



Financial Statements  
June 30, 2020

# Central Oregon Law Enforcement Services

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## Independent Auditor's Report

Deschutes County Commissioners and Managing Board  
Central Oregon Law Enforcement Services  
Bend, Oregon

### Report on the Financial Statements

We have audited the accompanying financial statement of the governmental activities and the general fund and major funds of Central Oregon Law Enforcement Services, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Central Oregon Law Enforcement Services' 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 Central Oregon Law Enforcement Services' 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 Central Oregon Law Enforcement Services' 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 Central Oregon Law Enforcement Services, as of June 30, 2020, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the statement of revenues, expenditures and changes in fund balance – budget to actual, 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 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.

Management has omitted the management's discussion and analysis that the accounting principles generally accepted in the United States of America requires 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 the missing information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31 2020 on our consideration of Central Oregon Law Enforcement Services' 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 Central Oregon Law Enforcement Services' 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 Central Oregon Law Enforcement Services' 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 29, 2021 on our consideration of Central Oregon Law Enforcement Services' 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.

A handwritten signature in black ink that reads "Seelen Miller". The signature is written in a cursive, flowing style.

For Eide Bailly LLP  
Boise, Idaho  
January 29, 2021

Central Oregon Law Enforcement Services

Statement of Net Position

June 30, 2020

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Assets		
Current Assets		
Cash and cash equivalents		\$ 267,256
Prepaid expenses		13,437
Receivables		45,269
		<u>45,269</u>
Total current assets		<u>325,962</u>
Capital Assets		
Depreciable capital assets, net		44,468
		<u>44,468</u>
Total assets		<u>370,430</u>
Liabilities		
Current Liabilities		
Accounts payable		26,523
Unavailable revenue		25,598
		<u>25,598</u>
Total liabilities		<u>52,121</u>
Net Position		
Investment in capital assets		44,468
Restricted for Central Oregon Drug Enforcement		236,898
Unrestricted		36,943
		<u>36,943</u>
Total net position		<u>\$ 318,309</u>

Central Oregon Law Enforcement Services

Statement of Activities  
Year Ended June 30, 2020

Governmental Activities	Expenses	Charges for Services	Operating Grants and Contracts	Total
Central Oregon Law Enforcement Services	\$ 487,229	\$ 1,524	\$ 507,770	\$ 22,065
Central Oregon Drug Enforcement	367,596	202,422	157,579	(7,595)
	\$ 854,825	\$ 203,946	\$ 665,349	14,470
General Revenues Interest				3,712
Total General Revenues				3,712
Change in Net Position				18,182
Net Position, Beginning of Year				300,127
Net Position, End of Year				\$ 318,309

Central Oregon Law Enforcement Services

Balance Sheet – Governmental Funds

June 30, 2020

	General Fund	CODE Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 25,470	\$ 241,786	\$ 267,256
Prepaid expenses	-	13,437	13,437
Receivables	16,060	29,209	45,269
<b>Total assets</b>	<b>\$ 41,530</b>	<b>\$ 284,432</b>	<b>\$ 325,962</b>
<b>Liabilities and Fund Equity</b>			
<b>Current liabilities</b>			
Accounts payable	\$ -	\$ 26,523	\$ 26,523
Unavailable revenue	4,587	21,011	25,598
<b>Total liabilities</b>	<b>4,587</b>	<b>47,534</b>	<b>52,121</b>
<b>Fund balance</b>			
Nonspendable	-	13,437	13,437
Restricted	-	223,461	223,461
Unrestricted	36,943	-	36,943
<b>Total fund balance</b>	<b>36,943</b>	<b>236,898</b>	<b>273,841</b>
<b>Total liabilities and fund balance</b>	<b>\$ 41,530</b>	<b>\$ 284,432</b>	<b>\$ 325,962</b>



Central Oregon Law Enforcement Services  
Reconciliation of the Balance Sheet to the Statement of Net Position  
Year Ended June 30, 2020

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Reconciliation of the Governmental Fund Balance Sheet  
To Statement of Net Position

Total Fund Balance - Governmental Funds \$ 273,841

Reconciling Items:

Capital assets 160,577  
Accumulated depreciation (116,109)

Net Position - Governmental Activities \$ 318,309

Central Oregon Law Enforcement Services  
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2020

