

**OSU Extension Service Polk County District Board Meeting Agenda**

March 6, 2024, 9:30am | Commissioner’s Board Room - Polk County Courthouse

Chair, Commissioner Craig Pope

Commissioner Lyle Mordhorst, Commissioner Jeremy Gordon

District Administrator Greg Hansen

Regional Director Richard Riggs, Local Liaison Alisha Atha

PECAN Chair Karin Stutzman

1. Call meeting into session - Chairman Pope Time \_\_\_\_\_

2. Comments for items not on this Agenda

3. Approval of Agenda

4. Approval of Consent Calendar

5. Polk Extension Service District Audit for Fiscal Year 2022-2023 – Greg Hansen

6. New Business:

    Small Farms Program Update – Hayley White, Small Farm Coordinator

    Agritourism Program Update – Audrey Comerford, Agritourism Coordinator

    New OSU Extension Small Farms faculty, Todd Anderson, Introduction – Richard Riggs, Regional Director

    Extension Administrative Updates – Richard Riggs, Regional Director

    Office Updates – Alisha Hutchison, Office Manager

7. Public Comment, Discussion or Announcements

**Consent Calendar**

- a. Extension Service District Meeting Notes – November 7, 2023
- b. 2024-2025 District Budget Calendar
- c. Appoint Greg Hansen as Budget Officer

Adjourn \_\_\_\_\_

## Polk Extension Service District Notes

November 7, 2023

In attendance: Commissioner Jeremy Gordon, Commissioner Mordhorst, Richard Riggs, Alisha Hutchison, Commissioner Pope was absent.

1. Commissioner Gordon called meeting to order at 10:00 am
2. Comments for items not on agenda
  - None
3. Approval of Agenda. Commissioner Mordhorst moved; Commissioner Gordon seconded. Passed unanimously by the quorum.
4. Approval of Consent Calendar. Commissioner Mordhorst moved; Commissioner Gordon seconded. Passed unanimously by the quorum.
5. New Business
  - Richard Riggs, Regional Director, introduced the new OSU Extension Forester, Lorelle Sherman. Mr. Riggs provided some brief background information on Ms. Sherman and then invited Ms. Sherman to talk a little more about herself. Ms. Sherman thanked the Board for their time and then talked about her background history and what she looks forward to doing in her new role. She is a mycologist and has her degree in Forest Ecology. She has planned a Foraging Your Woodland workshop for the Master Woodland Managers program to get an opportunity to meet and get to know the volunteers in the program. Lorelle will be serving Polk Benton and Linn Counties.
  - Alisha Hutchison, Office Manager, provided an office update to the Board and staff. Mrs. Hutchison explained a kitchen expansion that they are currently working on and explained what they are planning to do and what types of classes they want to offer to students with this expansion. Their goal is to have the kitchen up and running by the end of 2023. Next Mrs. Hutchison provided a staffing update and stated that once their newest staff member is trained, they plan to have the office open 5 days a week again. Mrs. Hutchison stated that two weeks ago their Facebook page had been hacked, she explained what has been happening to their account and how they are trying to resolve it.
  - Rachel Brandon & Andrea Hunter, 4-H Coordinators, provided a Polk County 4-H Program update. They provided a handout to the Board and staff that had a basic overview report of what they have done this year. They were excited to share that enrollment is back up to the pre-pandemic levels and now surpassing it with an increase of 9.5%. The update also went over their current onboarding for leader volunteers, club information and non-traditional programming. They talked about a fair follow up survey that was done to get feedback from the community and their plans to regularly meet with their community partners. Next, they talked about their plans to reach more of rural Polk County and those communities. Commissioner Gordon thanked both of them and also commended them for their incredible work and said that the outreach that they are working towards is really impressive.

Commissioner Mordhorst brought up saving the 4-H Center and if the Board can do anything to help to let them know. Commissioner Mordhorst thanked them for their hard work and for focusing on the youth and wanted to commend them all on everything that they do.

