

**LINCOLN COUNTY EXTENSION SERVICE  
DISTRICT  
(A COMPONENT UNIT OF LINCOLN COUNTY)  
NEWPORT, OREGON**

FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION

YEAR ENDED JUNE 30, 2023

WITH  
INDEPENDENT ACCOUNTANT'S REVIEW  
REPORT



**LINCOLN COUNTY EXTENSION SERVICE DISTRICT  
(A COMPONENT UNIT OF LINCOLN COUNTY, OREGON)**

Principal Officials

June 30, 2023

**BOARD OF COMMISSIONERS**

<b>Title</b>	<b>Name</b>
Commissioner, Chair	Kaety Jacobson
Commissioner	Claire Hall
Commissioner	Casey Miller

All individuals receive mail at the address listed below:

225 West Olive Street  
Newport, OR 97365

**Administrative Staff**

Kristin Yuille, County Counsel  
Tim Johnson, County Administrator



## TABLE OF CONTENTS

<b>Independent Accountant's Review Report</b>	A-1 – A-2
<b>Management's Discussion and Analysis</b>	B-1 – B-2
<b>Basic Financial Statements:</b>	
Government-Wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Fund	3
Reconciliation of the Balance Sheet to the Statement of Net Position	3
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	4
Notes to the Financial Statements	5 – 10
<b>Required Supplementary Information:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	11
<b>Management Representation of Fiscal Affairs Required by Oregon Regulation</b>	12



**| INDEPENDENT ACCOUNTANT'S  
REVIEW REPORT**



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Commissioners  
Lincoln County Extension Service District  
Newport, Oregon

We have reviewed the accompanying financial statements of the governmental activities, general fund, and the budgetary comparison information for the general fund of the Lincoln County Extension Service District ("District"), a component unit of Lincoln County, Oregon 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of District management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements whether due to fraud or error.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and general fund budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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 did not perform a compilation, review, or audit on management's discussion and analysis and do not express an opinion or provide any assurance on it.

The general fund budgetary comparison information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the review procedures applied in the accountant's review of the basic financial statements and whether the accountant is aware of any material modifications that should be made to the supplementary information. We have not audited the information and do not express an opinion on the information.

### **Management Representation of Fiscal Affairs Required by Oregon Regulation**

The Management Representation of Fiscal Affairs Required by Oregon Regulation, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have not audited or reviewed such information and accordingly, we do not express an opinion, a conclusion, nor provide any assurance on it.

A handwritten signature in black ink that reads "Donald F. Ewalt". The signature is written in a cursive, flowing style.

Donald F. Ewalt, CPA  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
October 4, 2024



## | MANAGEMENT'S DISCUSSION AND ANALYSIS

**LINCOLN COUNTY EXTENSION SERVICE DISTRICT**  
**Management's Discussion and Analysis**  
**JUNE 30, 2023**

The Lincoln County Extension Service District ("District") is a blended Component Unit of Lincoln County, Oregon and is included in the Annual Financial Report of Lincoln County, Oregon. This discussion and analysis presents highlights of financial activities and financial position for the District. Please read it in conjunction with the District's basic financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's net position on June 30, 2023 was \$1,021,378.
- The District's net position increased by \$44,638 or 4.57%.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts - management's discussion and analysis (this section), basic financial statements and disclosures, and management's representation of fiscal affairs required by the minimum standards for reviews of Oregon Municipal Corporations. The discussion and analysis section is intended to serve as an introduction to the District's basic financial statements. These statements consist of government-wide financial statements, fund financial statements, and notes to basic financial statements.

The Statement of Net Position contains information about the District's assets, liabilities, and net position. Over time, changes in assets and liabilities can be a useful indicator to assess the District's ability to cover its costs and to continue to finance services and new programs in the future versus how much is invested in capital assets or restricted for specific purposes. The Statement of Activities contains information about the expenses incurred to provide educational activities and the revenues obtained to finance these services. This statement shows the extent to which services are covered by user fees and how much of the service is financed by property taxes, government grants, and accumulated reserves. The remaining statements are fund financial statements that include only current or short-term information such as readily available assets and currently due liabilities as well as the revenues and expenses received or expended during the current year or shortly thereafter.

