

AGENDA

Clackamas County Audit Committee

October 29, 2026, 2:30PM (recorded¹)

Zoom Meeting ID: <https://clackamascounty.zoom.us/j/83055807137>

Committee: Craig Roberts, Clackamas County Chair
Martha Schrader, Clackamas County Commissioner
Billy Williams, Legal Counsel
Josh Kam, Public Member
Michael Osborne, Public Member
Kia Selley, Director of North Clackamas Parks & Recreation District
Dan Johnson, Director of Department of Transportation and Development
Wendy Rader, Public Member, County Budget Committee Liaison

Committee Staff: Gary Schmidt, County Administrator
Robert Tintle, Finance Director
Ryan Rice, Interim Deputy Finance Director
Sue Unger, Accounting Manager
Bouavieng Bounnam, Grant Manager

Agenda

1. Introductions & Roll Call
2. Approval of August 13, 2025 Meeting Minutes
3. Fiscal Year 2026 Audit Planning (Baker Tilly)
4. Open for Other Items
5. Adjourn

The Audit Committee meets several times a year, with independent auditors, to assist in planning and reviewing results of the audits; as well as recommending a course of action to staff and/or the Board of County Commissioners. The Committee also provides review and independent oversight of the County's financial reporting processes, internal controls and independent auditors.

¹Recordings will be saved for one year from the meeting date and will be provided upon request.

Clackamas County Audit Committee - Minutes

August 13, 2025, 11:30AM (recorded')

Committee Present:

Paul Savas, Clackamas County Commissioner
Billy Williams, Interim Legal Counsel
Christina McMahan, Director of Juvenile Services
Dan Johnson, Director of Department of Transportation and Development
Scott Johnson, Public Member
Josh Kam, Public Member
Michael Osborne, Public Member
Wendy Rader, Public Member, County Budget Committee Liaison

Committee Absent:

Craig Roberts, Clackamas County Chair

Committee Staff:

Gary Schmidt, County Administrator
Elizabeth Comfort, Finance Director
Ethel Gallares, Deputy Finance Director
Sue Unger, Accounting Manager

Additional Attendees:

Ashley Osten, Baker Tilly
Kevin Mullerleile, Baker Tilly

Meeting began at approximately 11:33AM

Introductions

Welcome by Commissioner Savas. Attendees introduced themselves.

Approval of the Previous Meeting Minutes

- April 1, 2025 (included in meeting invitation & sent out with the agenda)

Motion was made to approve April 1, 2025 meeting minutes. Moved to approve minutes by Mr. Scott Johnson, seconded by Ms. Rader. All attending members in favor of approval and the motion passed.

FY 2025/2026 Audit Planning – Baker Tilly

Ms. Comfort handed the meeting presentation over to Ms. Osten. Please see the presentation materials as referenced in these minutes.

Ms. Osten and Mr. Mullerleile presented the kickoff for the fiscal year 2024-2025 audit, which will be conducted by Baker Tilly, with the audit report issuance scheduled for January 31, 2026. They introduced their team, including Amanda Moore as the concurring reviewer and Ben Tellin as the IT consulting manager. Ms. Osten outlined their responsibilities under professional standards and discussed the plan, scope, and timing of the audit, emphasizing the importance

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of communication regarding significant findings or adjustments. Particularly GASB 87 and 96, which will require more detailed disclosure of capital assets by 2026.

Clackamas County Audit Overview

Ms. Osten and Mr. Mullerleile presented an overview of the audit process for Clackamas County's financial statements. They explained the audit's scope, including the assessment of financial statements, internal controls, and compliance, and compliance with federal funding requirements. The team discussed non-attest services, such as assisting with the drafting of financial statements. They outlined the audit process, which includes internal controls evaluation, analytical procedures, and substantive testing. Mr. Mullerleile emphasized the importance of considering materiality levels for different financial statement components and highlighted key audit areas such as revenue recognition, cash and investments, capital assets, and compliance with federal and state standards.

FY26 Technology Audit Progress and Timeline

Mr. Mullerleile discussed the timeline and progress of the FY26 Technology audit, noting that testing is winding down, with meetings scheduled to debrief with the county and discuss recommendations. The audit began in April, with risk assessment procedures conducted in July. Ms. Comfort mentioned that the IT audit was nearing completion, with a final meeting scheduled for the following day to address issues of conflict of interest and separation of duties between the Finance and IT departments.

