

# AGENDA

## Clackamas County Audit Committee

August 13, 2025, 11:30AM (recorded<sup>1</sup>)

Zoom Meeting ID:

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

**Committee Staff:** Gary Schmidt, County Administrator  
Elizabeth Comfort Director, Finance  
Ethel Gallares, Deputy Finance Director  
Sue Unger, Accounting Manager  
Bouavieng Bounnam, Grant Manager

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### Agenda

1. Introductions & Roll Call
2. Approval of April 1, 2025 meeting minutes
3. FY 2025/2026 Audit Planning
  - a. 8 Component Units
  - b. Clackamas County Financial Statements
  - c. IT Audit
  - d. Single Audit
4. Open for Other Items
5. Adjourn

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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.

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

# **Clackamas County Audit Committee - Minutes**

**April 1, 2025, 4:00PM (recorded<sup>1</sup>)**

## **Committee Present:**

Craig Roberts, Clackamas County Chair  
Paul Savas, Clackamas County Commissioner  
Jane Vetto, County Counsel  
Christina McMahan, Director of Juvenile Services  
Dan Johnson, Director of Transportation & Development  
Josh Kam, Public Member  
Michael Osborne, Public Member  
Scott Johnson, Public Member  
Wendy Rader, Public Member, County Budget Committee Liaison

## **Committee Absent:**

N/A

## **Committee Staff:**

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

## **Additional**

**Attendees:** Ashley Osten, Moss Adams  
Kevin Mullerleile, Moss Adams  
Ben Tellin, Moss Adams

## **Meeting began at approximately 4:02PM**

### ***Introductions***

Welcome by Chair Roberts. He turned it over to Ms. Comfort for roll call. There is a quorum reached as all members were in attendance.

### ***Approval of the Previous Meeting Minutes***

- August 9, 2023 (included in meeting invitation & sent out with the agenda)

Motion was made to approve Aug 9, 2023 meeting minutes as there wasn't a quorum at the last meeting where they were presented. Moved to approve by Mr. Dan Johnson, seconded by Ms. Rader. All in favor of approval, Ms. McMahan abstained as she wasn't present. Motion passed.

- August 12, 2024 (included in meeting invitation & sent out with the agenda)

Motion was made to approve Aug 12, 2024 meeting minutes. Moved to approve by Mr. Dan Johnson, seconded by Mr. Scott Johnson. All in favor of approval, Commissioner Savas abstained as he wasn't present. Motion passed.

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## **FY 2024 Audit Results – Moss Adams**

### **a. Clackamas County Financial Statements**

#### **b. Single Audit**

Ms. Comfort passed the meeting over to Ms. Osten to present FY24 audit results. Please see the presentation materials as referenced in these minutes.

Ms. Osten and Mr. Mullerleile from the Moss Adams audit team presented the audit results for the county's financial statements. They issued an unmodified opinion, indicating that the financial statements were presented in accordance with US generally accepted accounting principles. The audit focused on internal controls, pension liability, OPEB liabilities, bond funding, capital assets, revenue streams, and net position. The team also tested three major federal programs. Mr. Mullerleile highlighted the smooth process of the audit and the adherence to the planned timeline. The County received an extension to the state deadline and the County issued it before that date on Feb. 27th and the single audit was completed early on March 21, 2025.

Mr. Mullerleile and Ms. Osten discussed the County's ongoing accounting policies, with no significant changes noted. They also mentioned the implementation of a new accounting standard, GASB Statement number 100, which did not have a substantial impact on the County's financial statements. The team audited several cities and counties in Oregon, where the new standard had a noticeable effect. They also discussed the County's financial statements, focusing on key balances and judgments, and found them all to be reasonable. The team encountered no difficulties during the audit and did not identify any material errors. However, they did identify an immaterial error related to an accounts receivable balance in the H3S Fund, which was not a valid receivable. The team also discussed the County's financial statements' risks, exposures, and uncertainties, and determined that nothing specifically needed to be disclosed.

