
**WHITE CITY ENHANCED LAW
ENFORCEMENT DISTRICT**

*Comprehensive Annual
Financial Report*



**JACKSON
COUNTY**
o r e g o n

Fiscal Year 2018-2019

Ending June 30, 2019

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

ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2019

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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, 2019

Board of Directors
(Jackson County Commissioners)

Colleen Roberts

Bob Strosser

Rick Dyer

Jackson County Sheriff

Nathan Sickler

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 Enhanced 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, 2019, 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, 2019, 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 Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of property tax transactions and outstanding balances 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 20, 2019 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.



Amanda McCleary-Moore, Partner for
Moss Adams LLP
Medford, Oregon
December 20, 2019

Management Discussion & Analysis

White City Enhanced Law Enforcement District
(a Component Unit of Jackson County, Oregon)
Management Discussion and Analysis

As management of the White City Enhanced Law Enforcement District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2019.

Financial Highlights

- The District's assets exceeded its liabilities at the close of the fiscal year by \$1,103,160 (net position). This is an increase of \$99,435 from the prior fiscal year. This net position is restricted, representing resources that are subject to external restrictions on how they may be used.
- At the close of the current fiscal year, the fund balance for the District was \$1,029,347, or 72.7% of total District expenditures. The previous year, the fund balance for the District was \$933,642 or 70.4% of total District expenditures.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the White City Enhanced Law Enforcement District's basic financial statements. The District's basic financial statements consist of two components: 1) financial statements, and 2) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide financial statements. The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information on changes in the District's net position during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected property taxes).

The government-wide financial statements can be found on pages 7 through 8 of this report.

Fund financial statements. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District reports one governmental fund, the general fund.

The fund financial statements can be found on pages 9 through 11 of this report.

White City Enhanced Law Enforcement District
(a Component Unit of Jackson County, Oregon)
Management Discussion and Analysis

Notes to the financial statements. The notes provide additional information necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 through 15 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents supplementary data concerning the District's property tax levies and collections. Supplementary data can be found on page 16 of this report.

Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. The White City Enhanced Law Enforcement District's assets exceeded its liabilities by \$1,103,160 at the close of the most recent fiscal year.

Statement of Net Position

	Total	
	2019	2018
Current assets	\$ 1,132,084	\$ 1,051,479
Current liabilities	28,924	47,754
Net position:		
Restricted	1,103,160	1,003,725
Total net position	<u>\$ 1,103,160</u>	<u>\$ 1,003,725</u>

Financial activities. Financial activities during the year increased the District's net position by \$99,435. This is a reduction of \$25,897 from last year's increase in net position of \$125,332. This year's decrease was caused by an increase in total expenses of \$90,877 (or 6.86%), netted against an increase in total revenues of \$64,980 (or 4.48%). Key elements to the change include:

- An increase of property tax revenues from the prior fiscal year of approximately \$36,000.
- An increase in operating expenses from the prior fiscal year of approximately \$72,000, primarily due to increased insurance expenses and an increase in cost for administrative services provided by Jackson County.

White City Enhanced Law Enforcement District
(a Component Unit of Jackson County, Oregon)
Management Discussion and Analysis

Changes in Net Position
For the fiscal year ended June 30, 2019

	<u>2019</u>	<u>2018</u>
Revenues:		
General Revenues		
Property taxes	\$1,477,451	\$1,441,293
Interest income	<u>38,203</u>	<u>9,381</u>
Total revenues	1,515,654	1,450,674
Expenses:		
Community Justice & Safety	<u>1,416,219</u>	<u>1,325,342</u>
Change in net position	99,435	125,332
Net position - beginning	<u>1,003,725</u>	<u>878,393</u>
Net position - ending	<u>\$ 1,103,160</u>	<u>\$ 1,003,725</u>

Budgetary Highlights

Actual expenditures were under the final amended budget by \$89,820. Major reasons for this difference include higher than expected interest revenues and lower than expected personnel expenses.

Economic factors and budget information for next year

The District's 2019-20 expenditure budget is \$2,482,831, and was appropriated solely to materials and services. This represents an increase of 9.22% from the final 2018-19 budget, resulting from an increase in contracted personnel services.

Requests for Information

This financial report is designed to provide to citizens, customers, investors, creditors, and others a general overview of the District's finances and to demonstrate accountability for the funds it receives. Questions concerning any of the information provided in this report, requests for additional financial information, or requests for copies of the County's other blended component units should be addressed to the Jackson County Finance Director, 10 S. Oakdale Ave., #113, Medford, OR 97501.

Basic Financial Statements

White City Enhanced Law Enforcement District
(a Component Unit of Jackson County, Oregon)
Statement of Net Position
June 30, 2019

ASSETS	
Cash and investments	\$ 962,726
Property taxes receivable	94,217
Due from Jackson County	<u>75,141</u>
Total assets	<u>1,132,084</u>
LIABILITIES	
Accounts payable	341
Due to Jackson County	<u>28,583</u>
Total liabilities	<u>28,924</u>
NET POSITION	
Restricted	<u>1,103,160</u>
Total net position	<u><u>\$ 1,103,160</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, 2019

EXPENSES	
Community Justice & Safety	\$ 1,416,219
GENERAL REVENUES	
Taxes	1,477,451
Interest	38,203
Total general revenues	<u>1,515,654</u>
Change in net position	99,435
Net position - beginning	<u>1,003,725</u>
Net position - ending	<u>\$ 1,103,160</u>