	General Fund	CODE Fund	Total
Revenues			
Intergovernmental			
Grants and contracts	\$ 509,294	\$ 157,579	\$ 666,873
Other			
Seizure and forfeiture	-	188,922	188,922
Rentals and other	-	13,500	13,500
Interest on investments	(45)	3,757	3,712
Total Revenues	<u>509,249</u>	<u>363,758</u>	<u>873,007</u>
Expenditures			
Current			
Central Oregon Law Enforcement Services	487,229	-	487,229
Central Oregon Drug Enforcement	-	361,302	361,302
Total Expenditures	<u>487,229</u>	<u>361,302</u>	<u>848,531</u>
Net Change in Fund Balance	22,020	2,456	24,476
Fund Balance - Beginning of Year	<u>14,923</u>	<u>234,442</u>	<u>249,365</u>
Fund Balance - End of Year	<u><u>\$ 36,943</u></u>	<u><u>\$ 236,898</u></u>	<u><u>\$ 273,841</u></u>

## Central Oregon Law Enforcement Services

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the General Fund to  
the Statement of Activities  
Year Ended June 30, 2020

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Net Change in Fund Balance - Governmental Funds	\$ 24,476
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation	<u>(6,294)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 18,182</u></u>
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**Note 1 - Organization and Summary of Significant Accounting Policies****The Entity**

Central Oregon Law Enforcement Services was established by Articles of Agreement, entered into in 1999. Central Oregon Law Enforcement Services was formed under the authority of Oregon Revised Statutes 190.010. As of July 1, 2004, Central Oregon Law Enforcement Services was no longer included as an agency fund in the Deschutes County annual financial statements. Central Oregon Drug Enforcement is a separate governmental entity that is controlled by the board of directors of Central Oregon Law Enforcement Services. Due to this relationship, the assets, liabilities, fund balance and all financial activities of Central Oregon Drug Enforcement have been included in the accompanying financial statements.

The primary goals of Central Oregon Law Enforcement Services is to establish an intergovernmental agency to effectively and efficiently provide coordinated responses to common law enforcement issues in Central Oregon.

**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 government. 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. Central Oregon Law Enforcement Services have no business 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 or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2.) grants and contracts that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest 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 reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. It is Central Oregon Law Enforcement Services' policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

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, Central Oregon Law Enforcement Services considers revenues to be available if they are collected within 60 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.

### **General Fund**

The General Fund is used to account for the financial operations of the Central Oregon Law Enforcement Services not accounted for in any other fund.

### **Special Revenue Funds**

Special revenue funds are used to report activities of other programs operated by the Central Oregon Law Enforcement Services that are legally restricted to expenditures for specific purposes (not including expendable trusts). The Central Oregon Law Enforcement Services reports the following special revenue fund:

**Central Oregon Drug Enforcement (CODE):** This fund accounts for the activities of the Central Oregon Drug Enforcement team. Principal sources of revenues are Federal and State grants and fees. Primary expenditures are for administration and drug enforcement.

### **Fund Balance Reporting**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement 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 list 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 Central Oregon Law Enforcement Services' governing board (Central Oregon Law Enforcement Services' highest level of decision-making authority).

4. Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Central Oregon Law Enforcement Services' board makes the assignment based on the Finance Director's recommendation.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Central Oregon Law Enforcement Services reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available. Central Oregon Law Enforcement Services 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.

#### **Budget Policy**

The Central Oregon Law Enforcement Services, organized under Oregon Revised Statutes Chapter 190, is subject to budget provisions of Oregon Revised Statutes Sections 294.900 to 294.930. The governing board of the Central Oregon Law Enforcement Services adopts appropriations on a budgetary basis at the agency-wide level in the following level of detail: Personnel services, Materials and services and Capital outlay.

#### **Intergovernmental Agreement**

For the fiscal year ended June 30, 2020, Central Oregon Law Enforcement Services entered into an agreement with Deschutes County to provide financial services for Central Oregon Law Enforcement Services. The agreement is cancelable by either party with a 60-day written notice.

#### **Cash and Cash Equivalents**

Cash and cash equivalents includes amounts in demand deposits and amounts in investment pools that have the general characteristics of demand deposit accounts, such as the State of Oregon Treasurer's Local Governmental Investment Pool.