Component unit audits are set to start in late August, concluding by end of October. The County's ACFR audit report is expected by the end of January 2026; with the single audit due by March 31, 2026. Ms. Comfort clarified that the first four component units' and the Development Agency audits are prepared by the Clackamas Finance team, while NCPRD, HACC and WES, handle their own preparations, with Clackamas Finance overseeing the audits.

GASB Standards and IT Audit

Mr. Mullerleile discussed two new accounting standards: GASB 101 on compensated absences, which requires recording both expected vacation and sick pay payouts, as well as future time off that cannot be paid out due to caps; and GASB 102 on risk disclosures, which involves identifying concentrations or constraints that could significantly impact the County's finances.

GASB Standard for Paid Leave Liabilities

The meeting focused on discussing the new GASB standard for recording liabilities related to vacation and sick pay payouts, as well as other paid leaves. Ms. Osten explained that the County needs to evaluate all paid leaves annually to determine if they are material enough for consideration under the standard, though she suspected they might not be material. Mr. Mullerleile clarified that the County does not need to set aside specific funds for these liabilities, as they are recorded as a liability. Ms. Comfort mentioned that the county is still working on calculating these numbers for June 30, 2025, as it is the first year they are doing so. The group also discussed the concept of concentrations and constraints under the new standard, with Mr. Mullerleile providing an example of how layoffs could impact service levels and thus be considered a concentration.

Mr. Savas opened the meeting for questions. There were none and the meeting was adjourned.

Meeting Adjourned at 12:06PM

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Clackamas County

2026 Audit Entrance



Audit Committee

Dear Audit Committee Members:

Thank you for your continued engagement of Baker Tilly US, LLP, the provider of choice for state and local governments. We're pleased to present our audit plan for Clackamas County (the County) for the year ended June 30, 2026. We'd also like to discuss current-year developments, and accounting and auditing standard changes that will affect our audit.

We welcome any questions or input you may have regarding our audit plan, and we look forward to working with you.

Your Dedicated Team



Ashley Osten

Engagement Reviewer and Principal

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Amanda Moore

Concurring Reviewer and Principal

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Kevin Mullerleile

Delegated Engagement Reviewer and
Director

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Harvey Wang

Audit In-Charge and Senior Manager

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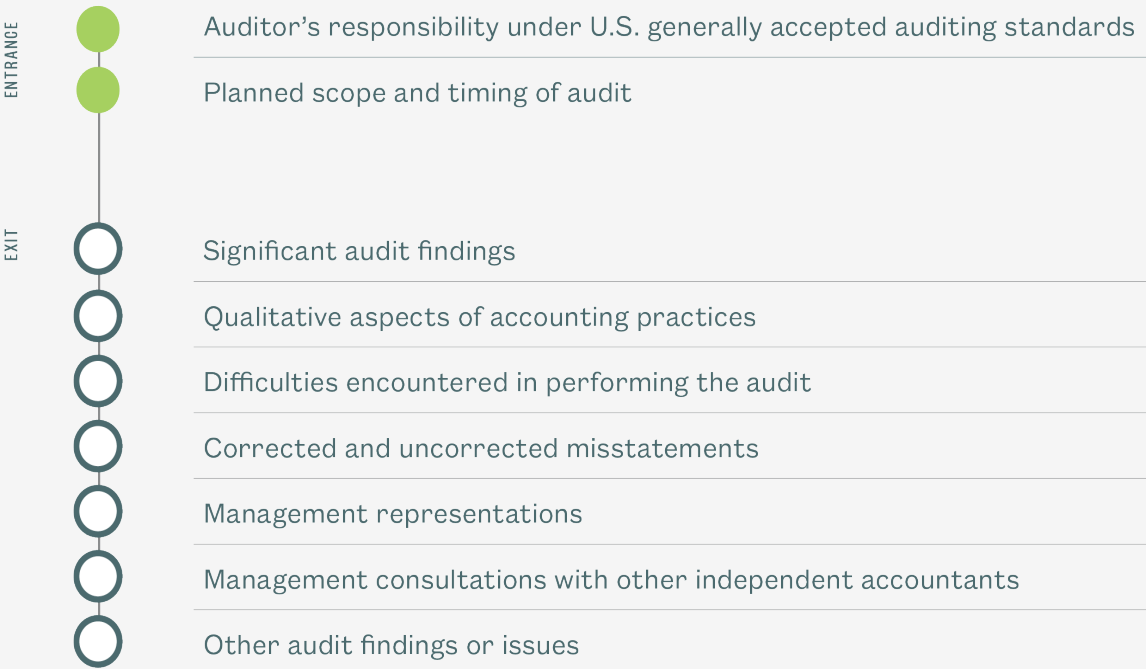


Ben Tellin

IT Manager

Ben.Tellin@bakertilly.com

Required Communications to Those Charged with Governance



Our Responsibilities

Assess if the financial statements prepared by management with your oversight are fairly presented, in all material respects, and in accordance with U.S. GAAP. However, our audit doesn't relieve you or management of your responsibilities.

