



Financial Statements

As of and For the Year Ended June 30, 2021

# Rural Law Enforcement District

A Component Unit of Deschutes County, Oregon

Rural Law Enforcement District  
A Component Unit of Deschutes County, Oregon  
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June 30, 2021

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## Independent Auditor's Report

The Deschutes County Commissioners  
Rural Law Enforcement District  
A Component Unit of Deschutes County, Oregon  
Bend, Oregon

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of Rural Law Enforcement District (the District), a component unit of Deschutes County, Oregon, as of and for the year ended June 30, 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity'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 entity'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 respective financial position of the governmental activities and the general fund of the District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of a Matter**

As discussed in Note 1, the financial statements of the District are intended to present the financial position and changes in financial position attributable to the District. They do not purport to, and do not present fairly the financial position of Deschutes County, Oregon as of June 30, 2021, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions have not been modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of revenues, expenditures and changes in fund balances – budget and actual – general fund (budgetary schedule), 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 have applied certain limited procedures to management's discussion and analysis and the budgetary schedule 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 management's discussion and analysis or the budgetary schedule because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary schedule described above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The budgetary schedule 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 budgetary schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The schedule of property tax transactions (supplementary information) is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**Report on Other Legal and Regulatory Requirements**

In accordance with the *Minimum Standards of Audits of Oregon Municipal Corporations*, we have issued our report dated January 5, 2022 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.



For Eide Bailly LLP  
Boise, Idaho  
January 5, 2022

As management of Rural Law Enforcement District (the District), a component unit of Deschutes County, Oregon, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021.

### Financial Highlights

- The assets of Rural Law Enforcement District exceeded its liabilities at June 30, 2021 by \$4,060,137, all of the net position is unrestricted.
- As of June 30, 2021, Rural Law Enforcement District's governmental fund reported an ending fund balance of \$3,887,440.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Rural Law Enforcement District's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Rural Law Enforcement District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of Rural Law Enforcement District's assets and liabilities, with the difference between the two reported as *Net Position*. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of Rural Law Enforcement District is improving or deteriorating.

The *Statement of Activities* presents information showing how Rural Law Enforcement District's Net Position changed during the fiscal year ended June 30, 2021. Changes in Net Position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash, or other financial assets, flows. Thus, revenues and expenses are reported in this statement for some items, for example, property taxes, that will result in cash flows in future fiscal periods.

Each of these government-wide financial statements, Statement of Net Position and Statement of Activities, show the functions of Rural Law Enforcement District that are supported primarily by taxes and investment earnings. The governmental activity of Rural Law Enforcement District is public safety.

The government-wide financial statements can be found on pages 9-10 of this report.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Rural Law Enforcement District, like other state and local government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Fund of Rural Law Enforcement District is classified as a governmental fund.

Governmental Funds - *Governmental funds* are used to account for essentially the same functions as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation from the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position and a reconciliation from the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-wide Statement of Activities have been included in this report.

Rural Law Enforcement District reported activity in one governmental fund during the fiscal year ended June 30, 2021.

Rural Law Enforcement District adopts an annual budget for its fund. A budgetary comparison statement has been provided to demonstrate compliance with the annual budget.

The Basic Governmental Fund Financial Statements can be found on pages 11-14 of this report.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to 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 15-18 of this report.

## **Government-Wide Financial Analysis**

Net Position, at a specific point in time, serves as a useful indicator of an entity's financial position. In the case of Rural Law Enforcement District, assets exceed liabilities by \$4,060,137 at June 30, 2021. All of the Net Position may be used to meet the District's on-going obligations to citizens and creditors.

As of June 30, 2021, Rural Law Enforcement District reports a positive balance in Net Position for the government as a whole and for the governmental activities.

Rural Law Enforcement District's Net Position decreased by \$2,534,258 during the year ended June 30, 2021.