#### **Receivables**

Grant and rent receivables are considered to be collectible. No allowance for doubtful accounts is therefore considered necessary.

#### **Capital Assets**

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair value on the date donated. The Central Oregon Law Enforcement Services defines capital assets as assets with an initial cost of more the \$5,000 and an estimated life in excess of two years. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives: Equipment 5 - 10 years.

### **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.

### **Funding Source**

The Organization's operations are funded primarily from government grants, such as The High Intensity Drug Trafficking Area program (HIDTA).

## **Note 2 - Deposits with Financial Institutions and Investments**

### **Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, Central Oregon Law Enforcement Services' deposits may not be returned to it. State statutes require that all bank deposits in excess of the FDIC or FSLIC insurance amounts be collateralized through the Oregon State Treasurer's Public Funds Collateralization Program. This program provides a structure for specified depositories to participate in a shared liability collateral pool. Securities pledged by individual institutions may range from 10% to 110% of public fund deposits depending on the financial institution's level of capitalization as determined by its federal regulatory authority. The custodian, Federal Home Loan Bank of Seattle, is the agent for the depository bank. The securities pledged are designated as subject to the Pledge Agreement between the depository bank, custodian bank and Office of the State Treasurer (OST) and are held for the benefit of OST on behalf of the public depositors. The Central Oregon Law Enforcement Services' funds were held by financial institutions that participated in the State Treasurer's program and were in compliance with statutory requirements. Deposits were adequately insured during the year.

As of June 30, 2020, Central Oregon Law Enforcement Services had a deposit of \$264,362 with the Deschutes County Treasurer.

**Note 3 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2020, is as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Equipment	\$ 160,577	\$ -	\$ -	\$ 160,577
Less accumulated depreciation	<u>(109,815)</u>	<u>(6,294)</u>	<u>-</u>	<u>(116,109)</u>
	<u>\$ 50,762</u>	<u>\$ (6,294)</u>	<u>\$ -</u>	<u>\$ 44,468</u>

Depreciation expense of \$6,294 was charged to materials and services.

**Note 4 - Lease Commitment**

Central Oregon Law Enforcement Services leases facilities and vehicles under operating lease agreements. The facilities lease commenced in February 2019 and July 2019 for a five-year term with SVM Commercial Real Estate. The vehicles are leased under agreements with Bancorp Bank and have 24-month terms.

Future minimum payments under these operating leases are the following for the fiscal years ending June 30:

2021	\$ 125,850
2022	109,418
2023	112,156
2024	<u>85,129</u>
	<u>\$ 432,553</u>

Rental expense on the facility and vehicles totaled \$135,700 for the year ended June 30, 2020.

**Note 5 - Risk Management**

Central Oregon Law Enforcement Services is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Central Oregon Law Enforcement Services carries commercial insurance for other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.





Required Supplementary Information  
June 30, 2020

# Central Oregon Law Enforcement Services

Central Oregon Law Enforcement Services  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual  
General Fund  
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental				
Federal law enforcement	\$ 419,866	\$ 419,866	\$ 387,511	\$ (32,355)
Charges for services	2,070	2,070	1,524	(546)
Local contracts	122,000	122,000	120,259	(1,741)
Other				
Interest on investments	400	400	(45)	(445)
Total revenues	<u>544,336</u>	<u>544,336</u>	<u>509,249</u>	<u>(35,087)</u>
<b>Expenditures</b>				
Current - departmental				
Materials and services	514,766	514,766	487,229	27,537
Total	<u>514,766</u>	<u>514,766</u>	<u>487,229</u>	<u>27,537</u>
Operating contingency	46,258	46,258	-	46,258
Total expenditures	<u>561,024</u>	<u>561,024</u>	<u>487,229</u>	<u>73,795</u>
Revenues Over (Under) Expenditures	<u>(16,688)</u>	<u>(16,688)</u>	<u>22,020</u>	<u>38,708</u>
Fund Balance, Beginning of Year	<u>14,923</u>	<u>14,923</u>	<u>14,923</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (1,765)</u>	<u>\$ (1,765)</u>	<u>\$ 36,943</u>	<u>\$ 38,708</u>

