

**WHITE CITY ENHANCED
LAW ENFORCEMENT DISTRICT**
(a Component Unit of Jackson County, Oregon)

ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2015

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WHITE CITY ENHANCED LAW ENFORCEMENT DISTRICT
(a Component Unit of Jackson County, Oregon)

LIST OF PRINCIPAL OFFICIALS

as of June 30, 2015

Board of Directors

(Jackson County Commissioners)

Colleen Roberts

Doug Breidenthal, Chair

Rick Dyer

Jackson County Sheriff

Corey Falls

County Administrator - Budget Officer

Danny Jordan

Finance Director - Registered Agent

Shannon Bell

All Board of Commissioners, County Administrator, and Finance Director receive mail at:
10 South Oakdale Avenue
Medford, Oregon 97501

REPORT OF INDEPENDENT AUDITORS

Board of Directors
White City Enhance Law Enforcement District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the budgetary comparison of White City Enhanced Law Enforcement District (the District), a component unit of Jackson County, Oregon, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the District as of June 30, 2015, and the respective changes in financial position and the budgetary comparison statement for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of property tax transactions and outstanding balances 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. Such 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 of property tax transactions and outstanding balances is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 14, 2015 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.



James C. Lanzarotta, Partner
For Moss Adams LLP
Eugene, Oregon
December 14, 2015

Basic Financial Statements

White City Enhanced Law Enforcement District
(a Component Unit of Jackson County, Oregon)
Statement of Net Position
June 30, 2015

ASSETS

Cash and investments	\$ 1,036,115
Property taxes receivable	85,324
Due from Jackson County	<u>4,627</u>
Total assets	<u>1,126,066</u>

LIABILITIES

Due to Jackson County	<u>109,705</u>
Total liabilities	<u>109,705</u>

NET POSITION

Restricted	<u>1,016,361</u>
Total net position	<u><u>\$ 1,016,361</u></u>

White City Enhanced Law Enforcement District
(a Component Unit of Jackson County, Oregon)
Statement of Activities
For the fiscal year ended June 30, 2015

EXPENSES	
Community Justice & Safety	<u>\$ 1,327,341</u>
GENERAL REVENUES	
Taxes	1,273,251
Interest	<u>15,809</u>
Total general revenues	<u>1,289,060</u>
Change in net position	(38,281)
Net position - beginning	<u>1,054,642</u>
Net position - ending	<u>\$ 1,016,361</u>

White City Enhanced Law Enforcement District
(a Component Unit of Jackson County, Oregon)
Balance Sheet
Governmental Fund
June 30, 2015

ASSETS	
Cash and investments	\$ 1,036,115
Property taxes receivable	85,324
Due from Jackson County	<u>4,627</u>
Total assets	<u><u>\$ 1,126,066</u></u>
LIABILITIES	
Due to Jackson County	<u>\$ 109,705</u>
Total liabilities	<u>109,705</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	<u>68,399</u>
FUND BALANCE	
Restricted	<u>947,962</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 1,126,066</u></u>
<p style="padding-left: 20px;">Amounts reported for governmental activities in the statement of net position are different because:</p>	
Total fund balance shown above	\$ 947,962
Property taxes receivable are not available to pay current period expenditures and, therefore, are deferred in the funds	<u>68,399</u>
Net position	<u><u>\$ 1,016,361</u></u>

White City Enhanced Law Enforcement District
(a Component Unit of Jackson County, Oregon)
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the fiscal year ended June 30, 2015

REVENUES	
Taxes	\$ 1,273,251
Interest	15,809
Total revenues	1,289,060
EXPENDITURES	
Community Justice & Safety	1,328,188
Net change in fund balance	(39,128)
Fund balance - beginning	987,090
Fund balance - ending	\$ 947,962
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities:	
Amounts reported in the statement of activities are different because:	
Net change in fund balance shown above	\$ (39,128)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays during the year.	
Depreciation expense	(1,307)
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the effect of the change in the deferral of these amounts during the year.	
	2,154
Change in net position	\$ (38,281)

White City Enhanced Law Enforcement District
(a Component Unit of Jackson County, Oregon)
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,280,986	\$ 1,280,986	\$ 1,273,251	\$ (7,735)
Interest	5,221	5,221	15,809	10,588
Total revenues	<u>1,286,207</u>	<u>1,286,207</u>	<u>1,289,060</u>	<u>2,853</u>
EXPENDITURES				
Community Justice & Safety:				
Personal services	925,120	920,120	846,123	73,997
Materials and services	565,385	565,385	479,521	85,864
Capital outlay	-	5,000	2,544	2,456
Total expenditures	<u>1,490,505</u>	<u>1,490,505</u>	<u>1,328,188</u>	<u>162,317</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(204,298)</u>	<u>(204,298)</u>	<u>(39,128)</u>	<u>(165,170)</u>
Contingency	<u>(75,437)</u>	<u>(75,437)</u>	<u>-</u>	<u>75,437</u>
Net change in fund balance	<u>(279,735)</u>	<u>(279,735)</u>	<u>(39,128)</u>	<u>165,170</u>
Fund balances - beginning	<u>552,639</u>	<u>552,639</u>	<u>987,090</u>	<u>434,451</u>
Fund balances - ending	<u><u>\$ 272,904</u></u>	<u><u>\$ 272,904</u></u>	<u><u>\$ 947,962</u></u>	<u><u>\$ 675,058</u></u>

