

Clackamas County Extension and 4-H Service District

(A Component Unit of Clackamas County, Oregon)



Report of Independent Auditors and Financial Statements with Supplementary Information

For The Fiscal Year Ended June 30, 2025

CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component Unit of Clackamas County, Oregon)

Report of Independent Auditors and
Financial Statements with
Supplementary Information

For the Fiscal Year Ended June 30, 2025

Prepared by:

Clackamas County Extension and 4-H Service District
Department of Finance
Elizabeth Comfort, Director of Finance
Sue Unger, Accounting Manager
Nicole Unck, Senior Accountant

**CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component Unit of Clackamas County, Oregon)**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION:	
Governing Body	4
FINANCIAL SECTION:	
REPORT OF INDEPENDENT AUDITORS	6
MANAGEMENT’S DISCUSSION AND ANALYSIS	11
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Fund	18
Reconciliation of Governmental Fund Balance Sheet to Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balance	20
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to Statement of Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual	22
Notes to the Basic Financial Statements	24
SUPPLEMENTARY INFORMATION:	
Other Financial Schedule:	
Schedule of Property Tax Transactions and Outstanding Balances	32
REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	
	34
REPORT OF INDEPENDENT AUDITORS REQUIRED BY OREGON STATE REGULATIONS	
	37

**GOVERNING BODY UNDER ORS 451.485
BOARD OF COUNTY COMMISSIONERS
CLACKAMAS COUNTY, OREGON**

Public Services Building
2051 Kaen Road
Oregon City, Oregon 97045

COMMISSIONERS AS OF JUNE 30, 2025

<u>Name</u>	<u>Term Expires</u>
Craig Roberts, Chair Public Services Building	December 31, 2028
Ben West, Commissioner Public Services Building	December 31, 2026
Paul Savas, Commissioner Public Services Building	December 31, 2026
Martha Schrader, Commissioner Public Services Building	December 31, 2028
Diana Helm, Commissioner Public Services Building	December 31, 2026

ADMINISTRATIVE OFFICES

Clackamas County, Oregon
2051 Kaen Road
Oregon City, Oregon 97045

LEGAL COUNSEL AND REGISTERED AGENT

Billy J. Williams
2051 Kaen Road
Oregon City, Oregon 97045

MANAGEMENT'S DISCUSSION AND ANALYSIS

Report of Independent Auditors

The Board of County Commissioners of
Clackamas County, Oregon, as Governing Body of
Clackamas County Extension and 4-H Service District
Oregon City, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the budgetary comparison of the Clackamas County Extension and 4-H Service District (the District), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of June 30, 2025, and the respective changes in financial position and the respective budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 14 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of property tax transactions and outstanding balances (the Schedule), 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by *Minimum Standards for Audits of Oregon Municipal Corporations*

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated September 30, 2025, on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. 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.

A handwritten signature in black ink that reads "Ashley Osten". The signature is written in a cursive, flowing style.

Ashley Osten, Principal
For Baker Tilly US, LLP
Portland, Oregon
September 30, 2025

REPORT OF INDEPENDENT AUDITORS

CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

Management's discussion and analysis of the Clackamas County Extension and 4-H Service District (the District) offers readers a narrative overview of financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the accompanying basic financial statements and the notes to the basic financial statements.

Oregon Revised Statutes Chapter 451 provides for the establishment of county service districts, including extension services. The Clackamas County Board of Commissioners adopted its Order No. 2008-190 on November 26, 2008, which established the District as a County service district to provide a dedicated, stable funding source for the support of agricultural extension services in Clackamas County, Oregon (the "County"). The District's boundaries are contiguous with those of the County, excepting portions lying within the city limits of Johnson City.

FINANCIAL HIGHLIGHTS

- Assets of the District exceeded liabilities at the close of the fiscal year by \$15,826,450. The total amount may be used to meet ongoing or future obligations but has been accumulated for the purpose of building a new facility.
- Net Position District-wide increased by \$2,012,293. Property taxes levied for operations and other revenues exceeded education expenses by this amount.
- The governmental fund reported an ending fund balance of \$15,726,474, an increase of 14.5% from the prior year. Please see page 19 of the basic financial statements which reconciles the net change in fund balance to the change in net position.
- The District has been collaborating with representatives of Clackamas Community College to seek a new facility to provide Extension Services at the CCC-Oregon City campus. An architectural company has been selected to develop building plans, but estimated construction costs are unknown at this time.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are made up of two components: 1) financial statements and 2) notes to basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

The Statement of Net Position and the Statement of Activities provide government-wide information for the District. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting methodology used by private sector entities. Current year revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities report the District-wide net position and change in net position from the prior year. Net position is the difference between assets and liabilities and represents a measurement of financial health. Over time, increases or decreases in net position indicate whether financial health is improving or deteriorating.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2025

Following the government-wide financial statements are governmental fund financial statements. These statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. A reconciliation of the fund financial statements to the District-wide statements explains the differences in the two methods of reporting.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position of the District increased from prior year. The increase is due to an intentional effort to save funds to construct a new facility.