- Richard Riggs wanted to follow up on Commissioner Mordhorst's comments about saving the 4-H Center from being sold. Mr. Riggs stated that he would strongly suggest reaching out and writing letters to the 4-H Foundation and that he believed that Commissioner Pope had already reached out to them as well. Commissioner Gordon stated that he has and that they would follow up with him. Mr. Riggs is also recommending that the Commissioner's either have a public hearing on the matter or invite the 4-H Foundation to come discuss this topic publicly and to be able to hear from the community what kind of impact this would have. Mr. Riggs wanted to reiterate the high level of work that has been done in the 4-H program, and stated that they have done a total 180 in the last several months with their 4-H Programs. He also wanted to thank and give a shout-out to their volunteers who work so hard and just do an incredible job.
- Next Mr. Riggs gave a brief extension admin update. Regarding the 4-H Center, there have been discussions surrounding the sale of the property by the 4-H Foundation, who owns the property. From the legislative funding received by OSU Extension, Director Lyles will be filling a number of positions, including a Christmas Tree Specialist to replace the retired Chal Langren; a North Valley Field Crops specialist that will serve Polk, Yamhill and Washington counties; three Master Gardener Coordinators to serve Linn/Benton, Tillamook and Clackamas; an Urban Forester; Agritourism and Natural Resources Professor of Practice on campus; a Gerontology Program Coordinator. He has elected not to refill the Livestock & Pasture specialist position that was previously held by Gene Pirelli.

6. Public Comment, Discussion, Announcements –

- None

Adjourned at 10:42 AM.

**Polk Extension Service District  
Fiscal Year 2024-2025 - Budget Calendar**

- |     |                                                                                                                                                                 |                              |                   |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------|
| 1.  | Department Budget Request forms<br>Returned to Budget Officer                                                                                                   | 04/19/2024                   | Friday            |
| 2.  | Deliver to Newspaper of Record<br>Notice of Budget Committee<br>Meeting (1 <sup>st</sup> notice)                                                                | 04/12/2024                   | Friday            |
| 3.  | Publication of Notice of 11:00 a.m.<br>05/08/2024 Budget Committee Meeting<br>(not more than 30 days prior to meeting)                                          | 04/17/2024                   | Wednesday         |
| 4.  | Deliver to Newspaper of Record<br>Notice of Budget Committee Meeting<br>(2 <sup>nd</sup> notice)                                                                | 04/26/2024                   | Friday            |
| 5.  | Publication of Notice of 11:00 a.m.<br>05/08/2024 Budget Committee Meeting<br>(not less than 5 days prior to meeting)                                           | 05/01/2024                   | Wednesday         |
| 6.  | Budget Officer delivers to the<br>Budget Committee the Proposed<br>Budget and the Budget Message                                                                | 05/03/2024                   | Friday            |
| 7.  | Budget Committee meets on the<br>FY 2024-2025 Proposed Budget<br>Approval                                                                                       | 05/08/2024                   | Wednesday (11:00) |
| 8.  | Deliver to Newspaper of Record the<br>Notice of Approved Budget Summary<br>and Public Hearing on 06/26/2024                                                     | 06/07/2024                   | Friday            |
| 9.  | Publication of Notice of Approved<br>Budget Summary and Public Hearing<br>on 06/26/2024 (5-25 days prior to meeting).                                           | 06/12/2024                   | Wednesday         |
| 10. | Public Hearing on Approved Budget<br>in conjunction with BOC meeting                                                                                            | 06/26/2024                   | Wednesday         |
| 11. | Adopt 2024-2025 Budget, make<br>appropriations and declare tax<br>levies.                                                                                       | 06/26/2024                   | Wednesday         |
| 12. | Submit Notice of Tax Levy (LB-50),<br>Copy of Adopted Budget and<br>Resolution adopting the Budget<br>making appropriations and Levy of<br>Tax to the Assessor. | 07/15/2024<br>(on or before) |                   |
| 13. | One copy of the Adopted Budget<br>to County Clerk                                                                                                               |                              |                   |

