational activities	<u>316,403</u>	<u>429,691</u>
Increase in net assets	19,983	293
Beginning net assets	<u>529,809</u>	<u>529,516</u>
Ending net assets	<u>\$ 549,792</u>	<u>\$ 529,809</u>

FINANCIAL ANALYSIS OF FUNDS

As of June 30, 2009, the General Fund had a fund balance of \$234,320, which is an increase of \$12,197 from June 30, 2008.

The Capital Projects Fund had a balance of \$70,959, which is an increase of \$11,538, from June 30, 2008.

BUDGETARY HIGHLIGHTS

There were no changes to the budget of the District's General fund. Revenues exceeded budgeted amounts by \$40,645 and all expenditures were within the revised budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Table 3 shows the amount of capital assets at June 30, 2009. The District has no bonded indebtedness. See Note 4 for additional information on the District's capital assets.

Table 3
Capital Assets at Year-End
Net of Depreciation

	<u>2009</u>	<u>2008</u>
Land	\$ 157,564	\$ 157,564
Buildings and equipment, net	<u>71,419</u>	<u>78,707</u>
Totals	<u>\$ 228,983</u>	<u>\$ 236,271</u>

ECONOMIC FACTORS

The primary purpose of the 4-H Extension District is to provide Oregon State University Extension education programs, training, and information to residents of Tillamook County. The District's primary funding sources are property taxes and state timber revenue.

FINANCIAL CONTACT

The financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability.

If you have questions about the report or need additional financial information, please contact the County Treasurer's Office at 201, Laurel Avenue, Tillamook, Oregon.

BASIC FINANCIAL STATEMENTS

TILLAMOOK COUNTY 4H AND EXTENSION SERVICE DISTRICT

STATEMENT OF NET ASSETS

June 30, 2009

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and investments	\$ 294,584
Receivables	30,963
Capital assets:	
Land	157,564
Other capital assets, net of depreciation	<u>71,419</u>
TOTAL ASSETS	<u>554,530</u>
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	<u>4,738</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	228,983
Unrestricted	<u>320,809</u>
TOTAL NET ASSETS	<u>\$ 549,792</u>

See notes to basic financial statements

TILLAMOOK COUNTY 4H AND EXTENSION SERVICE DISTRICT

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

	<u>Governmental Activities</u>
Program expenses	
Education	
Personal services	\$ 200,520
Materials and services	108,595
Depreciation	<u>7,288</u>
Total program expenses	316,403
Program revenues - operating grants and contributions	<u>9,600</u>
Net program (expenses)	<u>(306,803)</u>
General revenues	
Property taxes levied for general purposes	242,762
Timber and land sales	57,310
Unrestricted investment earnings	8,563
Miscellaneous	<u>18,151</u>
Total general revenues	<u>326,786</u>
Change in net assets	19,983
Net assets - beginning	<u>529,809</u>
Net assets - ending	<u><u>\$ 549,792</u></u>

See notes to basic financial statements

TILLAMOOK COUNTY 4H AND EXTENSION SERVICE DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009**

	<u>General</u>	<u>Building Reserve</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 223,625	\$ 70,959	\$ 294,584
Receivable, net	<u>30,963</u>	<u>-</u>	<u>30,963</u>
TOTAL ASSETS	<u>\$ 254,588</u>	<u>\$ 70,959</u>	<u>\$ 325,547</u>
LIABILITIES			
Accounts payable	\$ 4,738	\$ -	\$ 4,738
Deferred revenue	<u>15,530</u>	<u>-</u>	<u>15,530</u>
TOTAL LIABILITIES	20,268	-	<u>20,268</u>
FUND BALANCES			
Unreserved	<u>234,320</u>	<u>70,959</u>	305,279
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 254,588</u>	<u>\$ 70,959</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	228,983
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds	<u>15,530</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 549,792</u>

