



Financial Statements and Supplementary Data
Washington County
Enhanced Sheriff
Patrol District
(A COMPONENT UNIT OF WASHINGTON COUNTY, OREGON)



For the fiscal year ending June 30, 2010

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**WASHINGTON COUNTY ENHANCED
SHERIFF PATROL DISTRICT**
(A Component Unit of Washington County, Oregon)

**WASHINGTON COUNTY ENHANCED
SHERIFF PATROL DISTRICT
(A Component Unit of Washington County, Oregon)**

Governing Body Under ORS 451.45
Board of County Commissioners
Washington County, Oregon
155 North First Avenue
Hillsboro, Oregon 97124-3072

Commissioners as of June 30, 2010

<u>Name</u>	<u>Term Expires</u>
Tom Brian, Chair Commissioner-At-Large	December 31, 2010
Roy Rogers, Vice Chair District 3	December 31, 2012
Andy Duyck District 4	December 31, 2010
Dick Schouten District 1	December 31, 2012
Desari Strader District 2	December 31, 2010

Elected Official

Rob Gordon, Sheriff

Administrative Staff

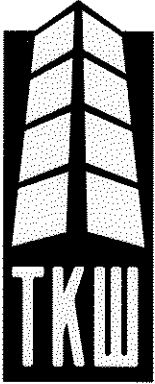
Robert Davis, County Administrator
Don Bohn, Assistant County Administrator
Rob Massar, Assistant County Administrator
Mary Gruss, Chief Finance Officer
Roger Dawes, Controller

**WASHINGTON COUNTY ENHANCED
SHERIFF PATROL DISTRICT
(A Component Unit of Washington County, Oregon)**

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INDEPENDENT AUDITOR'S REPORT

December 3, 2010

Board of County Commissioners of
Washington County, Oregon, as Governing Body of
Washington County Enhanced Sheriff Patrol District
Hillsboro, OR

4800 SW Macadam Ave, Suite 400
Portland, Oregon 97239-3973

P 503.274.2849
F 503.274.2853

www.tkw.com

We have audited the accompanying basic financial statements of the Washington County Enhanced Sheriff Patrol District, (the District), a component unit of Washington County, Oregon, as of and for the year ended June 30, 2010, as listed in the Table of Contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2010, and the change in financial position and budgetary comparison information for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT (Continued)

Board of County Commissioners of
Washington County, Oregon, as Governing Body of
Washington County Enhanced Sheriff Patrol District
December 3, 2010
Page 2

Management's Discussion and Analysis as listed in the Table of Contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements of the District. The Supplementary Data as listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By 

Robert G. Moody, Jr., Partner

**Washington County Enhanced Sheriff Patrol District
(A Component Unit of Washington County, Oregon)**
Management's Discussion and Analysis

June 30, 2010

As management of Washington County Enhanced Sheriff Patrol District (the District), a component unit of Washington County, Oregon, we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2010. Readers are encouraged to consider the information presented here in conjunction with the District's basic financial statements, which begin on page 6. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The voters approved a five-year local option levy that became effective in 2008-09. The \$9,500 levy had an estimated tax rate in 2009-10 of \$0.6458.
- The assets of the District exceeded liabilities at the close of the fiscal year by \$14,013. This entire amount is considered unrestricted net assets and may be used to meet the ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$2,521 from 2008-09.
- The District has no debt.

Overview of the Financial Statements

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

The basic 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. For purposes of financial statement presentation, the District is classified as a governmental fund of the special revenue fund type, and financial statements present only governmental activities.

Government-Wide Financial Statements

The *Statement of Net Assets* provides information about the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net assets changed during the year. All changes in net assets are reported on the accrual basis of accounting similar to the method used by most private-sector companies and 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 in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

The *Balance Sheet* presents the assets and liabilities of the District and indicates whether any of the resulting fund balance is restricted or available for use in the coming year.

**Washington County Enhanced Sheriff Patrol District
(A Component Unit of Washington County, Oregon)
Management's Discussion and Analysis (Continued)**

June 30, 2010

The *Statement of Revenues, Expenditures, and Changes in Fund Balance* presents information showing how the District's fund balance changed during the most recent fiscal year. All changes in fund balance are reported on the modified accrual basis.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 11 through 14 of this report.