**POLK COUNTY**  
**EXTENSION SERVICE DISTRICT**  
**FINANCIAL REPORT**  
**June 30, 2023**

**POLK COUNTY EXTENSION SERVICE DISTRICT**  
**OFFICERS AND MEMBERS OF THE GOVERNING BODY**  
**Year Ended June 30, 2023**

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**COMMISSIONERS**

Craig Pope  
15040 Airlie Road  
Monmouth, Oregon 97361

Jeremy Gordon  
180 Dayton Street  
Fall City, Oregon 97344

Lyle Mordhorst  
6030 Bethel Heights Road  
Salem, Oregon 97304

**REGISTERED AGENT**

Gregory P. Hansen

**REGISTERED ADDRESS**

850 Main Street  
Dallas, OR 97338

# POLK COUNTY EXTENSION SERVICE DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Polk County Extension Service District  
Dallas, Oregon

### Report on the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities and major fund of Polk County Extension Service District (the "District"), as of and for the year ended June 30, 2023, 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 major fund of Polk County Extension Service District, as of June 30, 2023, and the respective changes in financial position, and the budgetary comparison for the General Fund 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). 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

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 material misstatements 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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.

Board of Directors  
Polk County Extension Service District  
Independent Auditor's Report  
January 25, 2024

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages a – c 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 GAAS, 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.

**Other Reporting Required by Oregon State Regulations**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated January 25, 2024, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

*Singer Lewak LLP*

January 25, 2024

By:



Bradley G. Bingenheimer, Partner

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**POLK COUNTY EXTENSION SERVICE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2023**

The Polk County Extension Service District presents this narrative overview and analysis of the financial activities of the District, for the fiscal year ended June 30, 2023. This discussion and analysis is intended to serve as an introduction to the District's basic financial statements as well as provide additional information to readers. We encourage readers to consider this information in conjunction with the accompanying financial statements. This narrative is based on currently known facts, decisions and conditions that existed as of the date of the independent auditor's report.

Because the District is considered a component unit of Polk County, the District's financial information is included in Polk County's annual financial statements as well as separately in this report. This discussion and analysis presents the highlights of financial activities and the financial position only for the District.

**Financial Highlights**

- At June 30, 2023, the District's assets exceeded its liabilities by \$82,241 (net position).
- The District's net position increased by \$53,618 during the current fiscal year. This increase is attributable to revenues in excess of expenses.

**Overview of the Financial Statements**

The District's annual financial report consists of various sections as follows:

- *Management's Discussion and Analysis*  
This section provides financial highlights, overview and economic factors affecting the District.
- *Basic Financial Statements*  
Includes five statements and related footnotes. The statement of net position and statement of activities present financial information on an accrual basis. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected property taxes).

The balance sheet and statement of revenues, expenditures and change in fund balance present financial information on a modified-accrual basis. The measurement focus for these fund statements is based on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the District's near-term financing requirements. The District maintains only one fund – the General Fund.

The District adopts and appropriates an annual budget. A statement comparing actual revenue and expenditures with the budget has also been provided.

Notes to the financial statements contain additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

- *Independent auditor's report required by Oregon State Regulations*  
The report contains information on District compliance and internal controls.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### Financial Statement Summary and Analysis

Assets exceeded liabilities by \$82,241 at June 30, 2023, compared to \$28,623 at June 30, 2022. Assets increased \$12,237 during the year. Receivables increased \$2,615, lease assets decreased \$34,967, prepaids increased \$2,976, and cash increased \$41,613. Liabilities decreased \$41,381 during the year. Accounts payable decreased \$6,501 and lease liabilities decreased \$34,880.