**FINANCIAL SUMMARY AND ANALYSIS**

**Net Position.** The District's net position was \$1,021,378, which is an increase of \$44,638 or 4.57% between fiscal years 2023 and 2022. Current assets increased \$117,133 or 11.99%.

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
<u>Assets:</u>		
Current assets	\$ 1,094,278	\$ 977,115
<u>Liabilities:</u>		
Current liabilities	72,900	375
<u>Net position:</u>		
Unrestricted	1,021,378	976,740
Total net position	1,021,378	976,740
Total liabilities and net position	\$ 1,094,278	\$ 977,115

**LINCOLN COUNTY EXTENSION SERVICE DISTRICT**  
**Management's Discussion and Analysis**  
**JUNE 30, 2023**

**Changes in Net Position.** The District's total revenues increased by \$31,212 or 7.90% and expenses increased by \$9,702 or 2.61% for the year ending 2023 in comparison to 2022.

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
<u>Revenues:</u>		
Property taxes	\$ 396,226	\$ 385,687
Intergovernmental	2,824	2,402
Investment earnings	27,310	7,059
Total revenues	426,360	395,148
<u>Expenses:</u>		
Education	381,721	372,019
Change in net position	44,639	23,129
Net position beginning of the year	976,739	953,611
Net position end of year	\$ 1,021,378	\$ 976,740

**Financial Analysis of Funds.** The District has only the General Fund. The analysis of the fund activity is essentially the same as that discussed previously under Changes in Net Position.

**Budgetary Highlights.** The adopted budget for 2023 for the District did not require adjustment during the fiscal year.

**Capital Assets and Debt Analysis.** The District has only office furniture and small equipment which it does not capitalize and has no long-term obligations.

**Economic Factors.** The primary purpose of the Lincoln County Extension Service District is to provide Oregon State University Extension education programs and training and information to residents of Lincoln County. The District's primary funding sources are property taxes and grants and contributions from other government agencies. These grants vary greatly from year to year which cause some of the variations noted.

**REQUEST FOR INFORMATION**

The District's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact the Lincoln County Extension Office, at 1211 SE Bay Blvd., Newport, Oregon 97365.



## | **BASIC FINANCIAL STATEMENTS**



**| GOVERNMENT-WIDE FINANCIAL  
STATEMENTS**

**LINCOLN COUNTY EXTENSION SERVICE DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Cash and investments	\$ 1,076,601
Property taxes receivable	<u>17,677</u>
<b>TOTAL ASSETS</b>	<u>1,094,278</u>
 <b>LIABILITIES:</b>	
Accounts payable	<u>72,900</u>
<b>TOTAL LIABILITIES</b>	<u>72,900</u>
 <b>NET POSITION:</b>	
Unrestricted	<u>1,021,378</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 1,021,378</u></u>

**LINCOLN COUNTY EXTENSION SERVICE DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

<b>Functions/Programs</b>	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Change In Net Position</u>
<b>Governmental activities:</b>			
Education	\$ 381,721	\$ 2,824	\$ (378,897)
Total governmental activities	<u>\$ 381,721</u>	<u>\$ 2,824</u>	<u>(378,897)</u>
General revenues:			
Property taxes levied for general purposes			396,226
Unrestricted investment earnings (loss)			<u>27,310</u>
Total general revenues			<u>423,536</u>
<b>CHANGE IN NET POSITION</b>			44,639
<b>NET POSITION - JULY 1, 2022</b>			<u>976,739</u>
<b>NET POSITION - JUNE 30, 2023</b>			<u>\$ 1,021,378</u>



**| FUND FINANCIAL STATEMENTS**

**LINCOLN COUNTY EXTENSION SERVICE DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2023**

	<u>General Fund</u>
<b>ASSETS:</b>	
Cash and investments	\$ 1,076,601
Property taxes receivable	17,677
<b>TOTAL ASSETS</b>	<b>\$ 1,094,278</b>
<b>LIABILITIES:</b>	
Accounts payable	\$ 72,900
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - property taxes	13,708
<b>FUND BALANCE:</b>	
Unassigned	1,007,670
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 1,094,278</b>
<b>FUND BALANCE</b>	\$ 1,007,670
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.	13,708
<b>TOTAL NET POSITION</b>	<b>\$ 1,021,378</b>