Government-Wide Financial analysis

Net Assets

At June 30, 2010, 94 percent of assets consist of deposits with fiscal agent. The District had no liabilities at June 30, 2010 and 2009.

Changes in Net Assets

This table shows a summary of the District's changes in net assets for 2010 and 2009.

	<u>2009-10</u>	<u>2008-09</u>
Revenues:		
Property tax revenues	\$ 18,333	18,011
Investment Income	173	364
Total revenue	<u>18,506</u>	<u>18,375</u>
Expenses:		
County contract services	<u>15,985</u>	<u>15,703</u>
Change in net assets	2,521	2,672
Net assets, beginning of year	<u>11,492</u>	<u>8,820</u>
Net assets, end of year	<u>\$ 14,013</u>	<u>11,492</u>

The increase in net assets was the result of increased property tax revenues, which was over four times the increase in contract services expenses billed to the District by the County in 2009-10. All net assets are considered unrestricted.

All residents in the District pay additional property taxes for enhanced sheriff patrol services. The taxes were established by a vote of the residents of the District.

Program expenses for the District are exclusively made up of contract services provided to the District by Washington County. Such services are primarily in the form of enhanced sheriff patrol activities within District boundaries.

District Fund Financial Analysis

Balance Sheet

The District's Balance Sheet includes assets of \$14,013 consisting of \$13,192 on deposit with fiscal agent and \$821 in property taxes receivable.

**Washington County Enhanced Sheriff Patrol District
(A Component Unit of Washington County, Oregon)**
Management's Discussion and Analysis (Continued)

June 30, 2010

Liabilities of the District on a fund basis amounts to and represents \$693 deferred revenue related to property taxes. Total unreserved fund balance at June 30, 2010 was \$13,320. The difference between total net assets shown in the basic financial statements and total fund balance shown in the fund statements is due to the full accrual presentation of accounts receivable for property taxes in the government-wide statements.

Statement of Revenues, Expenditures and Changes in Fund Balance

Total revenues were \$18,469 and increased 2 percent over last year due generally to increased assessed value. The difference between total revenues shown in the Statement of Activities and the Statement of Changes in Fund Balance is \$37 and results from the difference in recognition of property taxes receivable on a modified versus full accrual basis.

District Fund Budgetary Highlights

There were no changes to the adopted budget for the fiscal year. Total budgeted revenues were \$18,487. Actual revenues were less than budget by \$18 due primarily to a decrease in the amount of investment income. Budgeted expenditures were \$29,075; actual expenditures were \$15,985. The difference of \$13,090 includes \$11,547 of unspent contingency and \$1,543 in unspent contract expenditures.

The District budget for contingency increased to \$11,547 to provide a reserve for future years' expenditures.

Actual beginning fund balance was more than anticipated by \$248 on the budgetary basis.

Contacting the District's Financial Management

The financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Washington County Department of Support Services, Finance Division, 155 N First Ave., Hillsboro, OR 97124-3072, or call (503) 846-8811.

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BASIC FINANCIAL STATEMENTS

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**WASHINGTON COUNTY ENHANCED
SHERIFF PATROL DISTRICT
(A Component Unit of Washington County, Oregon)**

Statement of Net Assets

June 30, 2010

(Dollars in thousands)

Deposits with fiscal agent	\$ 13,192
Property taxes receivable	<u>821</u>
Total assets	<u>14,013</u>
 Net assets:	
Unrestricted	<u><u>\$ 14,013</u></u>

See accompanying notes to basic financial statements.

**WASHINGTON COUNTY ENHANCED
SHERIFF PATROL DISTRICT
(A Component Unit of Washington County, Oregon)**

Statement of Activities

For the year ended June 30, 2010

(Dollars in thousands)

Program expenses:	
Enhanced sheriff patrol contract	\$ <u>15,985</u>
General revenues:	
Property tax revenue	18,333
Investment income	<u>173</u>
Total general revenues	<u>18,506</u>
Change in net assets	2,521
Net assets, beginning of year	<u>11,492</u>
Net assets, end of year	<u>\$ <u>14,013</u></u>

See accompanying notes to basic financial statements.