### NET POSITION

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>Change</u>
<b>Assets</b>			
Current and other assets	\$ 174,502	\$ 127,298	\$ 47,204
Capital assets	34,966	69,933	(34,967)
<b>Liabilities</b>			
Other liabilities	90,488	96,989	(6,501)
Long-term liabilities	<u>36,739</u>	<u>71,619</u>	<u>(34,880)</u>
<b>Net Position</b>			
Net investment in capital assets	(1,773)	(27,056)	25,283
Unrestricted	<u>84,014</u>	<u>55,679</u>	<u>28,335</u>
Total net position	<u>\$ 82,241</u>	<u>\$ 28,623</u>	<u>\$ 53,618</u>

Net position increased by \$53,618 during this fiscal year. This increase was caused by revenues (\$528,520) in excess of expenses (\$475,115). The primary source of revenue is property taxes (99%). Property tax revenue increased by \$22,445 (4%) this fiscal year.

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>Change</u>
<b>General revenues:</b>			
Property taxes	\$ 523,520	\$ 501,075	\$ 22,445
Intergovernmental	-	5,500	5,500
Interest earnings	<u>5,213</u>	<u>850</u>	<u>4,363</u>
<b>Total revenues</b>	<b>528,733</b>	<b>507,425</b>	<b>21,308</b>
<b>Expenses:</b>			
Education	<u>475,115</u>	<u>515,019</u>	<u>25,960</u>
<b>Increase (decrease) in net position</b>	<b>53,618</b>	<b>(7,594)</b>	<b>46,024</b>
Beginning net position	<u>28,623</u>	<u>36,217</u>	<u>(7,594)</u>
<b>Ending net position</b>	<b><u>\$ 82,241</u></b>	<b><u>\$ 28,623</u></b>	<b><u>\$ 53,618</u></b>

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

### **Budgetary Highlights**

Actual revenue was less than budgeted revenue by \$20,142 and actual expenditures were less than budget by \$101,972.

### **Capital Assets and Debt Administration**

Right-to-use assets were decreased by amortization expense of \$34,967. The District's total lease assets as of June 30, 2023 were \$34,966. Principal payments of \$34,880 and interest of \$1,211 were paid on the leases during the year. Lease liability as of June 30, 2023 was \$36,739. See pages 13-14 in the notes to the financial statements for additional information.

### **Key Economic Factors and Next Year's Budget Information**

- The District's 2023-24 budgeted appropriations increased \$46,500 (8.0%). The increase in funding is related to increased personnel costs.
- Revenues for fiscal year 2023-24 are budgeted at \$623,500. This includes a beginning fund balance of \$65,000.

### **Request for Information**

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to:

Katlyn D'Agostini  
Director of Finance  
850 Main Street  
Dallas, Oregon 97338  
Phone: 503-623-9264

## **BASIC FINANCIAL STATEMENTS**

**POLK COUNTY EXTENSION SERVICE DISTRICT**  
**STATEMENT OF NET POSITION**  
**Year Ended June 30, 2023**

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	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 156,267
Receivables, net	15,259
Prepaid items	2,976
Capital assets:	
Lease assets, net	<u>34,966</u>
 Total assets	 <u>209,468</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	90,488
Long-term liabilities:	
Due within one year	<u>36,739</u>
 Total liabilities	 <u>127,227</u>
<b>Net position</b>	
Net investment in capital assets	(1,773)
Unrestricted	<u>84,014</u>
 <b>Total net position</b>	 <b><u>\$ 82,241</u></b>



**POLK COUNTY EXTENSION SERVICE DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2023**

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	<b>Governmental Activities</b>
<b>Program expenses</b>	
Education	\$ 475,115
Total program expenses	475,115
<b>General revenues:</b>	
Property taxes levied for general purposes	523,520
Unrestricted investment earnings	5,213
Total general revenues	528,733
Change in net position	53,618
Net position - beginning	28,623
<b>Net position - ending</b>	<b>\$ 82,241</b>