Ms. Osten discussed the identified deficiencies in the single audit. The first issue was related to the entitlement Grants cluster program, where a required Federal Funding Transparency Act report was not filed for a subrecipient. Ms. Osten recommended monitoring and tracking reporting requirements for each contract. The second issue was related to procurement and allowable costs in the Coronavirus State and Local Fiscal Recovery Funds program. Two vendors lacked required language in their contracts, and there was no indication of a search on sam.gov. Ms. Osten recommended including required language in contracts and performing a search on sam.gov for vendors funded with Federal dollars. The third issue was related to allowable costs, where 9 transactions for contracted employees were charged to a ballot 108 measure, which is not allowable. Ms. Osten recommended evaluating disbursements to ensure they are appropriately recorded and allowable before being charged to a federal award.

Mr. Mullerleile discussed the results of the fiscal year 2024 audit. No fraud or noncompliance with laws and regulations needed to be reported. The team also highlighted two new standards to be adopted in 2025: GASB 101, which requires the evaluation of accrued sick leave, and GASB 102, which involves additional disclosure for significant revenue or concentration constraints.

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### **c. IT Audit**

Mr. Tellin discussed the IT testing they conducted, noting a few internal control deficiencies, particularly in change management and security and access areas. The audit committee was informed that the county is working on implementing the recommendations from previous years.

### **Questions/Comments**

Ms. Osten and Mr. Mullerleile discussed the challenges and standards related to financial reporting, particularly for component units. They clarified that there were no significant challenges this year and explained the concept of "GASB 100," which refers to standards for presenting changes in financial statements. Mr. Savas inquired about a previous audit report for the Sheriff's office, which Ms. Osten suggested should be directed to Tammy Lohr. Mr. Dan Johnson asked about the definition of "significant" in the context of financial reporting, to which Ms. Osten responded that it is judgment-based and involves assessing potential impacts on the county's financial statements.

Mr. Kam inquired about the repercussions of single audit findings from Federal agencies. Ashley clarified that the single audit report had just been submitted, and it was unlikely that the Federal agencies would have already responded. Mr. Scott Johnson praised the team for completing the complex reports quickly and commended them for receiving the Certificate of Achievement for Excellence in Financial Reporting. He also pointed out a minor error in the audit report, which was acknowledged by Ms. Osten. Ms. Comfort expressed her team's commitment to continuous improvement. Mr. Schmidt expressed his appreciation for the team's efforts and the clean audit result.

### **Other Items**

Chair Roberts opened the meeting up for any other issues. There were none. He thanked the members and adjourned the meeting.

### **Meeting Adjourned at 4:52pm**

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# Clackamas County

**2025 Pre-Audit  
Communications with Those  
Charged with Governance**

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# **Audit Committee Members**

Dear Audit Committee Members:

Thank you for your continued engagement with us. We're pleased to present our audit plan for Clackamas County (the County) for the year ending June 30, 2025. We'd also like to discuss current-year developments and standards 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*



**Amanda Moore**  
*Concurring  
Reviewer and  
Principal*



**Kevin Mullerleile**  
*Delegated  
Engagement  
Reviewer and  
Director*



**Ben Tellin**  
*IT Consulting  
Group and  
Manager*



# Required Communications to Those Charged with Governance



# Our Responsibility

Assess if the basic financial statements prepared by management with your oversight are fairly presented, in all material respects, and in accordance with US 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
- *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 specific matters of the 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

Internal Controls	Analytical Procedures	Substantive Procedures
<ul style="list-style-type: none"><li>- Includes walkthroughs and testing of key controls over significant accounting cycles</li><li>- Includes information technology</li></ul>	<ul style="list-style-type: none"><li>- Revenue and expenses</li><li>- Trends, comparisons, and expectations</li></ul>	<ul style="list-style-type: none"><li>- Confirm account balances</li><li>- Vouch to supporting documentation</li><li>- Representations from attorneys and management</li><li>- Examine objective evidence</li></ul>



# What's Materiality?

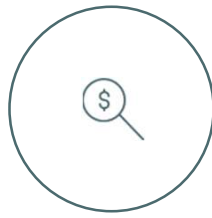
IT'S THE AMOUNT OF A MISSTATEMENT THAT COULD INFLUENCE A USER'S ECONOMIC DECISION MADE BASED ON THE FINANCIAL STATEMENTS.