White City Enhanced Law Enforcement District
(a Component Unit of Jackson County, Oregon)
Notes to Financial Statements
For the fiscal year ended June 30, 2015

1. Summary of significant accounting policies:

The financial statements of the White City Enhanced Law Enforcement District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The more significant of the District's accounting policies are described below.

a. **Organization and operation:** The District was created on June 14, 1995, under authority of Oregon Revised Statutes Chapter 451, by the Jackson County Board of Commissioners. In September 1995, upon voter approval by the citizens within the White City unincorporated urban containment area, a five-year serial levy of \$452,527 per year was authorized. This levy was converted to a permanent rate of \$2.0211 per thousand by Ballot Measure 50 in November 1997. This State-wide measure converted existing serial levies to permanent rates and "rolled back" assessed values to 1995-96 levels less 10%. The District realized a 7.6% decrease in tax revenues as a result of this measure. The Jackson County Board of Commissioners, which also serves as the Board of the District, oversees policy direction for the District. The Jackson County Sheriff's Office has entered into a contractual agreement with the District to provide enhanced public safety service within District boundaries.

b. **The financial reporting entity:** Because the District's governing body is identical to that of Jackson County, Oregon (County), and because the District's day-to-day operations are managed by County personnel, the District has been determined under standards established by GAAP to be a blended component unit of the County. As a result, the District's financial statements are blended with those of the County by including them in the appropriate statements and schedules of the County's Comprehensive Annual Financial Report. The District is reported as a non-major special revenue fund.

c. **Government-wide financial statements:** The Statement of Net Position and Statement of Activities report information on all of the activities of the District. 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include taxes, grants, and entitlements. On an accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

d. **Fund financial statements:** The District uses one fund to report on its financial position and the results of its operations. The fund accounts for the general administration of the District and for the acquisition of services from the Jackson County Sheriff's Office.

The District's governmental fund type is accounted for using a 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 District considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures are recorded when the related liability is incurred.

White City Enhanced Law Enforcement District
(a Component Unit of Jackson County, Oregon)
Notes to Financial Statements
For the fiscal year ended June 30, 2015

1. Summary of significant accounting policies (Continued)

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Any other revenue items are considered to be measureable and available only when cash is received by the District.

e. **Budgets:** The District is required by State law to budget all funds. The Board order authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. District funds are controlled by total fund expenditures. The detail budget document, however, is required to contain more specific, detail information for the above-mentioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and approval by the Board of Directors.

Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Board of Commissioners acting as the Board of Directors of the District. The County Administrator has been assigned authority to make appropriation adjustments within funds without Board approval, provided the total appropriation for a fund is not increased. Appropriations lapse as of year-end. The budget is prepared in accordance with the modified accrual basis of accounting.

f. **Encumbrances:** Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to restrict that portion of the applicable appropriation, is employed during the year for administrative control purposes only. There were \$2,450 in encumbrances outstanding at year-end.

g. **Cash and investments:** The District invests its cash in Jackson County's cash and investment management pool, which is available for use by all County funds and is unrated. The cash and investment management pool has the general characteristic of a demand deposit account in that County funds may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty. Interest earned from pooled investments is allocated to each fund based on each fund's portion of the total investment balance calculated on a daily basis.

State statutes authorize the County to invest in the State of Oregon Local Government Investment Pool (LGIP), certificates of deposit, Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC) certificates, municipal debt obligations, corporate paper, and U.S. Government securities held under repurchase agreements. The LGIP operates in accordance with appropriate State laws.

It is not practical to determine the investment risk, collateral, or insurance coverage for the District's share of these pool investments.

Information about the pooled investments, including investment risk, collateral, and insurance coverage, is included in the County's annual financial report and may be obtained by contacting the County's Finance Department at 10 South Oakdale Avenue, Room 314, Medford, Oregon 97501.

White City Enhanced Law Enforcement District
(a Component Unit of Jackson County, Oregon)
Notes to Financial Statements
For the fiscal year ended June 30, 2015

1. Summary of significant accounting policies (Continued)

h. **Receivables:** Property taxes receivable which have been collected within 60 days of year-end are considered measurable and available, and are recognized as revenues in the fund financial statements. All other property taxes receivable are offset by deferred inflows and, accordingly, have not been recorded as revenue. Property taxes attach as an enforceable lien as of July 1 for real property and personal property. Taxes are levied on July 1 and payable in three installments on November 15, February 15, and May 15.

i. **Capital assets:** Capital assets are defined by the County as assets with a useful life of more than one year and an initial, individual cost of more than \$5,000 and are reported in the government-wide financial statements. Individual or aggregate assets with a cost of \$5,000 or less are not capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are stated at either cost, estimated historical cost or fair market value on the date donated for donated assets.