# POLK COUNTY EXTENSION SERVICE DISTRICT

## BALANCE SHEET GOVERNMENTAL FUNDS Year Ended June 30, 2023

	<b>General</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 156,267
Receivables, net	15,259
Prepaid items	2,976
<b>Total assets</b>	<b>\$ 174,502</b>
<b>Liabilities, deferred inflows and fund balances</b>	
Liabilities	
Accounts payable and accrued liabilities	\$ 90,488
Total liabilities	90,488
Deferred inflows of resources	
Unavailable revenue	12,954
Total deferred inflows of resources	12,954
Fund balance	
Nonspendable	2,976
Unassigned	68,084
Total fund balance	71,060
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 174,502</b>
Total fund balance	\$ 71,060
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	34,966
Lease liabilities are not due and payable in the current period and, therefore, are not reported in the funds	(36,739)
Other long-term assets are not available for current period expenditures and, therefore, are reported as unavailable revenue in the funds	12,954
<b>Net position of governmental activities</b>	<b>\$ 82,241</b>

See notes to financial statements

**POLK COUNTY EXTENSION SERVICE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2023**

	<b>General</b>
<b>Revenues</b>	
Property taxes	\$ 521,645
Interest	5,213
Total revenues	526,858
<b>Expenditures</b>	
Current	
Education	438,937
Debt service	
Principal	34,880
Interest	1,211
Total expenditures	475,028
Net change in fund balances	51,830
Fund balance at beginning of year	19,230
<b>Fund balance at end of year</b>	<b>\$ 71,060</b>
Net change in fund balances	\$ 51,830
<i>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</i>	
Leases in which the District is the lessee in governmental activities, an expenditure is recorded in the governmental funds for the amount of the present value of future lease payments; however, in the statement of activities, the present value of future lease payments is recognized as an intangible asset and amortized over the lease term.	
Amortization	(34,967)
Lease payments are an expenditure in the governmental fund statements, but the repayment reduces lease liabilities in the statement of net position	
Amortization	34,880
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	
	1,875
<b>Change in net position of governmental activities</b>	<b>\$ 53,618</b>

See notes to financial statements

**POLK COUNTY EXTENSION SERVICE DISTRICT**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE (BUDGETARY BASIS) - BUDGET TO ACTUAL**  
**Year Ended June 30, 2023**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property taxes	\$ 543,000	\$ 543,000	\$ 521,645	\$ (21,355)
Donations	1,500	1,500	-	(1,500)
Interest	2,500	2,500	5,213	2,713
Total revenues	<u>547,000</u>	<u>547,000</u>	<u>526,858</u>	<u>(20,142)</u>
<b>Expenditures</b>				
Materials and services	556,000	556,000	469,028	86,972
Capital outlay	6,000	6,000	6,000	-
Contingency	15,000	15,000	-	15,000
Total expenditures	<u>577,000</u>	<u>577,000</u>	<u>475,028</u>	<u>101,972</u>
Net change in fund balance	(30,000)	(30,000)	51,830	81,830
Fund balance at beginning of year	<u>30,000</u>	<u>30,000</u>	<u>19,230</u>	<u>(10,770)</u>
<b>Fund balance at end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 71,060</u></b>	<b><u>\$ 71,060</u></b>

See notes to financial statements

# POLK COUNTY EXTENSION SERVICE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – FINANCIAL REPORTING ENTITY

The Polk County Extension Service District was formed May 18, 2010, by a vote of the people, under ORS Chapter 451. The purpose of the District is to provide Oregon State University extension educational programs, training, and information to Polk County residents.

The District is a component unit of Polk County. The following criteria from Governmental Accounting Standards Board Statement No. 61, “The Financial Reporting Entity” regarding manifestation of oversight were considered by the County in its evaluation of the District’s organization and activities:

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

Polk 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 management of Polk County has determined that the District should be included as a blended component unit, in the annual financial report of Polk County for the year ended June 30, 2023.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

#### Financial statement presentation

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

*Governmental activities* are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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.

**POLK COUNTY EXTENSION SERVICE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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.

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 fund:

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

**POLK COUNTY EXTENSION SERVICE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 yearend.

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.

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.

Budgeted amounts may be revised during the year. The governing body must authorize all appropriation transfers and supplementary budgetary appropriations.

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.

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.