See notes to basic financial statements

TILLAMOOK COUNTY 4H AND EXTENSION SERVICE DISTRICT

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

	<u>General</u>	<u>Building Reserve</u>	<u>Totals</u>
REVENUES			
Property Taxes	\$ 239,226	\$ -	\$ 239,226
Timber and land sales	138	-	138
Intergovernmental	66,910	-	66,910
Interest	7,025	1,538	8,563
Miscellaneous	<u>18,013</u>	<u>-</u>	<u>18,013</u>
TOTAL REVENUES	331,312	1,538	332,850
EXPENDITURES			
Current			
Education	<u>309,115</u>	<u>-</u>	<u>309,115</u>
Excess (deficiencies) of revenues over expenditures	22,197	1,538	23,735
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(10,000)</u>	<u>10,000</u>	<u>-</u>
Net change in fund balances	12,197	11,538	23,735
Fund balances at beginning of year	<u>222,123</u>	<u>59,421</u>	
Fund balances at end of year	<u>\$ 234,320</u>	<u>\$ 70,959</u>	

*Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Activities:*

Governmental funds report outlays for capital assets as expenditures while governmental activities report depreciation expenses to allocate those expenditures over the estimated useful life of the assets. In the current year, this amount is:

Depreciation	(7,288)
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In the Statement of Activities, property taxes are reported as revenues when assessed. However in the governmental funds, property taxes are reported when they are measurable and available. This revenue recognition results in differences in amounts reported for property tax revenues

3,536

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 19,983</u>
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See notes to basic financial statements

TILLAMOOK COUNTY 4H AND EXTENSION SERVICE DISTRICT

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL**

For the Year Ended June 30, 2009

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property Taxes	\$ 222,500	\$ 237,810	\$ 15,310
Timber and land sales	-	138	138
Intergovernmental	53,500	70,659	17,159
Investment earnings	4,000	7,025	3,025
Miscellaneous	<u>13,000</u>	<u>18,013</u>	<u>5,013</u>
TOTAL REVENUES	<u>293,000</u>	<u>333,645</u>	<u>40,645</u>
EXPENDITURES			
Personal services	229,600	200,520	29,080
Materials and services	148,800	106,472	42,328
Capital outlay	9,600	-	9,600
Contingency	<u>24,500</u>	<u>-</u>	<u>24,500</u>
TOTAL EXPENDITURES	<u>412,500</u>	<u>306,992</u>	<u>105,508</u>
Excess (deficiencies) of revenues over expenditures	(119,500)	26,653	146,153
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Net change in fund balance	(129,500)	16,653	146,153
Fund balance at beginning of year	<u>184,500</u>	<u>206,972</u>	<u>22,472</u>
Fund balance at end of year	<u>\$ 55,000</u>	<u>\$ 223,625</u>	<u>\$ 168,625</u>
Reconciliation to generally accepted accounting principles:			
Receivables recognized as revenue in the current period net of amounts deferred		15,433	
Accounts payable		<u>(4,738)</u>	
Fund balance (GAAP) at end of year		<u>\$ 234,320</u>	

See notes to basic financial statements

TILLAMOOK COUNTY 4-H AND EXTENSION SERVICE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

1. Summary of significant accounting policies

a. *The District*

The **TILLAMOOK COUNTY 4-H AND EXTENSION SERVICE DISTRICT** was formed February 12, 1986, under the provisions of ORS Chapter 451 to provide Oregon State University Extension education programs, training, and information to residents of Tillamook County.

The District is a component unit of Tillamook County. The County is financially accountable for the operations of the District. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. The District is included as a blended component unit in the Comprehensive Annual Financial Report of Tillamook County for the year ended June 30, 2009.

b. *Inclusion of the District in the Tillamook County Comprehensive Annual Financial Report*

All significant activities and organizations for which the County exercises oversight responsibility have been included in the County's basic financial statements. The following criteria from Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" regarding manifestation of oversight were considered by the County in its evaluation of County organizations and activities:

- Financial interdependency – The County receives financial support or provides financial benefit to the organization.
- Authoritative appointment of governing authority – The Commissioners of Tillamook County are the organization's governing authority.