Upon disposal of capital assets, the historical cost, estimated historical cost or fair market value of donated assets is removed from District asset records, and proceeds from any sales are generally recorded as revenue in the governmental fund financial statements and as a gain or loss on disposal of assets in the government-wide financial statements.

Depreciation of the District's equipment is computed on the straight-line method over an estimated useful life of four years.

j. **Deferred inflows of resources:** In addition to liabilities, the statement of financial position 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 government 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 funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

k. **Net position and fund balance:** Net position is reported on the Statement of Net Position. Within net position, the net investment in capital assets represents total capital assets less accumulated depreciation. The remaining net position of the District is restricted.

In accordance with GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balance found on the Balance Sheet is segregated into separate classifications indicating the extent to which the District is bound to honor constraints on the specific purpose for which the funds can be spent. Fund balance classifications are: nonspendable, restricted, assigned or unassigned. Restricted fund balance can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The District is funded by property tax revenue, which is considered enabling legislation, therefore all of the District's fund balance is classified as restricted.

White City Enhanced Law Enforcement District
(a Component Unit of Jackson County, Oregon)
Notes to Financial Statements
For the fiscal year ended June 30, 2015

2. Detailed notes on the fund

a. **Capital assets:** Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balances	Additions	Deletions	Ending Balances
Capital assets being depreciated:				
Equipment	\$ 5,702	\$ -	\$ -	\$ 5,702
Accumulated depreciation	4,395	1,307	-	5,702
Capital assets, net	<u>\$ 1,307</u>	<u>\$ (1,307)</u>	<u>\$ -</u>	<u>\$ -</u>

b. **Transactions with Jackson County:** The Jackson County Sheriff’s Department provides operating management and planning for the District. General administrative functions are also performed by other departments of the County. Administrative services provided by departments in the County’s internal service funds are performed on an internal cost reimbursement basis. Reimbursements for internal services were \$153,904 and are included as part of materials and services on the Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual.

3. Risk management:

The District participates in Jackson County’s Self Insurance Internal Service fund, which accounts for the County’s overall risk of loss. The County is self-insured for unemployment compensation, workers’ compensation, most general liability, auto liability, police professional liability, municipal liability exposures, and managers’ health benefits. The District pays a portion of the cost through the Sheriff’s Department, which is responsible for the operation of the District. The County experienced no claim losses in excess of coverage obtained during fiscal years 2013 through 2015.

Supplementary Data

White City Enhanced Law Enforcement District
(a Component Unit of Jackson County)
Schedule of Property Tax Transactions and Outstanding Balances
For the fiscal year ended June 30, 2015

Tax Year	Taxes Receivable July 1, 2014	Current Levy as Extended by Assessor	Deduct Discounts Taken	Add Interest on Delinquent Taxes	Deduct Cash Collections on Taxes (1)	Add (Deduct) Corrections and Adjustments	Taxes Receivable June 30, 2015
2014-15	\$ -	\$ 1,331,545	\$ 33,595	\$ 935	\$ 1,256,736	\$ (3,049)	\$ 39,100
2013-14	42,244	-	(4)	2,356	22,708	(1,205)	20,691
2012-13	22,093	-	(6)	2,464	10,771	(453)	13,339
2011-12	14,072	-	(6)	3,099	9,072	(429)	7,676
2010-11	5,006	-	-	1,708	4,687	(202)	1,825
2009-10	2,004	-	(2)	314	709	(278)	1,333
2008-09	420	-	-	66	139	(48)	299
2007-08	357	-	-	35	55	(27)	310
2006-07	173	-	-	25	37	(8)	153
2005-06	126	-	-	15	21	(5)	115
Prior	539	-	-	11	14	(53)	483
	<u>\$ 87,034</u>	<u>\$ 1,331,545</u>	<u>\$ 33,577</u>	<u>\$ 11,028</u>	<u>\$ 1,304,949</u>	<u>\$ (5,757)</u>	<u>\$ 85,324</u>

(1) Amount includes property tax and interest on delinquent taxes.

**Report of Independent Auditors Comments
Required by Oregon State Regulations**

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON MINIMUM AUDIT STANDARDS**

Board of Directors
White City Enhanced Law Enforcement District

We have audited the basic financial statements of the White City Enhanced Law Enforcement District (the District), a component unit of Jackson County, Oregon, as of and for the year ended June 30, 2015 and have issued our report thereon dated December 14, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2014 and 2015.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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 test disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

MOSS ADAMS_{LLP}

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the Board of Directors, management, others within the entity, federal and state awarding agencies, and pass-through entities, is not intended to be, and should not be used by anyone other than those specified parties.



James C. Lanzarotta, Partner
For Moss Adams LLP
Eugene, Oregon
December 14, 2015