**POLK COUNTY EXTENSION SERVICE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Deferred outflows / inflows of resources

In addition to assets, the statements of net position and / or balance sheet – governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position and / or balance sheet – governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental fund report unavailable revenues from property taxes. These amounts are unavailable and recognized as an inflow of resources in the period when the amounts become available.

Net position

*Government-wide statements*

On the statement of net position, equity is classified as net position and displayed in three components:

***Net investment in capital assets*** – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

***Restricted net position*** – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

***Unrestricted net position*** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”



**POLK COUNTY EXTENSION SERVICE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net position (continued)

In the government-wide financial statements, when the District has restricted and unrestricted resources available, it is the District's policy to expend restricted resources first and then unrestricted resources as needed in determining the amounts to report as restricted – net position and unrestricted – net position.

Fund balance

*Governmental fund type fund balance reporting*

The Governmental Accounting Standards Board (GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* requires governmental type fund balance amounts to be reported within one of the fund balance categories listed below:

***Nonspendable*** — Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

***Restricted*** — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

***Committed*** — Amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board of Commissioners is the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Commissioners.

***Assigned*** — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The County Treasurer has the authority to assign fund balance amounts.

***Unassigned*** — The residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

In the governmental fund financial statements, when the District has restricted and unrestricted (Committed, Assigned or Unassigned) resources available, it is the District's policy to expend restricted resources first. Unrestricted resources are then expended in the order of committed, assigned, and unassigned as needed, unless otherwise provided for in actions to commit or assign resources, in determining the amounts to be reported in each of the fund balance categories.

**POLK COUNTY EXTENSION SERVICE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

Leases

Lease contracts that provide the District with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

**NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

As a component unit of Polk County, the District’s cash, cash equivalents and investments are comingled with the County’s pool of cash, cash equivalents and investments that are available for use by all funds. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

The County’s cash, cash equivalents and investments and the amount allocable to the District at June 30, 2023 are as follows:

	<u>Polk County</u>	<u>Extension Service District</u>
Cash and cash equivalents		
State of Oregon Local Government Investment Pool	\$ 35,216,983	\$ 143,766
Cash on hand	4,245	-
Deposits with financial institutions	<u>3,238,470</u>	<u>12,501</u>
Total deposits and investments	<u>\$ 38,459,698</u>	<u>\$ 156,267</u>

**POLK COUNTY EXTENSION SERVICE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Deposits with financial institutions

Custodial Credit Risk – Deposits with Financial Institutions: 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 financial institution.

Deposits in excess of FDIC coverage with financial institutions participating in the Oregon Public Funds Collateralization Program are collateralized under the Public Funds Collateralization Program (PFCP) of the Oregon State Treasurer. The PFCP is a shared liability structure for participating financial institutions and is considered additional depository insurance as defined in GASB 40. Participating financial institutions are required to pledge securities, held by the Federal Home Loan Bank of Seattle in the name of the financial institution, with a value equal to at least 10%, with limited exceptions that may require up to 110%, of the amount of deposits of Oregon municipal corporations in excess of FDIC depository insurance. In the event of a failure of a participating financial institution the collective amount of all pledged securities under the PFCP are available to return the District’s deposits. As of June 30, 2023, none of the District’s deposits with financial institutions were exposed to custodial credit risk.

State of Oregon Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) 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 balances could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. 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 public funds. 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 District’s position in the LGIP is the same as the value of the pool shares.

**NOTE 4 – RECEIVABLES**

The District’s receivables at June 30, 2023 are as follows:

	<u>General</u>
Property taxes	<u>\$ 15,259</u>

**POLK COUNTY EXTENSION SERVICE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Balances July 1, 2022	Additions	Deletions	Balances June 30, 2023
Lease assets				
Buildings	\$ 104,900	\$ -	\$ -	\$ 104,900
Less accumulated amortization for:				
Leased buildings	34,967	34,967	-	69,934
Total capital assets, net	<u>\$ 69,933</u>	<u>\$ (34,967)</u>	<u>\$ -</u>	<u>\$ 34,966</u>

For the year ended June 30, 2023, amortization expense charged to governmental activities of the District was \$34,967.

