

Financial Statements & Supplementary Data



Urban Road Maintenance District

A Component Unit of Washington County, Oregon



YEAR ENDED
JUNE 30
2021



URBAN ROAD MAINTENANCE DISTRICT
(A Component Unit of Washington County, Oregon)

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URBAN ROAD MAINTENANCE DISTRICT
(A Component Unit of Washington County, Oregon)

Governing Body Under ORS 451.435
Board of County Commissioners
Washington County, Oregon
155 N First Avenue
Hillsboro, Oregon 97124-3072

Commissioners as of June 30, 2021

<u>Name</u>	<u>Term Expires</u>
Kathryn Harrington, Chair Commissioner-At-Large	December 31, 2022
Nafisa Fai District 1	December 31, 2024
Pam Treece, Vice Chair District 2	December 31, 2022
Roy Rogers District 3	December 31, 2024
Jerry Willey District 4	December 31, 2022

Stephen Roberts, Director of Land Use and Transportation

Administrative Staff

Tanya Ange, County Administrator
Ethel Gallares, Deputy Chief Financial Officer
Roger Dawes, Controller
Josh Salaets, Chief Accountant

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URBAN ROAD MAINTENANCE DISTRICT
(A Component Unit of Washington County, Oregon)

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners of
Washington County, Oregon, as Governing Body of
Urban Road Maintenance District
Hillsboro, Oregon

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities and the major fund of the Urban Road Maintenance District, Hillsboro, Oregon (the District), a component unit of Washington 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.



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INDEPENDENT AUDITOR'S REPORT (Continued)

Board of County Commissioners of
Washington County, Oregon, as Governing Body of
Urban Road Maintenance District

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 major fund of the District as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the major fund 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 Management's Discussion and Analysis, 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.

REPORTS ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 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.


Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated February 25, 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Board of County Commissioners of
Washington County, Oregon, as Governing Body of
Urban Road Maintenance District

TALBOT, KORVOLA & WARWICK, LLP

By  _____
Julie B. Fahey, Partner

Portland, Oregon
February 25, 2022

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URBAN ROAD MAINTENANCE DISTRICT
(A Component Unit of Washington County, Oregon)
Management's Discussion and Analysis

June 30, 2021

As management of the Urban Road Maintenance 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, 2021. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements, which begin on page 7. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the District exceeded liabilities at the close of the fiscal year by \$11,035. This entire amount is considered unrestricted net position and may be used to meet the ongoing obligations to citizens and creditors.
- The District's total net position decreased by \$1,646 from 2019-20.
- The District has no debt.

Overview of the Basic 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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

Basic Financial Statements

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.

The *Statement of Net Position* provides information about the 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 the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the year. All changes in net position 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, liabilities, and deferred inflows of resources of the District and indicates whether any of the resulting fund balance is restricted or available for use in the coming year. The *Statement of Revenues, Expenditures, and Changes in Fund Balances* presents information showing how the District's fund balance changed during the most recent fiscal year. The fund financial statements are reported on a modified accrual basis.

URBAN ROAD MAINTENANCE DISTRICT
(A Component Unit of Washington County, Oregon)
Management's Discussion and Analysis

June 30, 2021

Notes to the 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 financial statements can be found on pages 12 through 15 of this report.

Government-Wide Financial Analysis

Net Position

The net position of the District decreased by \$1,646 during the fiscal year. The most significant assets consist of deposits with fiscal agent. The liability is an amount payable to Washington County for contracted services at June 30:

	2020-21	2019-20
Assets:		
Deposits	\$ 11,011	12,989
Property taxes receivable	88	89
Accounts receivable	74	-
Total assets	11,173	13,078
Liabilities:		
Accounts payable	138	397
Net position:		
Unrestricted	\$ 11,035	12,681

Changes in Net Position

This table shows a summary of the District's changes in net position for 2020 and 2019.