**WASHINGTON COUNTY ENHANCED
SHERIFF PATROL DISTRICT
(A Component Unit of Washington County, Oregon)**

Balance Sheet
June 30, 2010
(Dollars in thousands)

Deposits with fiscal agent	\$	13,192
Property taxes receivable		<u>821</u>
Total Assets		<u><u>14,013</u></u>
Liability:		
Deferred revenue		693
Fund balance:		13,320
Unreserved		<u>13,320</u>
Total liability and fund balance		<u><u>14,013</u></u>

Reconciliation of the Balance Sheet to the Statement of Net Assets

Fund balance		13,320
Amounts reported are different because:		
A portion of the District's property taxes are collected after year-end, but are not available soon enough to pay for the current year's operations and, therefore, are not reported as revenue in the governmental fund.		<u>693</u>
Net assets on the Statement of Net Assets	\$	<u><u>14,013</u></u>

See accompanying notes to basic financial statements.

**WASHINGTON COUNTY ENHANCED
SHERIFF PATROL DISTRICT
(A Component Unit of Washington County, Oregon)**

Statement of Revenues, Expenditures and
Changes in Fund Balance

For the year ended June 30, 2010

(Dollars in thousands)

Revenues:		
Property taxes	\$	18,297
Investment income		<u>172</u>
Total revenues		18,469
Expenditures:		
Enhanced Sheriff Patrol contract		<u>15,985</u>
Revenues over expenditures		2,484
Fund balance, beginning of year		<u>10,836</u>
Fund balance, end of year		<u><u>13,320</u></u>

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance to the Statement of Activities

Net change in fund balance		2,484
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Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental fund. In the Statement of Activities, property taxes are recognized when levied.

		<u>37</u>
Change in net assets	\$	<u><u>2,521</u></u>

See accompanying notes to basic financial statements.

**WASHINGTON COUNTY ENHANCED
SHERIFF PATROL DISTRICT
(A Component Unit of Washington County, Oregon)**

Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget
and Actual (Budgetary Basis)

For the year ended June 30, 2010

(Dollars in thousands)

	Original and Final budget	Actual	Variance positive (negative)
Revenues:			
Property taxes	\$ 18,229	18,297	68
Investment income	258	172	(86)
Total revenues	<u>18,487</u>	<u>18,469</u>	<u>(18)</u>
Expenditures:			
Enhanced sheriff patrol contract	17,528	15,985	1,543
Contingency	11,547	—	11,547
Total expenditures	<u>29,075</u>	<u>15,985</u>	<u>13,090</u>
Revenues over (under)expenditures	(10,588)	2,484	13,072
Fund balance, beginning of year	<u>10,588</u>	<u>10,836</u>	<u>248</u>
Fund balance, end of year	<u>\$ —</u>	<u>13,320</u>	<u>13,320</u>

See accompanying notes to basic financial statements.

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WASHINGTON COUNTY ENHANCED SHERIFF PATROL DISTRICT
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements
June 30, 2010
(Dollars in thousands)

1. The District

The Enhanced Sheriff Patrol District (the District) was formed under the provisions of ORS Chapter 451 and approved by the voters in September 1987. The District provides an enhanced level of sheriff patrol in the urban unincorporated areas of the County funded by a permanent tax rate and voter approved operating levies. A five-year replacement levy was approved by voters in May 2008 and became effective July 1, 2008. The District contracts with Washington County to provide the required police patrols.

The District, under the criteria of the Governmental Accounting Standards Board (GASB), is considered a blended component unit of Washington County, Oregon (the County), due to the fact that the Washington County Board of Commissioners is the governing body of the District, and therefore is an integral part of the County's reporting entity. All significant activities over which the District exercises oversight responsibility have been included in the basic financial statements.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation and Accounting

The District's accounting records are maintained on the modified accrual basis of accounting but the basic financial statements are presented at both the government-wide and fund financial level on a full accrual and modified accrual basis, respectively.

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded.