Perform an audit in accordance with:

- Generally accepted auditing standards issued by the AICPA and *Government Auditing Standards* issued by the Comptroller General of the United States
- Design the audit to provide assurance about whether the financial statements are free of material misstatement.
- Consider internal controls over financial reporting and compliance as a basis for designing effective audit procedures.
- Communicate findings that are relevant to your responsibilities in overseeing the specific matters of financial reporting process and administering federal awards.
- When applicable, communicate particular matters required by law or regulation, by agreement with you, or by other requirements applicable to the engagement.



Non-Attest Services

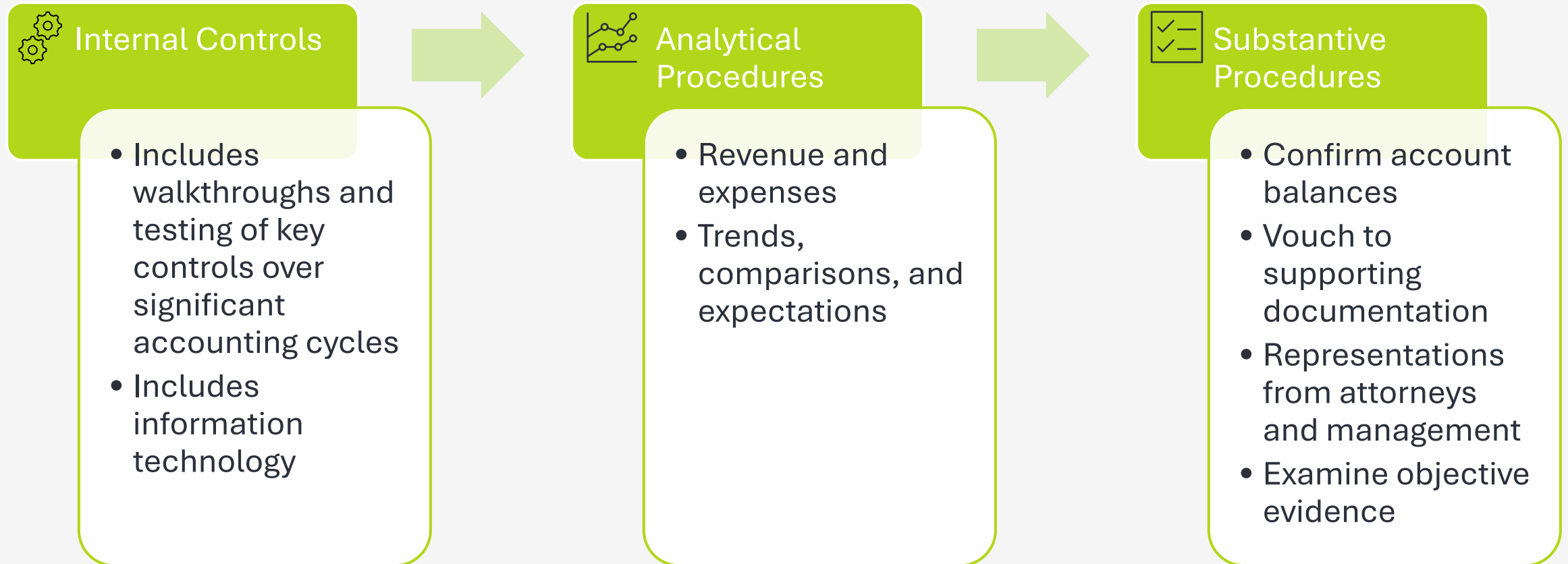
We will be providing financial statement drafting assistance for the following:

- Clackamas County – ACFR
- Development Agency – ACFR
- NCPRD – ACFR
- Housing Authority – Financial Statements

With respect to our non-attest services, County management is responsible for:

- Making all management decisions and performing all management functions
- Designating an individual with suitable skill, knowledge, or experience to oversee the services
- Evaluating the adequacy and results of the services performed
- Accepting responsibility for the results of the services
- Establishing and maintaining internal controls, including monitoring ongoing activities

Audit Process



What's Materiality?

It's the amount of a misstatement that could influence the economic decisions of users, taken on the basis of the financial statements.