Statement of Net Position

The Statement of Net Position as of June 30, 2025 and 2024 were as follows.

ASSETS:	<u>2025</u>	<u>2024</u>
Cash and investments	\$ 16,033,106	\$ 14,006,993
Property taxes receivable	<u>114,750</u>	<u>94,405</u>
TOTAL ASSETS	<u>16,147,856</u>	<u>14,101,398</u>
LIABILITIES:		
Accrued payable	<u>321,406</u>	<u>287,241</u>
NET POSITION:		
Restricted for education purposes	<u>15,826,450</u>	<u>13,814,157</u>
TOTAL NET POSITION	<u><u>\$ 15,826,450</u></u>	<u><u>\$ 13,814,157</u></u>

Total assets increased \$2,046,458 from the prior year due to continued growth in assessed values during fiscal year 2024-25, resulting in increased property tax collections. The change in net position is discussed in the financial highlights section.

CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2025

Statement of Activities

A summary of the Statement of Activities for fiscal years ended June 30, 2025 and 2024 follows:

GENERAL REVENUES:	<u>2025</u>	<u>2024</u>
Property taxes levied for operations	\$ 3,108,155	\$ 2,984,059
Intergovernmental	555	877
Earnings on investments	<u>759,443</u>	<u>665,088</u>
TOTAL GENERAL REVENUES	<u>3,868,153</u>	<u>3,650,024</u>
GOVERNMENTAL EXPENSES:		
Education	<u>1,855,860</u>	<u>1,578,331</u>
CHANGE IN NET POSITION	2,012,293	2,071,693
NET POSITION, JUNE 30, 2024	<u>13,814,157</u>	<u>11,742,464</u>
NET POSITION, JUNE 30, 2025	<u><u>\$ 15,826,450</u></u>	<u><u>\$ 13,814,157</u></u>

Education expenditures increased \$277,529 or approximately 17.6% compared to the prior year.

FUND AND BUDGET ANALYSIS

The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance are presented for the governmental fund. The fund balance in the governmental fund increased \$1,991,720 during the year.

Compared to budget, a positive variance of \$578,272 is reported for total revenues. Total expenditures were under budget by \$913,676 due to both a decrease in operational expenses and from savings of budgeted building construction costs that were not incurred during the year.

CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED JUNE 30, 2025

ECONOMIC FACTORS

Property taxes are the chief revenue source for the District; approximately 80.2 percent of total revenues for the year ended June 30, 2025 were property tax revenues. The 1997 property tax limitation established permanent tax rates and limited assessed value growth for individual properties to 3 percent per year. The limitation is on existing properties so growth beyond the 3 percent can occur due to new construction. Certain taxes, such as those to pay bonded debt, were exempted from Measure 50 reductions.

The District has been accumulating resources for future capital construction of a new Clackamas County Extension Education Center, since formation of the District in 2008. As of fiscal year 2015-16, the District received approval from the Board of County Commissioners to site the new facility on existing County owned land. In spring of 2017, the Board of County Commissioners approved a preliminary design plan and estimated construction cost of approximately \$10 million dollars. Design was completed and an RFP was issued in 2019; however, bids came back higher than anticipated. This, combined with COVID-19, resulted in the District and the County placing the project on hold. Now, the Clackamas Extension Education Center project will begin in late FY25-26 in collaboration with Clackamas Community College with a shared building on campus near the Beaver Creek entrance to the college. The new building move in is projected for Fall 2028.

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 accountability. If you have any questions about the report or need additional financial information, please contact the Clackamas County Department of Finance at 2051 Kaen Road, Oregon City, Oregon 97045-4035.

BASIC FINANCIAL STATEMENTS

CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF NET POSITION
JUNE 30, 2025

	<u>Governmental Activities</u>
ASSETS:	
Cash and investments	\$ 16,033,106
Property taxes receivable	<u>114,750</u>
TOTAL ASSETS	<u>16,147,856</u>
LIABILITIES:	
Accrued payable	<u>321,406</u>
NET POSITION:	
Restricted for education purposes	<u>15,826,450</u>
TOTAL NET POSITION	<u><u>\$ 15,826,450</u></u>

The notes to the basic financial statements are an integral part of this statement.

CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

GOVERNMENTAL ACTIVITIES:

Expenses:

Education	\$ 1,855,860
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GENERAL REVENUES:

Property taxes levied for operations	3,108,155
Intergovernmental	555
Earnings on investments	759,443

TOTAL GENERAL REVENUES	3,868,153
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CHANGE IN NET POSITION	2,012,293
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NET POSITION, JUNE 30, 2024	13,814,157
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NET POSITION, JUNE 30, 2025	\$ 15,826,450
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The notes to the basic financial statements are an integral part of this statement.

CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component Unit of Clackamas County, Oregon)
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2025

ASSETS:

Cash and investments	\$ 16,033,106
Property taxes receivable	<u>114,750</u>
TOTAL ASSETS	<u>\$ 16,147,856</u>

LIABILITIES:

Accrued payable	<u>\$ 321,406</u>
TOTAL LIABILITIES	<u>321,406</u>

DEFERRED INFLOWS OF RESOURCES:

Unavailable revenue - property taxes	<u>99,976</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>99,976</u>

FUND BALANCE:

Restricted	<u>15,726,474</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 16,147,856</u>

The notes to the basic financial statements are an integral part of this statement.

CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component Unit of Clackamas County, Oregon)
RECONCILIATION OF GOVERNMENTAL FUND
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2025

TOTAL FUND BALANCE	\$ 15,726,474
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Total net position in the Statement of Net Position is different because:

A portion of the District's property taxes are collected after year-end, but are not available soon enough to pay for the current year's operations and therefore are not reported as revenue in the governmental fund.	99,976
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TOTAL NET POSITION	\$ 15,826,450
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The notes to the basic financial statements are an integral part of this statement.

CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2025

REVENUES:

Property taxes	\$ 3,087,582
Intergovernmental	555
Earnings on investments	<u>759,443</u>

TOTAL REVENUES	<u><u>3,847,580</u></u>
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EXPENDITURES:

Education:	
Materials and services	<u>1,855,860</u>

EXCESS OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	1,991,720
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FUND BALANCE, JUNE 30, 2024	<u>13,734,754</u>
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FUND BALANCE, JUNE 30, 2025	<u><u>\$ 15,726,474</u></u>
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The notes to the basic financial statements are an integral part of this statement.

CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component Unit of Clackamas County, Oregon)
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

NET CHANGE IN FUND BALANCE	\$ 1,991,720
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The change in net position reported in the Statement of Activities is different because:

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental fund. In the Statement of Activities they are recognized as revenue when levied or earned.	<u>20,573</u>
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CHANGE IN NET POSITION	<u><u>\$ 2,012,293</u></u>
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The notes to the basic financial statements are an integral part of this statement.

CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component Unit of Clackamas County, Oregon)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budget			Variance with Final Budget Over (Under)
	Original	Final	Actual	
REVENUES:				
Property taxes	\$ 3,016,890	\$ 3,016,890	\$ 3,087,810	\$ 70,920
Housing in lieu of tax	250	250	363	113
Forest products revenue	-	-	192	192
Earnings on investments	252,396	252,396	759,443	507,047
TOTAL REVENUES	3,269,536	3,269,536	3,847,808	578,272
EXPENDITURES:				
Education:				
Materials and Services	19,067	19,067	18,491	(576)
Special Payments	2,443,329	2,443,329	1,837,369	(605,960)
Contingency	307,140	307,140	-	(307,140)
TOTAL EXPENDITURES	2,769,536	2,769,536	1,855,860	(913,676)
EXCESS OF REVENUES OVER EXPENDITURES AND NET CHANGE IN FUND BALANCE	500,000	500,000	1,991,948	1,491,948
FUND BALANCE, JUNE 30, 2024	12,619,806	12,619,806	13,719,752	1,099,946
FUND BALANCE, JUNE 30, 2025	\$ 13,119,806	\$ 13,119,806	15,711,700	\$ 2,591,894
ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS):				
Property taxes susceptible to accrual, recognized as revenue on the US GAAP basis			14,774	
FUND BALANCE (US GAAP BASIS), JUNE 30, 2025			\$ 15,726,474	

The notes to the basic financial statements are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District

The Clackamas County Extension and 4-H Service District (the District), a component unit of Clackamas County, Oregon (the County), was formed under the provisions of Oregon Revised Statutes (ORS) Chapter 451, "County Service Facilities". The District has no potential component units. As provided by ORS 451.485, the Clackamas County Board of Commissioners (the Board) is the governing body of the District. Since the County is financially accountable for and significantly influences the operations of the District, the District is included in the financial statements of the County. The District's purpose is to provide financing for Oregon State University (OSU) educational and agricultural extension programs in Clackamas County. The District has entered into an intergovernmental agreement with OSU Extension Service in which OSU maintains, operates, and provides extension services to County residents.