Rural Law Enforcement District  
A Component Unit of Deschutes County, Oregon  
Management's Discussion and Analysis  
June 30, 2021

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A comparison of the summarized government-wide statements to the prior year is as follows:

**Statements of Net Position**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
Assets			
Cash and investments	\$ 3,863,866	\$ 6,349,706	\$ (2,485,840)
Property taxes receivable	<u>196,271</u>	<u>244,689</u>	<u>(48,418)</u>
Total assets	<u>4,060,137</u>	<u>6,594,394</u>	<u>(2,534,258)</u>
Net Position			
Unrestricted	<u>4,060,137</u>	<u>6,594,394</u>	<u>(2,534,258)</u>
Total net position	<u><u>\$ 4,060,137</u></u>	<u><u>\$ 6,594,394</u></u>	<u><u>\$ (2,534,258)</u></u>

**Statements of Activities**

	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>	<u>Change</u>
General Revenues			
Property taxes levied for general purposes	\$ 11,428,957	\$ 11,031,614	\$ 397,343
Earnings on investments	<u>19,570</u>	<u>193,850</u>	<u>(174,280)</u>
Total revenues	<u>11,448,527</u>	<u>11,225,464</u>	<u>223,063</u>
Expenses			
Public safety	<u>13,982,785</u>	<u>11,988,546</u>	<u>1,994,239</u>
Changes in Net Position	(2,534,258)	(763,082)	(1,771,176)
Net Position, Beginning of Year	<u>6,594,394</u>	<u>7,357,476</u>	<u>(763,082)</u>
Net Position, End of Year	<u><u>\$ 4,060,137</u></u>	<u><u>\$ 6,594,394</u></u>	<u><u>\$ (2,534,258)</u></u>



## **Governmental Activities**

Governmental activities, the only activity type of Rural Law Enforcement District, decreased Net Position by \$2,534,258 during the fiscal year ended June 30, 2021. Net position decreased because tax revenues and investment interest were less than the payment made to Deschutes County Sheriff's Office, pursuant to an inter-governmental agreement.

## **Financial Analysis of the District's Funds**

Rural Law Enforcement District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund - The focus of Rural Law Enforcement District's governmental fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing Rural Law Enforcement District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending as of the end of the fiscal year.

As of June 30, 2021, \$3,887,440 is the reported ending fund balance for Rural Law Enforcement District's governmental fund.

One measure of liquidity is the relationship of the unassigned balance to the Fund's total revenues. The fund balance as of June 30, 2021, for the General Fund is 34% of its total General Fund Fiscal Year 2021 revenues.

The fund balance of the Rural Law Enforcement District's General Fund decreased by \$2,500,398 during the fiscal year ended June 30, 2021.

## **General Fund Budgetary Highlights**

Actual revenues exceeded estimated revenues by \$202,998. Property tax revenue exceeded the amount estimated by \$250,510. The District contracts with Deschutes County for its operational activities. The amount paid pursuant to the contract is based on the actual cost of providing such services, \$14,154,905 which is \$1,471 less than the amount appropriated.

## **Capital Asset and Debt Administration**

### **Capital Assets**

Rural Law Enforcement District owns no capital assets.

### **Long-Term Debt**

Rural Law Enforcement District has no long-term debt; therefore the District has not been separately rated by any of the bond rating agencies.

## **Key Economic Factors and Budgets Information for the Future**

The tax rate approved by the voters will allow the District to maintain sufficient reserves to finance its operations without needing to issue tax anticipation notes.

### **Requests for Information**

This financial report is designed to provide a general overview to those parties interested in Rural Law Enforcement District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Deschutes County Finance Department, PO Box 6005, Bend, Oregon, 97708.

Rural Law Enforcement District  
A Component Unit of Deschutes County, Oregon  
Statement of Net Position  
June 30, 2021

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	Primary Government - Governmental Activities
Assets	
Cash and investments	\$ 3,863,866
Property taxes receivable	<u>196,271</u>
Total assets	<u>4,060,137</u>
Net Position	
Unrestricted	<u>4,060,137</u>
Total net position	<u><u>\$ 4,060,137</u></u>

Rural Law Enforcement District  
A Component Unit of Deschutes County, Oregon  
Statement of Activities  
Year Ended June 30, 2021

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	Primary Government - Governmental Activities
Expenses	
Public safety	\$ 13,982,785
Total expenses	<u>13,982,785</u>
General Revenues	
Property taxes levied for general purposes	11,428,957
Earnings on investments	<u>19,570</u>
Total general revenues	<u>11,448,527</u>
Changes in Net Position	(2,534,258)
Net Position, Beginning of Year	<u>6,594,394</u>
Net Position, End of Year	<u><u>\$ 4,060,137</u></u>

Rural Law Enforcement District  
A Component Unit of Deschutes County, Oregon  
Balance Sheet – General Fund  
June 30, 2021