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 Audit Areas



REVENUE  
RECOGNITION  
AND VALUATION  
OF  
RECEIVABLES



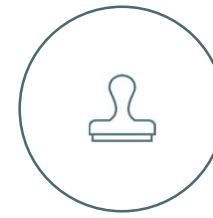
EXISTENCE OF  
CASH AND  
VALUATION OF  
INVESTMENTS



EXISTENCE  
AND VALUATION  
OF CAPITAL  
ASSETS,  
INCLUDING  
NEW  
COURTHOUSE



PENSION AND  
OPEB LIABILITY  
AND RELATED  
PENSION AND  
OPEB EXPENSE



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

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## **2025 Scope Systems**

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

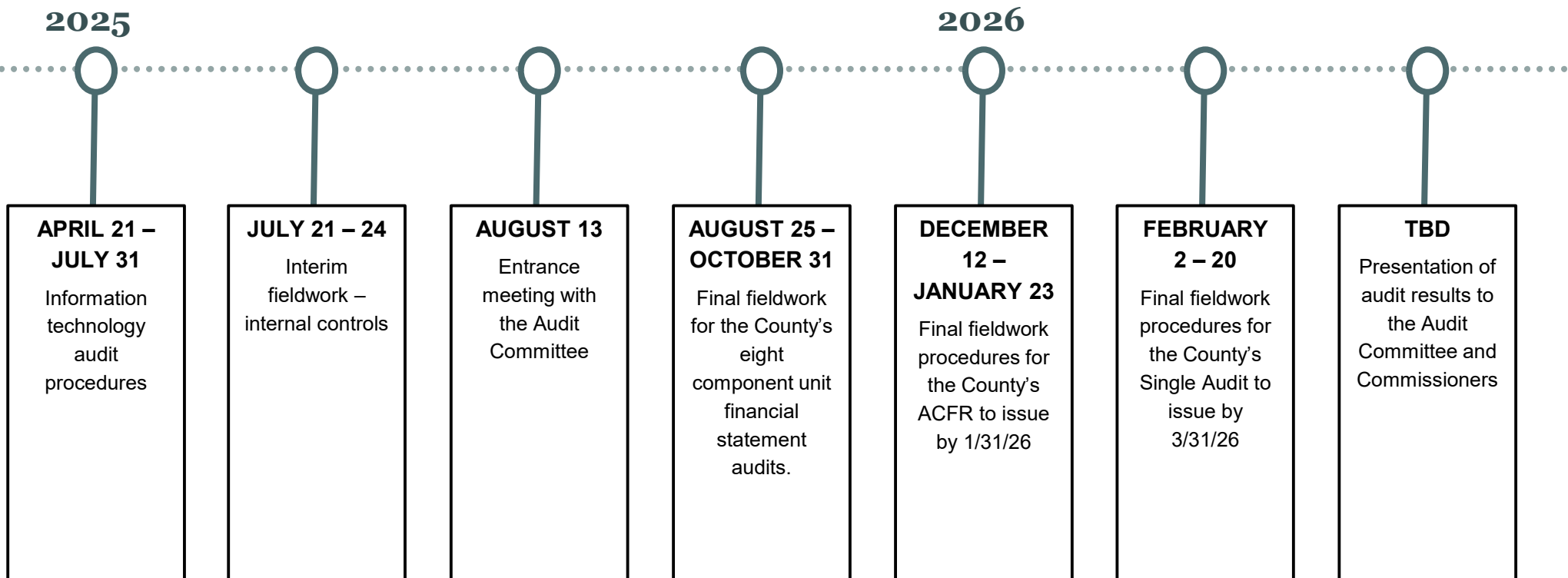
## **Areas of Focus**

- Change Management
- Logical Security and Access
- Operations (backups and batch processing)
- Cybersecurity Questionnaire

## **Schedule**

- Walkthroughs: Weeks of April 21 & July 21
- Operating effectiveness testing: April - July
- Exit Meeting & Debrief Memo: Pending completion of OE testing

# Audit Timing



# Planned Audit Report Issuance Dates


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## Blended Component Units

- Extension and 4-H SD	September 30, 2025
- Library SD	September 30, 2025
- Service District No. 5	September 30, 2025
- Enhanced Law Enforcement District	September 30, 2025
- NCPRD	November 7, 2025
- HACC	November 19, 2025
- WES	November 20, 2025
- Development Agency	November 21, 2025

## County

- ACFR	January 31, 2026
- Single Audit	March 31, 2026

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# **Recent Accounting and Auditing Developments**

# **New Standards Effective for June 30, 2025**

## *GASB 101, Compensated Absences*

This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

## *GASB 102, Certain Risk Disclosures*

This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.



# Contact Us

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**THANK  
YOU**