Basis of Presentation and Basis of Accounting

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District, including all of its financial activities. Governmental activities are financed primarily through property taxes.

The Statement of Activities presents direct expenses for the District's program. The District has no program revenues. Direct expenses are those specifically associated with the program and, therefore, are clearly identifiable to that program.

Fund Financial Statements

The fund financial statements provide information about the District's only fund.

Measurement Focus and Basis of Accounting

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 at the time liabilities are incurred, regardless of when the related cash flows take place. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental fund to be available if they are collected within sixty days after year-end. Interest and property taxes are considered to be susceptible to accrual.

**CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation and Basis of Accounting (Continued)

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on bonds payable and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures and proceeds from long-term debt and acquisitions under leases are reported as other financing sources.

Use of Estimates

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

Cash and Investments

The District considers investments with maturities of three months or less when purchased to be cash equivalents.

The District's cash and investments comprise funds held and invested by the State of Oregon Treasurer's Local Government Investment Pool and the County Treasurer. Financial information required by Governmental Accounting Standards Board Statements No. 3, No. 31, No. 40 and No. 72 regarding the accounting and financial reporting for the District's pooled cash and investments, held by the County Treasurer, has been disclosed in the County's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025.

Receivables

Property taxes are assessed and become a lien against the property as of July 1 each year, and are payable in three installments on November 15, February 15, and May 15. All property taxes receivable are due from property owners within the District.

CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheet reports a separate section for *deferred outflows of resources*, which represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the balance sheet reports a separate section for *deferred inflows of resources*, which represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue – property taxes, are a portion of the District's property taxes that are collected after year-end and meet the recognition in future periods requirement of deferred inflows of resources.

Budget

A budget is prepared and legally adopted for the fund on the modified accrual basis of accounting, except for property taxes which are recognized on the cash basis. The budget is adopted, appropriations made, and the tax levy is declared no later than June 30 for the next fiscal year. The resolution authorizing appropriations sets the level by which expenditures cannot legally exceed appropriations. Appropriations, which are set at the principal object level, consisting of materials and services, special payments and contingency are the levels of control established by the resolution. The detail budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. Management may make transfers of appropriations within object levels. However, transfers of appropriations between object levels require the approval of the governing body. Unexpected additional resources may be added to the budget through the use of a supplemental budget. The Board at a regular Board meeting may adopt supplemental budgets less than 10% of the fund's original budget. 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. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control with approval by the Board.

Fund Balance and Net Position

On the government-wide *Statement of Net Position*, net position is segregated into restricted and unrestricted balances. Restrictions are limitations on how the net position may be used. Restrictions may be placed on net position by an external party that provided the resources, by enabling legislation or by the nature of the asset. This amount is reported on the *Statement of Net Position*.

Certain revenues derived from specific taxes or other earmarked revenue sources are considered restricted assets. Such revenues include dedicated property taxes, state gas tax, intergovernmental grants, and charges for services which are legally restricted to finance particular functions or activities. Net position in these resources is reported as restricted on the *Statement of Net Position* and is recorded in the general fund supporting the specific function or operation.

CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance and Net Position (Continued)

In the financial statements, assets in excess of liabilities are presented as either fund balances or net position, depending on the measurement focus used for financial reporting in the fund.

Governmental funds report assets in excess of liabilities and deferred inflows of resources as fund balances and will be reported in the classifications that comprise a hierarchy based on the extent to which the District is bound to honor those constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as *Non-spendable* when the resources cannot be spent, whether due to legal restrictions (such as corpus), or items not spendable in form such as inventory balances, prepaid items, or interfund loans/receivables.

Fund balance is reported as *Restricted* when the resources have legal externally enforceable restrictions, representing a spending constraint such as grants or contracts, fines and forfeitures, lender requirements, or laws and regulations of other governments.