**NOTE 6 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the year ended June 30, 2023, were as follows:

	Outstanding July 1, 2022	Additions	Reductions	Outstanding June 30, 2023	Balances Due Within One Year
<b><u>Governmental activities</u></b>					
Other long-term obligations					
Lease liability	71,619	-	34,880	36,739	36,739
Total long-term obligations	<u>\$ 71,619</u>	<u>\$ -</u>	<u>\$ 34,880</u>	<u>\$ 36,739</u>	<u>\$ 36,739</u>

Leases

The District has entered into lease agreements to obtain the right-to-use buildings.

The Ellendale Plaza building lease is currently in the final extension period with no option to extend the terms of the lease. Monthly payment amounts are \$2,920 and escalate 3% each year.

**POLK COUNTY EXTENSION SERVICE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 6 – LONG-TERM OBLIGATIONS (Continued)**

The following is a schedule of minimum future lease payments from lease agreements as of June 30, 2023:

Fiscal Year	Lease Liability	Interest Expense	Total
2023	<u>\$ 34,880</u>	<u>\$ 1,211</u>	<u>\$ 36,091</u>

**NOTE 7 – UNAVAILABLE REVENUE**

Resources owned by the District, which are measurable but unavailable in the governmental funds, consist of the following:

	General
Property taxes	<u>\$ 12,954</u>

**NOTE 8 – TAX ABATEMENTS**

The District has no tax abatement agreements in effect, but they are subject to property tax abatement agreements negotiated by Polk County. Agreements are negotiated on an individual basis by the County for the fiscal year ended June 30, 2023. The County had agreements which reduced property taxes levied on 12 properties for certified historic properties and for enterprise zone properties.

Property taxes for certified historic properties are abated for 15 consecutive years on the assessed value of qualifying improvements to the property pursuant to ORS 358.475-.545. The taxpayer is required to make qualified improvement to the property within the first five years in an amount of at least ten percent of the historic property’s real market value at the time of program qualification. The County has not made any commitments as part of these agreements other than to reduce taxes. State law provides for the recapture of taxes abated, in addition to interest and penalties, if the property is disqualified during the term of the agreement.

**POLK COUNTY EXTENSION SERVICE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 8 – TAX ABATEMENTS (Continued)**

Enterprise zones are property areas designated by the Oregon Business Development Department and determined on a case-by-case basis based on requirements under ORS 285C.090 which includes criteria for zone resident household income and unemployment rates. Qualifying enterprise zone businesses are exempted from paying property taxes on qualifying new construction and equipment for 3 - 5 years. The County has not made any commitments as part of these agreements other than to reduce taxes. State law provides for the recapture of taxes abated if the business ceases to meet the requirements of the program.

The District has chosen to disclose information about its tax abatement agreements in total by abatement program type.

The District's share of property taxes abated by Polk County for the year ended June 30, 2023, listed by abatement program are as follows:

<u>Abatement Program</u>	<u>Taxes Abated</u>
Historic property	\$ 202
Enterprise zone	<u>181</u>
Total	<u>\$ 383</u>

## **COMPLIANCE SECTION**

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY  
OREGON STATE REGULATIONS**

Board of Directors  
Polk County Extension Service District  
Dallas, Oregon

We have audited the basic financial statements of the Polk County Extension Service District (the "District") as of and for the year ended June 30, 2023, and have issued our report thereon dated January 25, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0230 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

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 grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0230 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.



Board of Directors  
Polk County Extension Service District  
Independent Auditor's Report Required by  
Oregon State Regulations  
January 25, 2024

**OAR 162-010-0230 Internal Control**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purposes 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.

**Restriction of Use**

This report is intended solely for the information and use of the Board of Directors 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.

*Singer Lewak LLP*

January 25, 2024

By:



Bradley G. Bingenheimer, Partner