The government-wide financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus. An economic resource focus concentrates on an entity's net assets. All transactions and events that affect the total economic resources (net assets) during the period are reported. An economic resources

WASHINGTON COUNTY ENHANCED SHERIFF PATROL DISTRICT
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements (Continued)
June 30, 2010
(Dollars in thousands)

measurement focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Fund financial statements are presented on a modified accrual basis of accounting with a current financial resource measurement focus. This measurement focus concentrates on the fund's resources available for expenditure currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource focus and full accrual accounting, a current financial resources measurement focus is inseparable from a modified accrual basis of accounting. Under modified accrual 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 fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

All revenues for the District are considered general revenues, as they consist of tax revenues and investment income. Program expenses are defined as those expenses directly related to providing law enforcement services.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a reconciliation is necessary to explain the adjustments needed to transform the fund-based financial statements into the government-wide presentation.

Payments made to Washington County's Sheriff's Office were in exchange for services and have been classified as program expenditures/expenses.

Deposits with Fiscal Agent

Deposits with fiscal agent comprise funds held by the Washington County Department of Support Services, Finance Division, on behalf of the District. Unrealized gains and losses as well as interest earnings are allocated from total County earnings based on the proportion of District funds to total County funds.

The District considers deposits with fiscal agent, which is used as a demand deposit account, to be cash and cash equivalents. This treatment is in conformity with GASB Statement No. 9, which states that deposits having the general characteristics of demand deposit accounts are appropriately classified as cash equivalents.

WASHINGTON COUNTY ENHANCED SHERIFF PATROL DISTRICT
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements (Continued)
June 30, 2010
(Dollars in thousands)

Property Taxes

Property taxes become a lien against the property as of July 1 of each year and are payable in three installments which are due on November 15, February 15 and May 15. All property taxes receivable are due from property owners within the District.

Vested Compensated Absences and Sick Pay

The District's personnel are exclusively contracted Washington County employees. Accordingly, the liability of vested compensated absences is recorded by the County. Reference should be made to the Washington County, Oregon, Comprehensive Annual Financial Report for the year ended June 30, 2010 for treatment of vested compensated absences and sick pay for County employees.

Budget

A budget is prepared for the District in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon Local Budget Law. The District's expenditure budget is appropriated at a single amount for its operations, including contingency.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. The Board of County Commissioners at a regular Board meeting may adopt supplemental budgets less than 10% of the organizational unit's original budget. A supplemental budget greater than 10% of the organizational unit's original budget requires a hearing before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control with approval by the Board. Expenditure appropriations may not be legally overexpended except in the case of reimbursable grant expenditures or other specific circumstances which could not be reasonably estimated at the time the budget was adopted. After budget approval, the Board of Commissioners may approve supplemental appropriations if an occurrence, condition or need exists which was not known at the time the budget was adopted.

There were no supplemental budgets or appropriation transfers during the year. Appropriations lapse at the end of each fiscal year.

3. Pension Plan and Other Post Employment Benefits

The District's personnel are exclusively contracted Washington County employees. Substantially all of the County's employees are participants in the Oregon Public Employees Retirement System (OPERS), a State-wide cost-sharing multi-employer defined benefit pension plan. Contributions to OPERS are made on a current basis as required by the plan and are charged to expenditures/expenses as funded. The District's retirees, through the County, are provided with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees in

WASHINGTON COUNTY ENHANCED SHERIFF PATROL DISTRICT
(A Component Unit of Washington County, Oregon)
Notes to Basic Financial Statements (Continued)
June 30, 2010
(Dollars in thousands)

accordance with Oregon Revised Statutes 2434.303. Further information regarding OPERS and OPEB (Other Post Employment Benefits) can be found in the June 30, 2010 Washington County, Oregon, Comprehensive Annual Financial Report.

4. Insured Risks

Potential liabilities for liability/casualty claims are covered under the self-insurance plans maintained by Washington County. Accordingly, insurance reserves are recorded by the County. Reference should be made to the Washington County, Oregon, Comprehensive Annual Financial Report for the year ended June 30, 2010 for treatment of insurance risks.

5. Transactions with Related Parties

The District's property taxes are levied and collected through Washington County's Assessment and Taxation Department, and the District contracts with Washington County Sheriff's Department to actually provide the required sheriff patrol services. The total amount paid to Washington County through the enhanced sheriff patrol contract for the fiscal year ended June 30, 2010 was \$15,985. The District's accounting and clerical functions are performed by County personnel. Washington County charges the District for administrative costs through the enhanced sheriff patrol contract.