Fund balance is reported as *Committed* when the Board of County Commissioners passes a resolution to establish a specific spending constraint on how the resources may be used. The Board can also modify or rescind the resolution through the passage of the same type of formal action employed to previously commit those amounts.

Fund balance is reported as *Assigned* when the County Administrator and Finance Director or designee assign portions of revenue sources or ending fund balance which are not determined to be non-spendable, restricted or committed by formal written notice. Authority is granted to the individuals by the Board of County Commissioners and such authority may only be established, modified or rescinded by the Board.

Fund balance is reported as *Unassigned* when resources are not otherwise reported as non-spendable, restricted, committed, or assigned.

When both restricted and unrestricted fund balance is available for use, the purpose for which that is restricted, it is the District's policy to use restricted fund balance first, then unrestricted fund balance as needed. When unrestricted fund balance is spent, the District will consider that committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts last.

The property taxes collected by the fund are legally restricted by special tax levy Measure 3-311, passed by the voters in November 2008, for the purpose of providing financing to the Oregon State University educational and agricultural extension programs in Clackamas County. Therefore, all accumulated fund balance is restricted.

**CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2025**

2. RISK MANAGEMENT

The District is exposed to various risks of loss related to errors and omissions; automobile; damage to and destruction of assets; and bodily injury for which the District and/or County carries commercial insurance. The District participates in the County's self-insurance program where not commercially insured. The District makes payments, where applicable, to the County's self-insurance internal service funds based on historical cost information estimates of the amounts needed to pay prior year and current year claims, claim reserves, premiums, and administrative costs of the program.

3. CASH AND INVESTMENTS

Cash and investments at June 30, 2025 are comprised of the following:

Cash and Investments with County Treasurer	\$ 14,797
State of Oregon Treasurer's Local Government Investment Pool	16,018,308
	<u>\$ 16,033,106</u>

Cash and investments represent the District's equity in pooled accounts maintained by the County Treasurer. State statutes authorize the District to invest in general obligations of the United States Government (U.S.) and in its agencies and instrumentalities of the U.S. or enterprises sponsored by the U.S. and obligations whose payment is guaranteed by the U.S., agencies and instrumentalities of the U.S. or enterprises sponsored by the U.S., certain bonded obligations of Oregon municipalities, certain corporate indebtedness, bank repurchase agreements, bankers' acceptances, certain commercial paper and the State of Oregon Treasurer's Local Government Investment Pool (LGIP), among others. As of June 30, 2025, and for the year then ended, the District and the County were in compliance with the aforementioned State of Oregon statutes.

Oregon Revised Statutes (ORS) require the public funds depository institution to be a participant in a multiple financial institution collateral pool administered by the Oregon State Treasurer or otherwise adequately collateralized as outlined in ORS 295. Reference should be made to the June 30, 2025, Clackamas County Annual Comprehensive Financial Report for compliance with these statutes.

PFM Asset Management LLC provides administrative and operational support for the LGIP. The LGIP is an open-ended no-load diversified portfolio. The LGIP is offered to, but are not limited to, any municipality, political subdivision or public corporation of Oregon who by law is made the custodian of, or has control of, any public funds. The LGIP is commingled with state funds in the Oregon Short-Term Fund (OSTF). In seeking to best serve participants, the Oregon Legislature established the OSTF Board. The OSTF Board advises the Oregon Investment Council and State Treasury in the management and investments of the OSTF. The OSTF is an external investment pool. The OSTF is not registered with the U.S. Securities and Exchange Commission as an investment company. Separate financial statements for the OSTF are available from the Oregon State Treasurer.

CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2025

3. CASH AND INVESTMENTS (Continued)

Investments in the LGIP are stated at fair value, which approximates cost. Fair value in the LGIP is the same as the value of its pool shares. The District's LGIP funds are in the District's name and reference should be made to the June 30, 2025, Clackamas County Annual Comprehensive Financial Report for disclosures of the risk inherent in the County's portfolio.

4. TAX ABATEMENTS

The District has entered into no tax abatement programs. There are three tax abatement programs entered into by another government reducing the District's property tax revenues for the year ended June 30, 2025:

Oregon Enterprise Zone:

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

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

Not-for-Profit Low Income Rental Housing:

In 1985, Oregon legislature authorized a property tax exemption for low-income housing held by charitable, nonprofit organizations (Not-for-Profit Low Income Rental Housing (NPLTE)). The legislature renewed and extended this program to 2027. The tax exemption is intended to benefit low-income renters by alleviating property tax burden on those agencies that provide this housing opportunity. The qualifying property must be located within the District.