	2020-21	2019-20
Revenues:		
Property taxes	\$ 5,513	5,242
Other taxes	7	-
Charges for services	4	17
Intergovernmental	86	372
Miscellaneous	-	512
Total revenues	5,610	6,143
Expenses:		
Land use and transportation	7,256	7,001
Change in net position	(1,646)	(858)
Net position, beginning of year	12,681	13,539
Net position, end of year	\$ 11,035	12,681

All residents in the District pay additional property taxes for urban road maintenance services. The taxes were established by a vote of the residents of the District.

URBAN ROAD MAINTENANCE DISTRICT
(A Component Unit of Washington County, Oregon)
Management's Discussion and Analysis

June 30, 2021

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 street maintenance activities on County roads within District boundaries.

District Fund Financial Analysis

Balance Sheet

The District's Balance Sheet includes assets of \$11,173 consisting of \$11,011 in deposits with fiscal agent, \$88 in property taxes receivable, and \$74 in accounts receivable.

Liabilities of the District total \$138 in accounts payable. Deferred inflows of resources of \$69 reported by the District consist of unavailable property tax revenues at June 30, 2021. Unassigned fund balance at June 30, 2021 totaled \$10,966. The difference between total net position shown in the government-wide statements and total fund balance shown in the fund statements is due to the full accrual of property taxes in the government-wide statements.

Statement of Revenues, Expenditures and Changes in Fund Balance

Total revenues were \$5,612, a decrease of \$528 compared to last year. The difference between the total revenues shown in the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balance is \$2 and results from revenues that do not meet the measurable and available criteria in the current year.

District Fund Budgetary Highlights

There were no changes to the adopted budget for the fiscal year. Total budgeted revenues were \$5,793. Actual revenues of \$5,612 were under budget by \$188.

Budgeted expenditures were \$17,625; actual expenditures of \$7,256 were \$10,369 under budget. The difference includes \$8,213 of unspent contingency appropriations and \$2,156 of unspent program expenditures. Expenditures vary from year to year due to timing of contracted work and weather conditions.

Actual beginning fund balance was more than budgeted by \$778 due to the cyclical nature of maintenance work performed by the District.

Future Events that will Financially Impact the District

The District continues to carry out its mission of providing road maintenance to the public right of way within the District boundary. The District has a permanent property tax rate of \$0.2456⁽¹⁾ per \$1,000⁽¹⁾ of assessed value.

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.

⁽¹⁾ Amounts not expressed in thousands.

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BASIC FINANCIAL STATEMENTS

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URBAN ROAD MAINTENANCE DISTRICT
(A Component Unit of Washington County, Oregon)

Statement of Net Position

June 30, 2021

(Dollars in thousands)

Current assets:		
Deposits with fiscal agent	\$	11,011
Property taxes receivable		88
Accounts receivable		<u>74</u>
Total current assets		<u>11,173</u>
Current liabilities:		
Accounts payable		<u>138</u>
Net position:		
Unrestricted	\$	<u><u>11,035</u></u>

See accompanying notes to financial statements.

URBAN ROAD MAINTENANCE DISTRICT
(A Component Unit of Washington County, Oregon)

Statement of Activities

For the fiscal year ended June 30, 2021

(Dollars in thousands)

Program expenses:		
Land use and transportation	\$	7,256
Program revenue:		
Charges for services		<u>4</u>
Net program expense		<u>(7,252)</u>
General revenues:		
Property taxes, levied for general purposes		5,513
Other taxes		7
Intergovernmental		<u>86</u>
Total general revenues		<u>5,606</u>
Change in net position		(1,646)
Net position July 1, 2020		<u>12,681</u>
Net position June 30, 2021	\$	<u><u>11,035</u></u>

See accompanying notes to financial statements.