It's calculated using certain quantitative (total assets, total revenues, total expenditures) and qualitative factors (covenants, expectations, or industry factors)

It identifies:

**SIGNIFICANT
RISK AREAS**

**NATURE, TIMING,
EXTENT, AND
SCOPE OF TEST
WORK**

**FINDINGS OR
MISSTATEMENTS**



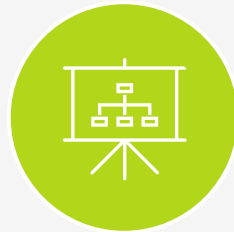
Significant Risks and Areas of Audit Emphasis Identified



Revenue recognition and valuation of receivables



Existence of cash and valuation of investments



Existence and valuation of capital assets



Pension and OPEB liability and related expense and financial statement disclosures



Compliance with federal laws and regulations and Oregon Minimum Standards

Consideration of Fraud



**AUDITORS MUST CONSIDER FRAUD TO
“IMPROVE THE LIKELIHOOD THAT AUDITORS
WILL DETECT MATERIAL MISSTATEMENTS DUE
TO FRAUD IN A FINANCIAL STATEMENT AUDIT.”**

**To identify fraud-related risks of
material misstatement, we:**

- Brainstorm with the engagement team
- Meet with County’s Internal Auditor
- Conduct interviews with elected officials and various personnel within and outside the Accounting department
- Document understanding of internal control
- Consider unusual or unexpected relationships identified in planning and performing the audit

Procedures we perform:

- Examine general journal entries for nonstandard transactions
- Evaluate policies and accounting for revenue recognition
- Test and analyze significant accounting estimates for biases
- Evaluate rationale for significant unusual transactions