**LINCOLN COUNTY EXTENSION SERVICE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
YEAR ENDED JUNE 30, 2023**

	General Fund
<b>REVENUES:</b>	
Property taxes	\$ 396,832
Intergovernmental	2,824
Investment income	27,310
<b>TOTAL REVENUES</b>	426,966
<b>EXPENDITURES:</b>	
Current:	
Materials and services	371,721
Capital outlay	10,000
<b>TOTAL EXPENDITURES</b>	381,721
<b>NET CHANGE IN FUND BALANCE</b>	45,245
<b>FUND BALANCE - JULY 1, 2022</b>	962,425
<b>FUND BALANCE - JUNE 30, 2023</b>	\$ 1,007,670
<b>NET CHANGE IN FUND BALANCE</b>	\$ 45,245
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities property taxes are recognized as revenue when levied.	(606)
<b>CHANGE IN NET POSITION</b>	\$ 44,639



**| NOTES TO THE FINANCIAL  
STATEMENTS**

**LINCOLN COUNTY EXTENSION SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Lincoln County Extension Service District ("District") was formed under the provisions of ORS Chapter 451 to provide Oregon State University Extension education programs, training, and information to residents of Lincoln County ("County").

The District provides numerous services to the residents of the County including: advice for farmers, foresters and orchard operators, answers for home gardeners and professional horticulturalists, and youth and family programs, including 4-H and food safety support. Services are provided by Oregon State University ("OSU") faculty based on an agreement between OSU and the District. Essentially all expenditures of the District are related to the OSU contract which covers office expenses, clerical salaries, program assistants, student internships, rent, utilities, and equipment.

The District has no potential component units. The District is a component unit of Lincoln County. The criteria used in making this determination includes appointment of a voting majority, imposition of will, and financial benefit or burden on the primary government. Therefore, the District is included as a blended component unit in the Annual Financial Report of Lincoln County, copies of which can be obtained from the County's finance department located at 210 SW 2nd St., Newport, Oregon 97365.

**Basis of Presentation and Accounting**

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information 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 grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are reported instead as general revenues.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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 timing of related cash flows. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes and grants. 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.

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, except for reimbursement-based grants that use one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**LINCOLN COUNTY EXTENSION SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property taxes received, intergovernmental revenue, and interest revenue earned within the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental fund:

The *general fund* is used to account for all financial resources.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**Budgets**

Generally, Oregon Local Budget Law requires annual budgets to be adopted for all funds except agency funds. The modified accrual basis of accounting is used for the District's budget. All annual appropriations lapse at the fiscal year end.

The District begins its budgeting process by appointing a Budget Committee in January. Budget recommendations are developed by management through the month of April with the Budget Committee meeting and approving the budget document in May. Public notices for the budget hearing are published and the hearing is held in June. The Board of County Commissioners adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-spent, 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 sets the level at which expenditures cannot legally exceed appropriations. The District established the levels of budgetary control at the personal services, material and services, capital outlay, operating contingencies, debt service, and all other requirement levels.

**Receivables**

Amounts due from individuals, organizations or other governmental units are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and material provided by the District. All receivables are expected to be collected. Accordingly, receivables are reported at the gross amount without an allowance for uncollectible accounts.

Receivables are also recognized for property taxes and intergovernmental grants. Property taxes receivable consist of uncollected taxes levied and payable at the end of the fiscal year. All taxes are considered collectible. Consequently, no allowance for uncollectible taxes has been established. In the governmental fund financial statements, property taxes not collected within sixty days of the end of the fiscal year are reported as a deferred inflow or resources.

Intergovernmental grant reimbursement and entitlement amounts for which all eligibility requirements imposed by the provider have been met, but which were not received by the fiscal year end, are reported as accounts receivable.

**LINCOLN COUNTY EXTENSION SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position and Fund Balance**

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually require to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the Board of Commissioners. A formal resolution of the Board of Commissioners is required to establish, modify or rescind a fund balance commitment. The District reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund. The District reported no assigned, committed, or restricted fund balances.