County management has determined that the District meets the criteria set forth above, and therefore, is a component unit of the County.

c. *Financial statement presentation*

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

Governmental activities are supported by taxes and intergovernmental revenues.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

c. *Financial statement presentation (continued)*

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major governmental funds are reported in separate columns in the respective fund financial statements.

d. *Measurement focus and basis of accounting*

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 a liability is incurred, regardless of the timing of 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.

The government-wide statements have applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the District, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

d. *Measurement focus, basis of accounting (continued)*

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.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the District. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The basis of accounting described above is in accordance with accounting principles generally accepted in the United States of America.

The District reports the following major governmental funds:

General - accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Building Reserve - accounts for expenditures on major construction projects or equipment acquisition. The principal sources of revenues are transfers from the General Fund and interest on investments.

e. *Budgets*

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds of the District. The District uses the cash basis of accounting for all budgets. All annual appropriations lapse at fiscal year end.

The District begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The governing body adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

e. *Budgets (continued)*

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The District established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds.

Budget amounts shown in the financial statements have been revised since the original budget amounts were adopted. The governing body must authorize all appropriation transfers and supplementary budgetary appropriations.

f. *Property taxes receivable*

Uncollected property taxes are reported on the balance sheet as receivables; the portion which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred revenue. All property taxes receivable are due from property owners within Tillamook County.

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 collections to entities levying taxes. Real and personal property taxes are assessed and become a lien against the property as of July 1 of each year and are payable in three installments which are due on November 15, February 15, and May 15 following the lien date.

g. *Capital assets*

Capital assets are stated at cost. Maintenance and repairs are expensed as incurred. Replacements which improve or extend the lives of property are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income.

The estimated useful lives of plant and equipment are as follows:

Buildings and land improvements	5 to 30 years
Machinery and equipment	5 years

h. *Use of estimates*

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

i. Risk management

The District is exposed to various risks of loss related to errors and omissions; automobile; damage to and destruction of assets; bodily injury; and worker's compensation for which the District carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.

2. Deposits and investments

The District's deposits and investments are held by the Tillamook County Treasurer in a pool of cash and investments that are available for use by the District all funds of the County. The District's fund's portion of this pool is displayed on the financial statements as cash and investments. 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. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year, at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available, otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. 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 unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. 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.

Credit Risk. The County's policy on the credit risk of investments is based on Oregon statutes which 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 state treasurer's investment pool. The pension trust is authorized to invest in a variety of debt and equity securities.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and Investments (continued)

As of June 30, 2009, the County had the following investments:

	<u>Maturities</u>	<u>Rating</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	N/A	Not Rated	\$ 12,701,034
Money market funds	N/A	Not Rated	209,931
Federal Home Loan Mortgage Corporation	10/28/10	AAA/AAA	1,289,725
First Star Bank National Association	12/01/09	Aa2/A+	1,028,285
Wachovia Corporation	6/01/10	A1/AA-	1,027,674
Certificates of Deposit	9/10/09-10/29/10	Not Rated	2,355,691
Pension Trust Investments:			
Certificates of Deposit	9/24/10-12/10/13	Not Rated	3,985,737
U.S. Treasury Notes	4/30/12-2/15/17	AAA	9,456,708
Mutual Funds	N/A	Not Rated	<u>17,569,344</u>
Total			<u>\$ 49,624,129</u>

Interest Rate Risk. The County does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates.

Concentration of Credit Risk. The County does not have a formal policy that places a limit on the amount that may be invested in any one issuer. 68 percent of the County's investments, other than the Pension Trust investments, are in the State Treasurer's Investment Pool.