White City Enhanced Law Enforcement District
(a Component Unit of Jackson County, Oregon)
Balance Sheet
Governmental Fund
June 30, 2019

ASSETS	
Cash and investments	\$ 962,726
Property taxes receivable	94,217
Due from Jackson County	<u>75,141</u>
Total assets	<u><u>\$ 1,132,084</u></u>
LIABILITIES	
Accounts payable	\$ 341
Due to Jackson County	<u>28,583</u>
Total liabilities	<u>28,924</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	<u>73,813</u>
FUND BALANCE	
Restricted	<u>\$ 1,029,347</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>1,132,084</u></u>
Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balance shown above	\$ 1,029,347
Property taxes receivable are not available to pay current period expenditures and, therefore, are deferred in the funds	<u>73,813</u>
Net position	<u><u>\$ 1,103,160</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, 2019

REVENUES	
Taxes	\$ 1,473,721
Interest	38,203
Total revenues	1,511,924
EXPENDITURES	
Community Justice & Safety	1,416,219
Net change in fund balance	95,705
Fund balance - beginning	933,642
Fund balance - ending	\$ 1,029,347
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	\$ 95,705
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.	3,730
Change in net position	\$ 99,435

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,464,259	\$ 1,464,259	\$ 1,473,721	\$ 9,462
Interest	10,000	10,000	38,203	28,203
Total revenues	1,474,259	1,474,259	1,511,924	37,665
EXPENDITURES				
Current:				
Community Justice & Safety:				
Personnel services	955,483	955,483	897,094	58,389
Materials and services	550,555	550,555	519,124	31,431
Total expenditures	1,506,038	1,506,038	1,416,219	89,820
Excess (deficiency) of revenues over (under) expenditures	(31,779)	(31,779)	95,705	127,484
OTHER FINANCING SOURCES (USES)				
Contingency	(50,000)	(50,000)	-	50,000
Net change in fund balance	(81,779)	(81,779)	95,705	177,484
Fund balance - beginning	798,963	798,963	933,642	134,679
Fund balance - ending	\$ 717,184	\$ 717,184	\$ 1,029,347	\$ 312,163

Notes to Financial Statements

White City Enhanced Law Enforcement District
(a Component Unit of Jackson County, Oregon)
Notes to Financial Statements
For the fiscal year ended June 30, 2019

I. 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. Reporting entity

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.

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.

B. Basis of presentation - 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.

C. Basis of presentation - 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.

I. Summary of significant accounting policies (continued)

C. Basis of presentation - fund financial statements (continued)

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.

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 measurable and available only when cash is received by the District.

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. 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.

2. Receivables

The District's receivables are property taxes which are collected through the County's property tax system. Property taxes receivable, that 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. Summary of significant accounting policies (continued)

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

3. *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. Restrictions are limitations on how the resources may be used. Restrictions may be placed on resources by an external party that provided the resources, by enabling legislation, or by the nature of the asset. In this case, net position of the District are restricted by enabling legislation.

In accordance with GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, the 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.

E. Estimates

The preparation of financial statements in conformation with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

II. Stewardship, compliance, and accountability

A. Budgetary information

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, detailed 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.

III. Detailed notes on the fund

A. 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 \$252,924 and are included as part of materials and services on the Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual.

B. Risk management

The District participates in Jackson County's Self Insurance Internal Service fund, which accounts for the District'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 2016-17 through 2018-19.

C. 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 no encumbrances outstanding at year-end.

D. Tax Abatements

Jackson County negotiates property tax abatement agreements on an individual basis. The County has tax abatement agreements with nineteen entities as of June 30, 2019. Six of these are located in the White City tax code areas, resulting in a total tax abatement for the District of \$34,744

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, 2019

Tax Year	Taxes Receivable July 1, 2018	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, 2019
2018-19	\$ -	\$ 1,554,844	\$ 39,915	\$ 1,323	\$ 1,478,537	\$ (3,919)	\$ 33,796
2017-18	32,440	-	(7)	2,109	19,165	(359)	15,032
2016-17	19,786	-	(2)	1,915	8,299	(261)	13,143
2015-16	14,718	-	-	2,445	7,609	(153)	9,401
2014-15	8,745	-	-	1,113	3,075	(116)	6,667
2013-14	5,802	-	-	187	438	(97)	5,454
2012-13	4,729	-	-	104	213	(77)	4,543
2011-12	4,296	-	-	47	90	(15)	4,238
2010-11	628	-	-	35	62	(4)	597
2009-10	656	-	-	45	77	(2)	622
Prior	759	-	-	70	100	(5)	724
	<u>\$ 92,559</u>	<u>\$ 1,554,844</u>	<u>\$ 39,906</u>	<u>\$ 9,393</u>	<u>\$ 1,517,665</u>	<u>\$ (5,008)</u>	<u>\$ 94,217</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, 2019 and have issued our report thereon dated December 20, 2019. 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 162-10-0000 to 162-10-0330, 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 2019 and 2020.
- 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.

Internal Control over Financial Reporting

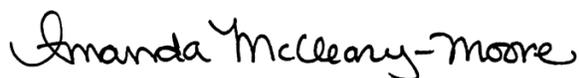
Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose 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. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Amanda McCleary-Moore, Partner for
Moss Adams LLP
Medford, Oregon
December 20, 2019