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Assets	
Cash and investments	\$ 3,863,866
Property taxes receivable	<u>196,271</u>
Total assets	<u>\$ 4,060,137</u>
Deferred Inflow of Resources	
Unavailable revenue - property taxes	<u>\$ 172,696</u>
Fund Balance	
Unassigned	<u>3,887,440</u>
Total fund balance	<u>3,887,440</u>
Total deferred inflow of resources and fund balance	<u>\$ 4,060,137</u>

Rural Law Enforcement District  
A Component Unit of Deschutes County, Oregon  
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position  
June 30, 2021

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Fund Balance for the governmental fund	\$ 3,887,440
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Some of the District's taxes will be collected after year-end, but are not currently available resources and, therefore, are deferred in the fund.	<u>172,696</u>
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Net Position of Governmental Activities	<u><u>\$ 4,060,137</u></u>
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Rural Law Enforcement District  
A Component Unit of Deschutes County, Oregon  
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund  
Year Ended June 30, 2021

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Revenues	
Property taxes	\$ 11,462,817
Interest	<u>19,570</u>
Total revenues	<u>11,482,387</u>
Expenditures	
Public safety	<u>13,982,785</u>
Total expenditures	<u>13,982,785</u>
Net Change in Fund Balance	(2,500,398)
Fund Balance, Beginning of Year	<u>6,387,838</u>
Fund Balance, End of Year	<u><u>\$ 3,887,440</u></u>

Rural Law Enforcement District  
A Component Unit of Deschutes County, Oregon

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2021

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Net Change in Fund Balances - Total Governmental Funds \$ (2,500,398)

Amounts reported for governmental activities in the Statement of Activities are different because:

Property tax revenue is recognized under the modified accrual basis of accounting only to the extent it has been collected within sixty days of year-end. On the accrual basis Statement of Activities, such revenue is recognized regardless of when collected.

(33,859)

Change in Net Position of Governmental Activities \$ (2,534,258)



## **Note 1 - Organization and Summary of Significant Accounting Policies**

### **The District**

Rural Law Enforcement District (the District), a component unit of Deschutes County, Oregon, an ORS Chapter 451 municipal corporation of the State of Oregon, was approved and created by election of the Deschutes County (the County) voters on November 7, 2006, for the purpose of providing a permanent source of funding for patrol services in those portions of Deschutes County not served by city or special service district law enforcement departments. The District entered into an intergovernmental agreement, April 16, 2007, with Deschutes County whereby the County, through the Deschutes County Sheriff's Office, is contracted to perform certain law enforcement functions within its boundaries. The Deschutes County Board of Commissioners is the governing body of the District.

### **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 on all of the activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities or fiduciary funds.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The government-wide financial statements are prepared 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. Property taxes are recognized as revenues in the year for which they are levied.

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 District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues received after this period, are considered unavailable. Expenditures are recorded when a liability is incurred, as under accrual accounting.

Property taxes 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. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following governmental fund:

General Fund — The General Fund is utilized to account for the transactions of the District. Property taxes and interest are its only sources of revenue. Expenditures are for public safety pursuant to the agreement described in Note 1.

### **Budget Policy**

The District meets the requirement of state law by preparing a budget for its funds. The budget is prepared on the modified accrual basis of accounting, with some exceptions. Program activity (public safety) is the only budgetary level of control established by resolution. The detailed budget document provides specific detailed information for the above mentioned program. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Appropriations lapse as of year-end.

### **Reporting Entity**

The District's financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB 61, *The Financial Reporting Entity: Omnibus*, include whether:

- The organization is legally separate (can sue and be sued in its own name).
- The District holds the corporate powers of the organization.
- The District appoints a voting majority of the organizations' board.
- The District is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the District.
- There is a fiscal dependency by the organization on the District.

There were no specific agencies which required consideration under the criterion in the current fiscal year for inclusion in the District's reporting entity.

Under the above criterion, the District is includable as a component unit in the financial statements of Deschutes County, since the District's governing board is comprised of the Deschutes County Commissioners and there is a fiscal dependency between the District and the County.