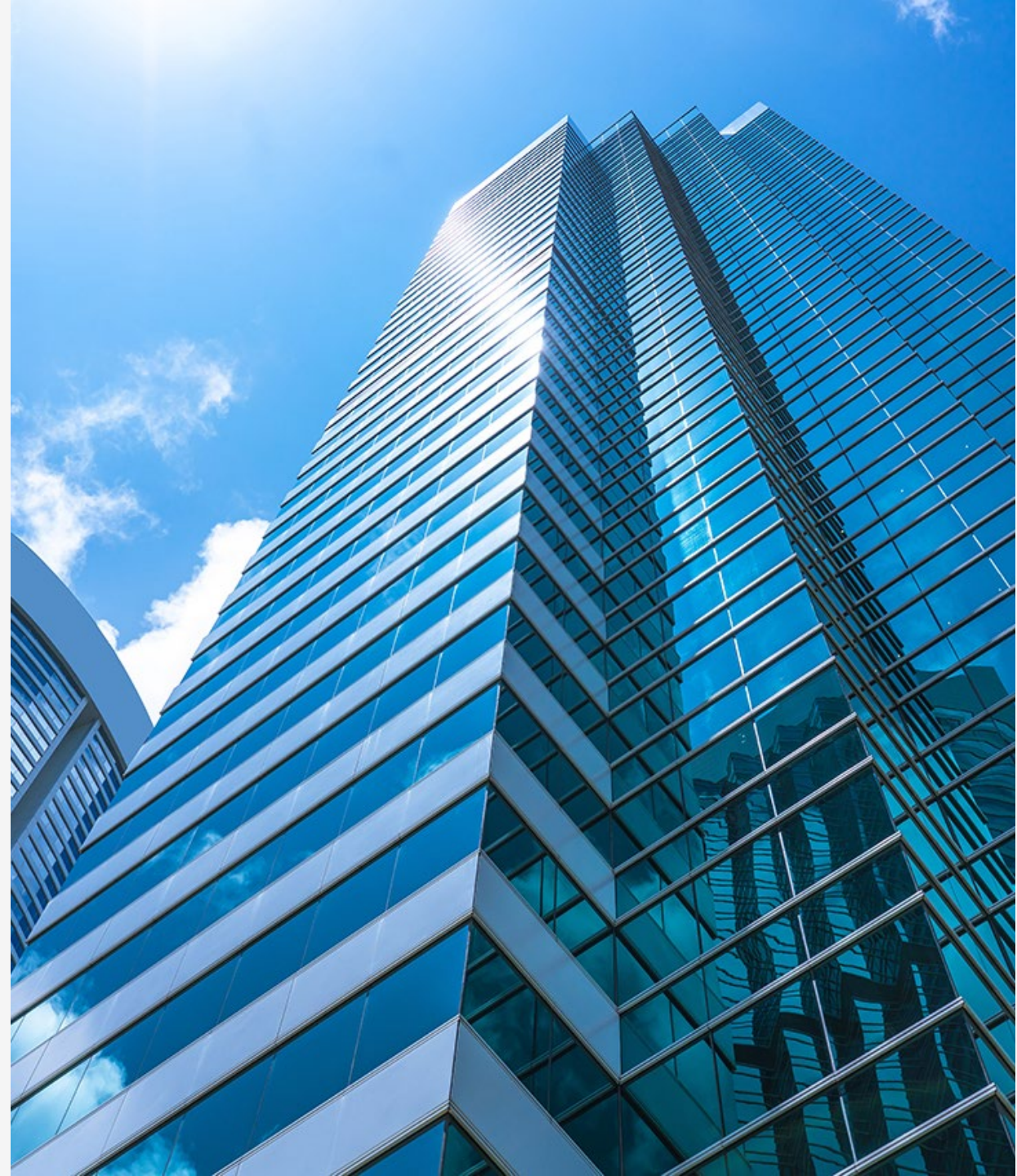
IT General Controls Assessment

Systems:

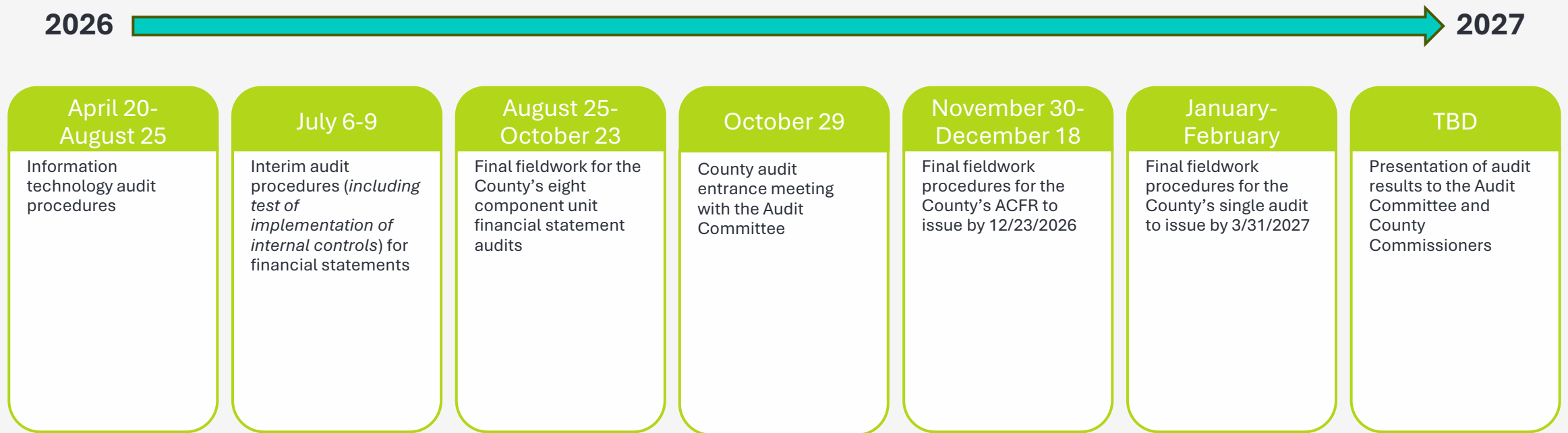
- People Soft Financials
- People Soft Human Resource Management (HCM)
- Ascend (property taxes)
- Sage (treasury)
- Other systems if identified as relevant to financial reporting

Areas of Focus:

- Change management
- Logical security and access
- Operations (batch processing)
- Cybersecurity questionnaire



Audit Timing



Planned Audit Report Issuance Dates

Blended Component Units

Enhanced Law Enforcement District	September 30, 2026 (actual)
Extension and 4-H SD	September 30, 2026 (actual)
Library SD	September 30, 2026 (actual)
Service District No. 5	October 1, 2026 (actual)
Development Agency	October 22, 2026
NCPRD	October 29, 2026
HACC	November 19, 2026
WES	November 19, 2026

County

ACFR	December 23, 2026
Single Audit	March 31, 2027

Recent Accounting Developments



Standards to Adopt in 2026

GASB 103, Financial Reporting Model Improvements

- The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

GASB 104, Disclosure of Certain Capital Assets

- The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosure required by Statement 34. This statement also requires additional disclosures for capital assets held for sale.

Standard to Adopt in 2027

GASB 105, *Subsequent Events*

- The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

Thank you.



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