Charitable, nonprofit organizations providing housing to low-income persons are eligible. Organizations must be certified by the Internal Revenue Service as 501(c)(3) or (4). Organizations must own or have a leasehold interest in the property or participate in a partnership as long as the non-profit organization is responsible for the day-to-day management of the property. Applicants who are leaseholders must have a signed leasehold agreement by the application deadline.

**CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component Unit of Clackamas County, Oregon)
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2025**

4. TAX ABATEMENTS (Continued)

Housing units which are unoccupied at the time of application may be included in the total eligible units if the application meets the following conditions:

- (1) The units will be available exclusively to eligible, very low-income persons;
- (2) The units are intended to be occupied within the year;
- (3) The application must be filled out giving information to the best of your ability regarding how the applicant plans to provide housing to eligible tenants; and
- (4) Vacant land must be held for future development of affordable housing for the very low-income, and must include a development plan in the application.

Vacant land intended to be developed as low-income housing is also eligible for the exemption.

Construction-In-Process Enterprise Zone:

The Construction-in-Process exemption (CIP E-Zone) allows an unfinished qualified property to be exempt from local property taxes up to two years while under construction. The county assessor must receive a filing by April 1 of each year. The standard enterprise zone version of this exemption can fully cover all qualified properties of any locally authorized project (except hotels and resorts) that are still not in service.

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated during the Fiscal Year 2025</u>
Clackamas County:	
CIP E-Zone	\$ 124
E-Zone	1,539
NPLTE	912
	<u>\$ 2,575</u>

5. RELATED-PARTY TRANSACTIONS

The District expended \$33,864 in reimbursements to the County for rents, audit services, and other administrative costs.

6. SUBSEQUENT EVENTS

On August 19, 2025, the District signed a memorandum of understanding (MOU) with the County and Clackamas Community College (CCC) for the intention of collaborating the construction of an Extension Education Center (the "Center") on CCC's Oregon City Campus. CC shall own the Center once constructed and the County will make future lease payments for a minimum of 50 years. The District shall contribute up to \$11,500,000 toward the construction of the Center which is projected to begin in late FY26.

SUPPLEMENTARY INFORMATION

CLACKAMAS COUNTY EXTENSION AND 4-H SERVICE DISTRICT
(A Component Unit of Clackamas County, Oregon)
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

Fiscal Year	Uncollected June 30, 2024	Levy as Extended by Assessor	Discounts	Interest	Adjustments	Collections	Uncollected June 30, 2025
2024-2025	\$ -	\$ 3,191,398	\$ (83,186)	\$ 949	\$ (4,764)	\$ (3,043,438)	\$ 60,959
2023-2024	57,225	-	-	1,716	(1,779)	(26,026)	31,136
2022-2023	18,522	-	-	1,178	(218)	(7,118)	12,364
2021-2022	10,050	-	-	1,725	(10)	(7,063)	4,702
2020-2021	3,764	-	-	931	13	(3,344)	1,364
2019-2020	1,199	-	-	175	-	(482)	892
2018-2019 & Prior	3,645	-	-	-	27	(339)	3,333
	<u>\$ 94,405</u>	<u>\$ 3,191,398</u>	<u>\$ (83,186)</u>	<u>\$ 6,674</u>	<u>\$ (6,731)</u>	<u>\$ (3,087,810)</u>	<u>\$ 114,750</u>

**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

The Board of County Commissioners of
Clackamas County, Oregon, as Governing Body of
Clackamas County Extension and 4-H Service District
Oregon City, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the budgetary comparison of the Clackamas County Extension and 4-H Service District (the District), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 30, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Baker Tilly US, LLP

Portland, Oregon
September 30, 2025

**REPORT OF INDEPENDENT AUDITORS REQUIRED BY
OREGON STATE REGULATIONS**

Report of Independent Auditors Required by Oregon State Regulations

The Board of County Commissioners of
Clackamas County, Oregon, as Governing Body of
Clackamas County Extension and 4-H Service District
Oregon City, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the budgetary comparison of Clackamas County Extension and 4-H Service District (the District), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 30, 2025.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the financial statements. 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 and internal control
- Public fund deposits
- Budget
- Insurance and fidelity bonds
- Investments

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, regulations, contracts, and grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

Internal Control Over Financial Reporting

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

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of County Commissioners and management of the District and the Oregon Secretary of State and is not intended to be, and should not be, used by anyone other than these parties.



Ashley Oster, Principal
For Baker Tilly US, LLP
Portland, Oregon
September 30, 2025