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. Investments, other than the Pension Trust investments, amounting to \$18,612,340 has custodial credit risk because the related securities are uninsured, unregistered and held by the County's brokerage firm, which is the counterparty to those securities. The County does not have a policy which 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 District's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2009, none of the District's bank balances were exposed to custodial credit risk.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and Investments (continued)

The County's deposits and investments and the amount allocable to the District at June 30, 2009 are as follows:

	<u>Tillamook County</u>	<u>Allocable to 4-H and Extension Service District</u>
Total investments	\$ 49,624,129	\$ 215,161
Cash on hand	11,310	--
Deposits with financial institutions	<u>3,834,311</u>	<u>79,423</u>
Total deposits and investments	<u>\$ 53,469,744</u>	<u>\$ 294,584</u>

3. Receivables

A. The District's receivables at June 30, 2009 are as follows:

	<u>General</u>
Property taxes	\$ 19,017
Unsegregated taxes	1,869
State timber revenue	<u>10,078</u>
	<u>\$ 30,963</u>

B. Property tax transactions

	<u>Balances July 1, 2008</u>	<u>2008-09 Levy</u>	<u>Adjust- ments</u>	<u>Net Interest (Discounts)</u>	<u>Collections</u>	<u>Balances June 30, 2009</u>
Current	\$ -	\$ 247,756	\$ (218)	\$ (5,769)	\$ (230,182)	\$ 11,587
Prior	<u>14,314</u>	<u>-</u>	<u>(81)</u>	<u>2</u>	<u>(6,805)</u>	<u>7,430</u>
	<u>\$ 14,314</u>	<u>\$ 247,756</u>	<u>\$ (299)</u>	<u>\$ (5,767)</u>	<u>(236,987)</u>	<u>\$ 19,017</u>
Prior year accrual					(2,319)	
Current year accrual					<u>3,486</u>	
Total property tax revenue					<u>\$ (235,820)</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables (continued)

C. Property taxes - ensuing year's levy

The permanent tax rate is \$.069 per \$1,000 assessed value as limited by the Constitution of the State of Oregon.

The tax rate limit of \$10 per thousand of assessed value imposed by the Oregon Constitution is not expected to affect this levy.

4. Capital assets

	Balances June 30, 2008	Increases	Balances June 30, 2009
Capital assets not being depreciated			
Land	\$ 157,564	\$ -	\$ 157,564
Capital assets being depreciated			
Buildings	\$ 136,023		\$ 136,023
Machinery and equipment	23,537	-	23,537
Total capital assets being depreciated	159,560	-	159,560
Less accumulated depreciation for:			
Buildings	(57,316)	(7,288)	(64,604)
Machinery and equipment	(23,537)	-	(23,537)
Total accumulated depreciation	(80,853)	(7,288)	(88,141)
Total capital assets being depreciated, net	\$ 78,707	\$ (7,288)	\$ 71,419

5. Deferred revenue

Resources owned by the District, which are measurable but not available and are deferred in the governmental funds, consist of the following:

Property taxes	\$ 15,530
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OTHER SUPPLEMENTARY INFORMATION

TILLAMOOK COUNTY 4H AND EXTENSION SERVICE DISTRICT

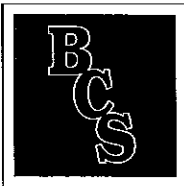
**BUILDING RESERVE - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Investment earnings	\$ 1,000	\$ 1,538	\$ 538
EXPENDITURES			
Capital outlay	<u>70,000</u>	<u>-</u>	<u>70,000</u>
Excess (deficiencies) of revenues over expenditures	(69,000)	1,538	70,538
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net change in fund balance	(59,000)	11,538	70,538
Fund balance at beginning of year	<u>59,000</u>	<u>59,421</u>	<u>421</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 70,959</u>	<u>\$ 70,959</u>

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS
AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF
STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF
OREGON MUNICIPAL CORPORATIONS]**

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in preceding sections of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth in the following pages.