URBAN ROAD MAINTENANCE DISTRICT
(A Component Unit of Washington County, Oregon)

Balance Sheet

June 30, 2021

(Dollars in thousands)

Assets:

Deposits with fiscal agent	\$	11,011
Property taxes receivable		88
Accounts receivable		74
		74
Total assets		11,173

Liabilities:

Accounts payable		138
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Deferred inflows of resources:

Unavailable revenue - property taxes		69
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Fund balance:

Unassigned		10,966
		10,966
Total liabilities, deferred inflows of resources, and fund balance		11,173

Reconciliation of the Balance Sheet to the Statement of Net Position

Fund balance		10,966
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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.

		69
		69
Net position	\$	11,035

See accompanying notes to financial statements.

URBAN ROAD MAINTENANCE DISTRICT
(A Component Unit of Washington County, Oregon)

Statement of Revenues, Expenditures
and Changes in Fund Balance

For the fiscal year ended June 30, 2021

(Dollars in thousands)

Revenues:	
Property taxes	\$ 5,515
Other tax	7
Intergovernmental	86
Charges for services	4
Total revenues	5,612
Expenditures:	
Land use and transportation	4,976
Administrative costs	2,280
Total expenditures	7,256
Net change in fund balance	(1,644)
Fund balance July 1, 2020	12,610
Fund balance June 30, 2021	10,966

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

Net change in fund balance	(1,644)
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.	(2)
Change in net position	\$ (1,646)

See accompanying notes to financial statements.

URBAN ROAD MAINTENANCE DISTRICT
(A Component Unit of Washington County, Oregon)

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

For the fiscal year ended June 30, 2021

(Dollars in thousands)

	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:				
Property taxes	\$ 5,436	5,436	5,515	79
Other tax	—	—	7	7
Intergovernmental	100	100	86	(14)
Charges for services	20	20	4	(16)
Miscellaneous	237	237	—	(237)
Total revenues	<u>5,793</u>	<u>5,793</u>	<u>5,612</u>	<u>(181)</u>
Expenditures:				
Current				
Land use and transportation	9,412	9,412	7,256	2,156
Contingency	8,213	8,213	—	8,213
Total expenditures	<u>17,625</u>	<u>17,625</u>	<u>7,256</u>	<u>10,369</u>
Net change in fund balance	<u>(11,832)</u>	<u>(11,832)</u>	<u>(1,644)</u>	<u>10,188</u>
Fund balance July 1, 2020	<u>11,832</u>	<u>11,832</u>	<u>12,610</u>	<u>778</u>
Fund balance June 30, 2021	<u>\$ —</u>	<u>—</u>	<u>10,966</u>	<u>10,966</u>

See accompanying notes to financial statements.

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URBAN ROAD MAINTENANCE DISTRICT
(A Component Unit of Washington County, Oregon)

Notes to Financial Statements

June 30, 2021

(Dollars in thousands)

1. The District

The Urban Road Maintenance 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 maintenance services to local, minor collector and public roads in the urban unincorporated areas of Washington County and is funded by an established permanent rate. The District contracts with private firms and Washington County to provide the required road maintenance services.

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 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 effect 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 position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources 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.

URBAN ROAD MAINTENANCE DISTRICT
(A Component Unit of Washington County, Oregon)

Notes to Financial Statements (Continued)

June 30, 2021

(Dollars in thousands)

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 spending 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 resource 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.

The District has classified its entire ending fund balance as unassigned, in accordance with GASB Statement No. 54.

The District's revenues consist of tax revenues, charges for services, intergovernmental and miscellaneous income. Program expenses are defined as those expenses directly related to providing road maintenance services.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, 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 Department of Land Use, Housing and Transportation 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.

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.

URBAN ROAD MAINTENANCE DISTRICT
(A Component Unit of Washington County, Oregon)

Notes to Financial Statements (Continued)

June 30, 2021

(Dollars in thousands)

Deferred Inflow of Resources

Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District only has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet, and is deferred and recognized as an inflow of resources in the period that the amounts become available.

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 over expended 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 County 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. Tax Abatements Granted by Other Governments

GASB Statement No. 77 – Tax Abatement Disclosures establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The District's property tax revenues were impacted by two tax abatement programs offered through Washington County for the fiscal year ended June 30, 2021.