### **Cash and Investments**

Cash and investments are comprised of funds held by the Deschutes County Treasurer, in the Deschutes County cash and investment pool. The District's cash and investments participate in this pool rather than specific, identifiable securities. The District's share of County pooled cash and investments can be drawn upon demand, and therefore, the entire amount on deposit with the County is considered cash and cash equivalents. Interest earned on pooled investments is allocated monthly based on the average daily balance of the District in relation to total investments in the pool. It is not practical to determine the investment risk, collateral, or insurance coverage for the District's share of these pooled investments. This pool generally includes demand deposits, investments in the Oregon State Treasurer's Local Government Investment Pool (LGIP), obligations of the United States Treasury and United States Government agencies and instrumentalities, certain high-grade commercial paper and corporate bonds. This policy is in accordance with ORS 294.035 which specifies the types of investments authorized for municipal corporations.

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, municipal bonds, banker's acceptances, repurchase agreements, and the Oregon State Treasurer's Local Government Investment Pool (LGIP). Investments for the County, as well as for its component units, are reported at fair value. The LGIP operates in accordance with appropriate state laws and regulations.

Information about the pooled cash and investments is included in the County's annual financial report and may be obtained by contacting the Deschutes County Finance Department, PO Box 6005, Bend, Oregon, 97708.

### **Property Taxes/Unavailable Revenue**

Property taxes are assessed on a July 1 - June 30 fiscal year basis. The taxes are levied as of July 1 based on assessed values as of January 1. Property tax payments are due in three equal installments, on November 15, February 15 and May 15. A discount of 3% is available if taxes are paid in full by November 15 and a discount of 2% on the unpaid balance is available if taxes are paid in full by February 15.

Property taxes attach as an enforceable lien July 1 and are considered delinquent if not paid by the following May 15. The Deschutes County Treasurer is the tax collection agent for the District. The District's 2021 fiscal year tax levy was \$11,736,454.

Tax revenue is considered available for expenditure upon receipt by the County, which serves as the intermediary collecting agency. Uncollected property taxes are shown on the governmental balance sheet as receivables. Collections within sixty days subsequent to year-end have been accrued and the remaining taxes receivable are recorded as deferred revenue on the modified accrual basis of accounting since they are not deemed available to finance operations of the current period.

### **Fund Balances**

The Governmental Accounting Standards Board has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), which defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. *Nonspendable* such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).
2. *Restricted* fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation.

3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's governing board (the District's highest level of decision-making authority). Such constraint remains legally binding unless removed in the same manner.
4. Assigned fund balances classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. Assignments are made by the County Administrator based on the County Commissioner's direction.
5. Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

The District reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available. The District reduces committed amounts first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for the purpose for which amounts in any of those unrestricted fund balance classifications could be used.

### **Use of Estimates**

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

### **Tax Abatements**

The District participates in a number of property tax abatement programs. All such abatement programs are authorized by Oregon revised statutes or by local resolution or ordinance. Some programs are initiated by the District and others by other local governments and state agencies. As the amount of taxes abated during fiscal year 2021 is immaterial, no additional disclosure has been made.

### **Note 2 - Cash and Investments**

As of June 30, 2021, the District had a deposit of \$3,863,866 with the Deschutes County Treasurer. All of the District's deposits were adequately insured during the year.

### **Note 3 - Risk Management**

In the agreement described in Note 1, Deschutes County covenants and agrees to defend, indemnify and hold and save harmless the District and each of the District's officers, agents and employees, if any, from and against any and all claims whatsoever that might arise against the District or any of its officers, agents or employees, if any, by reason of any alleged act or failure to act or failure of Deschutes County to act.



Required Supplementary Information  
As of and for the Year Ended June 30, 2021  
**Rural Law Enforcement District**  
A Component Unit of Deschutes County, Oregon

Rural Law Enforcement District  
A Component Unit of Deschutes County, Oregon  
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - General Fund  
Budgetary Basis  
Year Ended June 30, 2021

	<b>Budget Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
Revenues				
Taxes - property	\$ 11,212,307	\$ 11,212,307	\$ 11,462,817	\$ 250,510
Investment earnings	120,000	120,000	72,488	(47,512)
Total revenues	<u>11,332,307</u>	<u>11,332,307</u>	<u>11,535,305</u>	<u>202,998</u>
Expenditures				
Current - departmental				
Public safety	13,002,909	14,156,376	14,154,905	1,471
Net allocated to organizational units:				
Contingency	<u>5,851,590</u>	<u>4,698,123</u>	<u>-</u>	<u>4,698,123</u>
Total expenditures	<u>18,854,499</u>	<u>18,854,499</u>	<u>14,154,905</u>	<u>4,699,594</u>
Net Change in Fund Balance	(7,522,192)	(7,522,192)	(2,619,600)	4,902,592
Fund Balance, Beginning of Year	<u>7,522,192</u>	<u>7,522,192</u>	<u>6,532,339</u>	<u>(989,853)</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	3,912,738	<u>\$ 3,912,738</u>
Unrealized gain (loss) on investments			(6,020)	
Expenditure recognized on GAAP basis, not on budgetary basis			<u>(19,279)</u>	
			<u>\$ 3,887,440</u>	