- *Accounting Records and Internal Controls*
- *Collateral*
- *Indebtedness*
- *Budget*
- *Insurance and Fidelity Bonds*
- *Programs Funded from Outside Sources*
- *Investments*
- *Public Contracts and Purchasing*



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

TILLAMOOK COUNTY 4H AND EXTENSION SERVICE DISTRICT

REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS]

For the Year Ended June 30, 2009

162-10-230 – ACCOUNTING RECORDS AND INTERNAL CONTROLS

1. Accounting records

The District's accounting records were reasonably maintained and adequate to support our audit of the basic financial statements.

Through other reports and communications to management and those charged with governance, we have identified situations or practices that could be improved.

2. Internal control

In planning and performing our audit, we considered the 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 the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS
AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF
STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF
OREGON MUNICIPAL CORPORATIONS] (Continued)**

162-10-230 – ACCOUNTING RECORDS AND INTERNAL CONTROLS (continued)

2. Internal control (continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

162-010-0240 – COLLATERAL

ORS 295 requires deposits with financial institutions in excess of the amount insured by the Federal Deposit Insurance Corporation be held at qualifying institutions under the Public Funds Collateralization Program and that public officials provide the Office of the Oregon State Treasurer with the names of all bank depositories in which the County currently deposits public funds.

The District has complied with the provisions of ORS 295 as it pertains to the collateralization of public funds.

162-010-0250 – INDEBTEDNESS

The District has no indebtedness.

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS
AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF
STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF
OREGON MUNICIPAL CORPORATIONS] (Continued)**

162-010-0260 – BUDGET

1. Current year

A. Preparation and adoption

The budget was prepared and adopted in compliance with legal requirements.

B. Execution

The budget was executed in compliance with legal requirements,

2. Subsequent year

The budget was prepared and adopted in compliance with legal requirements except clerical errors occurred in the preparation of budget forms LB-1, LB-2 and LB-3.

1. Financial or organizational level of appropriations

The District established the levels of budgetary control by the objects of personal services, materials and services, capital outlay, debt service, transfers out and contingency for all funds.

162-010-0270 – INSURANCE AND FIDELITY BONDS

1. Insurance

The District is included in Tillamook County's insurance coverage and the agent has confirmed that the following insurance coverage was adequate and in force at June 30, 2009:

Company	Policy No.	Coverage	Limit	Term
City County Insurance	08LTILC	General & Auto Liability	\$ 500,000	7/1/08 - 6/30/09
	08LTILC	Auto Physical Damage	500,000	7/1/08 - 6/30/09
	08LTILC	Excess Liability	4,500,000	7/1/08 - 6/30/09
	08PTILC	Building & Personal Property	56,512,713	7/1/08 - 6/30/09
	08BTILC	Boiler & Machinery	Various	7/1/08 - 6/30/09

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS
AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF
STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF
OREGON MUNICIPAL CORPORATIONS] (Continued)**

162-010-0270 – INSURANCE AND FIDELITY BONDS (continued)

2. Fidelity bonds

ORS 210.120 to 220.150 establishes bonding requirements for District officials and employees. The District's Board of Commissioners has established the following bonds:

Treasurer	\$ 40,000
Assessor	40,000
Clerk	10,000
Sheriff	10,000
Commissioner Hurliman	20,000
Commissioner Josi	20,000
Commissioner Labhart	20,000
Justice of the Peace	30,000
Public Employee Performance Bond	20,000

162-010-0280 – PROGRAMS FUNDED FROM OUTSIDE SOURCES

1. General compliance

The County operates various programs funded wholly or partially by governmental agencies. In addition to our audit, these grants and projects are subject to further review by federal audit agencies.

162-010-0300 – INVESTMENTS

Funds of the District were invested in compliance with ORS 294.035.

162-010-0310 – PUBLIC CONTRACTS AND PURCHASING

1. Awarding of public contracts

The District did not award any contracts during the year subject to the provisions of ORS 279.

2. Construction of public improvements

The District did not construct any public improvements during the year as defined by ORS 279.

Boldt, Carlisle & Smith, LLC
Certified Public Accountants
Salem, Oregon
December 7, 2009