**Central Oregon Law Enforcement Services**  
 Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual  
 Central Oregon Drug Enforcement  
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental				
Federal law enforcement	\$ 64,270	\$ 64,270	\$ 60,092	\$ (4,178)
Local contracts	110,000	110,000	97,487	(12,513)
Seizure and forfeiture	100,000	100,000	188,922	88,922
Other				
Rentals	18,000	18,000	13,500	(4,500)
Interest on investments	3,000	3,000	3,757	757
Total revenues	<u>295,270</u>	<u>295,270</u>	<u>363,758</u>	<u>68,488</u>
<b>Expenditures</b>				
Current - departmental				
Capital outlay	5,000	5,000	9,819	(4,819)
Materials and services	392,695	392,695	351,483	41,212
Total	<u>397,695</u>	<u>397,695</u>	<u>361,302</u>	<u>36,393</u>
Operating contingency	<u>101,979</u>	<u>101,979</u>	<u>-</u>	<u>101,979</u>
Total expenditures	<u>499,674</u>	<u>499,674</u>	<u>361,302</u>	<u>138,372</u>
Revenues Over (Under) Expenditures	<u>(204,404)</u>	<u>(204,404)</u>	<u>2,456</u>	<u>206,860</u>
Fund Balance, Beginning of Year	<u>234,442</u>	<u>234,442</u>	<u>234,442</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 30,038</u>	<u>\$ 30,038</u>	<u>\$ 236,898</u>	<u>\$ 206,860</u>



Additional Reports  
June 30, 2020

# Central Oregon Law Enforcement Services



**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***

Deschutes County Commissioners and Managing Board  
Central Oregon Law Enforcement Services  
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 statement of the governmental activities and each major fund of Central Oregon Law Enforcement Services, as of and for the year then ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Central Oregon Law Enforcement Services’ basic financial statements, and have issued our report thereon dated January 29, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Central Oregon Law Enforcement Services’ 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 Central Oregon Law Enforcement Services’ internal control. Accordingly, we do not express an opinion on the effectiveness of Central Oregon Law Enforcement Services’ 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001, that we consider to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Central Oregon Law Enforcement Services' 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*.

**Central Oregon Law Enforcement Services' Response to Findings**

Central Oregon Law Enforcement Services' response to the findings identified in our audit are described in the accompanying schedule of findings and responses. Central Oregon Law Enforcement Services' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 result of that testing, and not to provide an opinion on the effectiveness of Central Oregon Law Enforcement Services' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Oregon Law Enforcement Services' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho  
January 29, 2021

**2020-001 Material Audit Adjustments and Financial Statement Preparation**

Condition – As auditors, we were asked to prepare financial statements. One material audit adjustment was identified during the course of the audit relating to the understatement of a payable.

Criteria – The internal control structure should include procedures to ensure management is able to identify material accruals as part of financial close.

Cause – The controls currently in place were not sufficient to ensure management properly identified all material accruals and prepare financial statements.

Effect – As auditors, we identified one audit adjustment.

Recommendation - Management should implement a control process to review subsequent financial data for inclusion in financial close and prepare financial statements.

Management's Response – We agree with the findings and will implement the proper procedures to ensure this is managed correctly in the future.

**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

Deschutes County Commissioners and Managing Board  
 Central Oregon Law Enforcement Services  
 Bend, Oregon

We have audited the basic financial statements of Central Oregon Law Enforcement Services as of and for the year ended June 30, 2020, and have issued our report thereon dated January 29, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards of 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 Central Oregon Law Enforcement Services’ 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 162-10-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statements amounts:

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
162-010-0150	Schedule of Property Tax Transactions or Acreage Assessments	None noted
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
162-010-0270	Insurance and Fidelity Bonds	Not Applicable
162-010-0280	Programs Funded from Outside Sources	Not Applicable

OAR	Section	Instances of Non-Compliance Identified
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	None noted

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


In planning and performing our audit, we considered Central Oregon Law Enforcement Services' 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 Central Oregon Law Enforcement Services' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Central Oregon Law Enforcement Services' 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 identify a deficiency in internal control that we consider to be a material weakness, 2020-001.

### 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 Central Oregon Law Enforcement Services' 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 Central Oregon Law Enforcement Services' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
 For Eide Bailly LLP  
 Boise Idaho  
 January 29, 2021