Other Supplementary Information  
As of and for the Year Ended June 30, 2021  
**Rural Law Enforcement District**  
A Component Unit of Deschutes County, Oregon

Rural Law Enforcement District  
A Component Unit of Deschutes County, Oregon  
Schedule of Property Tax Transactions  
Year Ended June 30, 2021

Tax Year	Beginning Balance and 2020 Levy	Adjustments	Interest (Discounts)	Collections	Taxes Receivable June 30, 2021
2020-2021	\$ 11,736,454	\$ (12,201)	\$ (305,064)	\$ 11,307,219	\$ 111,969
2019-2020	140,996	(216)	7,346	101,579	46,548
2018-2019	54,674	(244)	6,015	36,732	23,712
2017-2018	31,240	(272)	7,152	29,617	8,503
2016-2017	11,103	(186)	3,489	12,544	1,863
2015-2016	1,127	(72)	658	1,965	(252)
2014-2015	1,946	(59)	654	1,726	815
2013-2014	481	(5)	63	148	390
Prior	3,121	(40)	439	798	2,723
Totals	<u>\$ 11,981,142</u>	<u>\$ (13,294)</u>	<u>\$ (279,248)</u>	11,492,330	<u>\$ 196,271</u>

Adjustments for Accruals

June 30, 2020 (38,133)

June 30, 2021 23,570

Other tax distribution (adjustments)

(14,950)

Modified accrual basis tax revenue

\$ 11,462,817





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

To the Deschutes County Commissioners  
Rural Law Enforcement District  
A Component Unit of Deschutes County, Oregon  
Bend, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of Rural Law Enforcement District (the District), a component unit of Deschutes County, Oregon, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 5, 2022.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho  
January 5, 2022

**Audit Comments and Disclosures Required by State Regulations**

Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments, and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth in the following pages.



## Independent Auditor's Report Required by Oregon State Regulations

To Deschutes County Commissioners  
 Rural Law Enforcement District  
 A Component Unit of Deschutes County, Oregon  
 Bend, Oregon

We have audited the basic financial statements of Rural Law Enforcement District (the District), a component unit of Deschutes County, Oregon, as of and for the year ended June 30, 2021, and have issued our report thereon dated January 5, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 from material misstatement.

### Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

OAR	Section	Instances of Non-Compliance Identified
162-010-0000	Preface	Not Applicable
162-010-0010	Definitions	Not Applicable
162-010-0020	General Requirements	None Noted
162-010-0030	Contracts	None Noted
162-010-0050	Financial Statements	None Noted
162-010-0115	Required Supplementary Information (RSI)	None Noted
162-010-0120	Supplementary Financial Information	None Noted
162-010-0130	Schedule of Revenues, Expenditures / Expenses, and Changes in Fund Balances / Net Position, Budget and Actual (Each Fund)	None Noted
162-010-0140	Schedule of Accountability for Independently Elected Officials	Not Applicable
162-010-0190	Other Financial or Statistical Information	Not Applicable
162-010-0200	Independent Auditor's Review of Fiscal Affairs	None Noted
162-010-0230	Accounting Records and Internal Control	None Noted
162-010-0240	Public Fund Deposits	None Noted
162-010-0250	Indebtedness	Not Applicable
162-010-0260	Budget	None Noted

OAR	Section	Instances of Non-Compliance Identified
162-010-0270	Insurance and Fidelity Bonds	None Noted
162-010-0280	Programs Funded from Outside Sources	Not Applicable
162-010-0295	Highway Funds	Not Applicable
162-010-0300	Investments	None Noted
162-010-0310	Public Contracts and Purchasing	Not Applicable
162-010-0315	State School Fund	Not Applicable
162-010-0316	Public Charter Schools	Not Applicable
162-010-0320	Other Comments and Disclosures	Not Applicable
162-010-0330	Extensions of Time to Deliver Audit Reports	Not Applicable

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations.

### 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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified.

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



For Eide Bailly LLP  
Boise, Idaho  
January 5, 2022