SUPPLEMENTARY DATA

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**WASHINGTON COUNTY ENHANCED
SHERIFF PATROL DISTRICT
(A Component Unit of Washington County, Oregon)**

Schedule of Property Tax Transactions
and Outstanding Balances

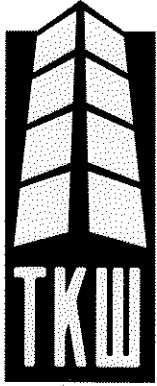
For the year ended June 30, 2010

(Dollars in thousands)

	Taxes receivable June 30, 2009	Certified levy	Corrections and adjustments	Deduct cash collections	Deduct discounts allowed	Add interest collected	Taxes receivable June 30, 2010
2009-10	\$ —	18,866	(60)	(17,813)	(474)	7	526
2008-09	565	—	(31)	(354)	1	23	204
2007-09	121	—	(11)	(60)	—	10	60
2006-07	43	—	(5)	(32)	—	8	14
2005-06	14	—	(2)	(9)	—	3	6
2004-05	6	—	(1)	(1)	—	—	4
2003-04 and prior	9	—	(1)	(1)	—	—	7
	<u>\$ 758</u>	<u>18,866</u>	<u>(111)</u>	<u>(18,270)</u>	<u>(473)</u>	<u>51</u>	<u>821</u>
Reconciliation to revenue:							
Collections above				\$ 18,270			
Accrual of receivables:							
June 30, 2009				(101)			
June 30, 2010				128			
Revenue				<u>18,297</u>			
Reconciliation to deferred							
revenue:							
Taxes uncollected at							
June 30, 2009, net of							
allowance				821			
Accrual of receivables							
at June 30, 2009				(128)			
Deferred revenue				<u>\$ 693</u>			

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**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**



**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

December 3, 2010

Board of Commissioners
Washington County, Oregon, as Governing Body of
Washington County Enhanced Sheriff Patrol District
Hillsboro, Oregon

4800 SW Macadam Ave, Suite 400
Portland, Oregon 97239-3973

P 503.274.2849

F 503.274.2853

www.tkw.com

We have audited the basic financial statements of the Washington County Enhanced Sheriff Patrol District (the District), a component unit of Washington County, Oregon, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 3, 2010. 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.

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 the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 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 statement 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 the procedures to the extent we considered necessary to address the required comments and disclosures, which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Authorized investment of surplus funds (ORS Chapter 294).

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS (Continued)**

Page 2

COMPLIANCE (Continued)

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 the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*

OAR 162-10-230 INTERNAL CONTROL

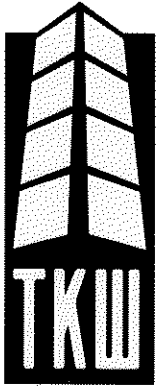
In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements. That report is presented on pages 18 and 19 of this report.

* * * * *

This report is intended solely for the information and use of the Board of Commissioners, Oregon Secretary of State, Audits Division, and management and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants



**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**

December 3, 2010

Board of County Commissioners of
Washington County, Oregon, as Governing Body of
Washington County Enhanced Sheriff Patrol District
Hillsboro, Oregon

4800 SW Macadam Ave, Suite 400
Portland, Oregon 97239-3973

P 503.274.2849
F 503.274.2853

www.tkw.com

We have audited the basic financial statements of Washington County Enhanced Sheriff Patrol District (the District), a component unit of Washington County, Oregon, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 3, 2010. 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.

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 opinions 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.

COMPLIANCE AND OTHER MATTERS

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 grant agreements, noncompliance with which could have a direct and material effect on the

**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* (Continued)**

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COMPLIANCE AND OTHER MATTERS (CONTINUED)

determination of financial statement 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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This report is intended solely for the information and use of management, the Board of Commissioners, and the audit committee and is not intended to be and should not be used by anyone other than those specified parties.

Talbot, Kowala & Warwick, LLP

Certified Public Accountants



**155 N. First Avenue
Hillsboro, OR 97124
www.co.washington.or.us**