When the District incurs an expenditure for purposes for which various fund balance classification can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Net position in the government-wide financial statements is displayed in three components (a) net investment in capital assets, (b) restricted net position, and (c) unrestricted net position. Net investment in capital assets consist of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvements of those assets and increased by balances of deferred outflows related to those assets. Restricted net position is reported as restricted when constraints placed on asset use are either externally restricted, imposed by creditors (such as through grantors, contributors, or laws) or through constitutional provisions or enabling resolutions. Unrestricted net position consists of all other net position that does not meet the definition of the above two components and is available for general use by the District (such as property taxes and charges for services).

**Property Taxes**

Real property taxes attach as an enforceable lien on property as of January 1. All taxes are levied as of the lien date and are payable in three installments on November 15, February 15, and May 15. Discounts are allowed if the amount is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are recorded on the Statement of Net Position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectable taxes has been established

**Adoption of New GASB Pronouncement**

During the year ended June 30, 2023, the District implemented the following GASB Pronouncements.

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. There was no effect on the District's financial statements upon the adoption of this Statement.

**LINCOLN COUNTY EXTENSION SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement's objective is to address accounting and financial reporting for arrangements in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a capital asset for a period of time in an exchange or exchange-like transaction. There was no effect on the District's financial statements upon the adoption of this Statement.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement's objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. There was no effect on the District's financial statements upon the adoption of this Statement.

GASB Statement No. 99, *Omnibus 2022*. This Statement includes a variety of small technical revisions to previously issued GASB Statements. There was no effect on the District's financial statements upon the adoption of this Statement.

GASB Statement No. 101, *Compensated Absences*. Issued in June 2022, this Statement updates recognition and measurement guidelines for compensated absences. There was no effect on the District's financial statements upon the adoption of this Statement.

**Future GASB Pronouncements**

The following GASB pronouncements have been issued, but are not effective as of June 30, 2023:

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement clarifies the presentation and disclosures requirements for prior period adjustments to beginning net position. This Statement will be effective for the District for fiscal year ending June 30, 2024.

The District will implement new GASB pronouncements no later than the required effective date. The District is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the District's financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – CASH AND INVESTMENTS**

The District's cash and cash investments consists of cash held by Lincoln County in pooled cash and investment accounts, and are considered to be cash on hand, demand deposits, and investments in the State of Oregon Treasury Department's Local Government Investment Pool (LGIP).

State statutes govern the County's cash management policies because the County does not have an official investment policy. State statutes authorize the County to invest in the Oregon State Treasurer's Local Government Investment Pool, time certificates of deposit, U.S. Government Treasury Obligations, and obligations of the United States and its agencies and instrumentalities.

**LINCOLN COUNTY EXTENSION SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 – CASH AND CASH INVESTMENTS (CONTINUED)**

The Oregon LGIP is an open-ended, no-load diversified portfolio offered to any municipality, political subdivision, or public corporation of the State that by law is made the custodian of, or has control of, any public funds. The Office of the State Treasurer (OST) manages the LGIP. The LGIP is commingled with other State funds in the Oregon Short-Term Fund (OSTF). The OSTF is not managed as a stable net asset value fund; therefore, the preservation of principal is not assured. The LGIP is not rated by a national rating service. Additional information about the OSTF can be obtained at [www.ost.state.or.us](http://www.ost.state.or.us) and [www.oregon.gov/treasury](http://www.oregon.gov/treasury). The weighted-average maturity of LGIP is less than one year.

**Custodial Credit Risk Deposits** Custodial credit risk is the risk that in the event of a bank failure, The County's deposits may not be returned to it. Deposits with financial institutions include bank demand deposits. Cash, is covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool called the Public Funds Collateralization Program (PFCP) administered by the Office of the State Treasurer for the State of Oregon.

**NOTE 3 – 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 workers' 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.

**NOTE 4 – TAX ABATEMENTS**

As of June 30, 2023, Lincoln County provides certain tax abatement programs that impact the District. Those programs are as follows:

**Non-Profit Low Income Rental Housing (ORS 307.515)**

The largest abatement program for Lincoln County is the Non-Profit Low Income Rental Housing. In 1985, Oregon legislature authorized a property tax exemption for low-income housing held by charitable, nonprofit organizations. The tax exemption is intended to benefit low-income renters by alleviating the property tax burden on those agencies that provide this type of housing. The qualifying property must be located within the County.