Nonprofit Corporation Low Income Housing

The 1985 Oregon legislature authorized a property tax exemption for low-income housing held by charitable, nonprofit organizations. The tax exemption is intended to benefit low-income renters and is available for qualifying property located in some parts of Washington County. Nonprofit (IRS 501(c)(3) or (4)) organizations are responsible for the day-to-day management of the property. Cities/County may set additional terms and may depend on the existence of development prior to application or not. The District's reduction in property tax revenues is estimated at \$9 for this program.

URBAN ROAD MAINTENANCE DISTRICT
(A Component Unit of Washington County, Oregon)

Notes to Financial Statements (Continued)

June 30, 2021

(Dollars in thousands)

Strategic Investment Program

The Strategic Investment Program (SIP) is a combined agreement between Washington County, the City of Hillsboro and Intel Corporation (Intel). The SIP was authorized by the 1993 Legislature to increase Oregon's ability to attract and retain capital-intensive industry and high-wage jobs. Under this current agreement, Intel agrees to pay full property taxes on the first \$100 million invested, or \$25 million in a rural area, a cap that increases 3 percent each year as well as an annual Community Service Fee equal to 25 percent of abated taxes. The District's SIP reduction in property tax revenues is estimated at \$131.

4. Vested Compensated Absences, Sick Pay, Pension Plan, and Other Post Employment Benefits (OPEB)

The District's personnel are exclusively contracted Washington County employees. Accordingly, the liability of vested compensated absences is recorded by the County.

Substantially all of the County's employees are participants in the Oregon Public Employees Retirement System (OPERS), a state-wide cost-sharing multiple-employer defined benefit pension and OPEB plan. Contributions to OPERS are made on a current basis as required by the plan. 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 accordance with Oregon Revised Statutes 243.303.

Further information regarding vested compensated absences, sick pay, OPERS and OPEB (Other Post Employment Benefits) can be found in the June 30, 2021 Washington County, Oregon, Annual Comprehensive Financial Report.

5. 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 Annual Comprehensive Financial Report for the year ended June 30, 2021 for treatment of insurance risks.

6. Transactions with Related Parties

The District's property taxes are levied and collected through Washington County's Assessment and Taxation Department. The District also contracts with Washington County to provide certain road maintenance services. The District's accounting and clerical functions are performed by County personnel. Washington County charges the District for administrative costs incurred. The total charges paid to Washington County for the fiscal year ended June 30, 2021 were \$7,246.

**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***

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON STATE REGULATIONS**

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**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**

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners of
Washington County, Oregon, as Governing Body of
Urban Road Maintenance District
Hillsboro, Oregon

We have audited, in accordance with the 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 major fund of the Urban Road Maintenance District, Hillsboro, Oregon (the District), a component unit of Washington 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 February 25, 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 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 been identified.



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**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)**

INDEPENDENT AUDITOR'S REPORT (Continued)

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.

Talbot, Kowale & Warwick, LLP

Portland, Oregon
February 25, 2022



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
OREGON STATE REGULATIONS**

Board of County Commissioners
Washington County, Oregon, as Governing Body of
Urban Road Maintenance District
Hillsboro, Oregon

We have audited the financial statements of the governmental activities and major fund of the Urban Road Maintenance District, Hillsboro, Oregon (the District), a component unit of Washington County, Oregon, as of and for the year ended June 30, 2021, which collectively comprises the District's basic financial statements, and have issued our report thereon dated February 25, 2022. 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 162-10-330 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 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.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

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 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
OREGON STATE REGULATIONS (Continued)**

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 to determine the 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 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 been identified.

PURPOSE OF THIS REPORT

This report is intended solely for the information and use of the Board of County Commissioners, Audit Committee, 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.

Talbot, Kowoloff Warwick, LLP

Portland, Oregon
February 25, 2022



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