Charitable, nonprofit organizations that provide housing to low-income persons are eligible, and must be certified by the Internal Revenue Service as 501(c)(3) or (4) organization. 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. Vacant land intended to be developed as low-income housing is also eligible for the exemption. The property tax exemption applies only to the tax levy of a governing body that adopts the provisions of ORS 307.515.

**Enterprise Zone (ORS 285.597)**

The Oregon Enterprise Zone program is a State of Oregon economic development program, 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.

**LINCOLN COUNTY EXTENSION SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 – TAX ABATEMENTS (CONTINUED)**

The Enterprise Zone program provides qualified firms that will be making a substantial new capital investment within the defined enterprise zone, a waiver of 100% of the amount of real property taxes attributable to the new investment for a period of five years following completion of the new investment. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

**Multi-Unit Program Tax Exemption (ORS 307.600)**

The Multi-Unit Program Tax Exemption (MUPTTE) program is a state-enabled housing incentive program that allows cities across Oregon to exempt property taxes on residential improvements of approved multi-unit properties for up to ten years.

**Strategic Investment Program (ORS 307.123)**

The Strategic Investment Program (SIP) was adopted by the Oregon Legislature in 1993. It allows businesses and local governments to negotiate alternative property taxing agreements if these businesses are willing to invest at least \$100 million at an urban site or at least \$25 million at a rural location in Oregon.

For the fiscal year ended June 30, 2023, the Districts’s abated property taxes totaled \$4,254 under these programs:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Non-profit low income rental housing	\$ 307
Enterprise zone	139
Multi-unit program tax exemption	388
Strategic investment program	3,420
Total	\$ 4,254



**| REQUIRED SUPPLEMENTARY  
INFORMATION**

**LINCOLN COUNTY EXTENSION SERVICE DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2023**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ADOPTED	FINAL		
<b>REVENUES:</b>				
Property taxes	\$ 341,500	\$ 341,500	\$ 396,832	\$ 55,332
Intergovernmental	6,000	6,000	2,824	(3,176)
Investment income (loss)	10,000	10,000	27,310	17,310
<b>TOTAL REVENUES</b>	<u>357,500</u>	<u>357,500</u>	<u>426,966</u>	<u>69,466</u>
<b>EXPENDITURES:</b>				
Current:				
Materials and services	517,550	517,550	371,721	145,829
Capital outlay	10,000	10,000	10,000	-
Contingency	395,762	395,762	-	395,762
<b>TOTAL EXPENDITURES</b>	<u>923,312</u>	<u>923,312</u>	<u>381,721</u>	<u>541,591</u>
<b>NET CHANGE IN FUND BALANCE</b>	(565,812)	(565,812)	45,245	(472,125)
<b>FUND BALANCE - JULY 1, 2022</b>	<u>834,812</u>	<u>834,812</u>	<u>962,425</u>	<u>127,613</u>
<b>FUND BALANCE - JUNE 30, 2023</b>	<u>\$ 269,000</u>	<u>\$ 269,000</u>	<u>\$ 1,007,670</u>	<u>\$ 738,670</u>



**Management Representation of Fiscal Affairs Required by Oregon Regulation**

The Lincoln County Extension Service District ("District"), is subject to, and responsible for, compliance with various laws, rules, and regulations relating to its operations and finances. Among such laws, rules, and regulations are the requirements prescribed in Municipal Audit Law (ORS Chapter 297) and the Minimum Standards for Review of Oregon Municipal Corporations (OAR 162, Division 40) including, but not limited to:

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

The management of the District is aware of the requirements of Oregon laws and administrative rules concerning each of the above requirements and has complied, in all material respects, with such requirements. Further, we are not aware of any violations or possible violations of laws, rules, or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

DocuSigned by:  
*Emily Blume*  
AB984F1AE7AA4D4

---

Signature

Administrative Office Manager

---

Title

10/9/2024 | 08:28:24 PDT

---

Date