



Deschutes County

Audit Results for the County's Audit Committee
Fiscal year ended June 30, 2024



Agenda

Engagement team

Nature of services provided

Significant audit areas

Auditor opinions/reports

Required auditor communication

Accounting update



Engagement team

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Scope of Financial Statement Audit Work

Deschutes County and each of its following blended component units:

- 9-1-1 Service District
- Countywide Law Enforcement District
- Extension and 4-H County Service District
- Road Agency
- Rural Law Enforcement District



Nature of Services Provided

1 Audit the County and its component unit financial statements in accordance with GAAS and GAGAS

2 Technical assistance and review of each respective financial statement for compliance with GAAP as well as County's ACFR for GFOA Certificate of Excellence requirements

3 Compliance testing/reporting under Oregon Minimum Audit Standards

4 Single Audit of County's federal grant programs under Uniform Guidance



Required
Communication
to those Charged
with
Governance

Timing of the audit
occurred as planned.

No audit adjustments
were necessary to issue
an unmodified opinion.



Significant Audit Areas

Cash and investments

- Confirmed balances, tested investment valuations and Oregon legal compliance requirements. Balances were properly reported.

Revenue and receivables

- Reviewed agreements, tested cash receipts collected subsequent to FYE, and confirmed balances. Amounts are materially correct.

Capital assets

- Tested additions and disposals, and reasonableness of useful lives to depreciate assets. Capital assets are materially correct.



Significant Audit Areas



Long-term liabilities

- Confirmed debt balances, reviewed actuarial reports and assumption for pension and OPEB balances. Estimates were supported and key disclosures were understandable.

Financial close and reporting

- Completed GAAP disclosure checklist for required GAAP and GFOA reporting elements. County ACFR found to be in compliance.

Federal grants

- Tested SEFA and two major federal programs: (1) Coronavirus State and Local Fiscal Recovery Funds and (2) Block Grants for Community Mental Health Services. No findings to report.

Oregon Minimum Standards

- Tested applicable ORS requirement, and no compliance issues were reported.

Auditor Opinion on the Financial Statements

Auditor's opinion on the financial statements for the County and its component units

- Unmodified 'clean' opinions

Report on Compliance and Other Matters based on an audit of financial statements in accordance with Oregon Minimum Standards

- No control findings
- No compliance findings



Other Auditor Reports

GAGAS Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

- No control findings
- No compliance findings

Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Federal Program and on Internal Control Over Compliance in accordance with the Uniform Guidance for Federal Awards (2 CFR Part 200)

- No control findings
- No compliance findings



Planned Scope & Timing of the Audit

Our Comments

We issued our reports on December 4, 2024, and the audits for the County and its component units were submitted ahead of the State's December 31, 2024 filing due date.



Significant Accounting Policies & Unusual Transactions

Our Comments

Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in the Footnotes to the financial statements. Throughout the course of an audit, we review changes, if any, to significant accounting policies or their application, and the initial selection and implementation of new policies. We believe management has selected and applied significant accounting policies appropriately and consistent with requirements and those of the prior year.

The County implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*, which provided guidance on how to present the change in major funds presented in the Statement of Revenues, Expenditures, and Changes in Fund Balance.



Management Judgments & Accounting Estimates

Our Comments

Management's judgments and accounting estimates are based on knowledge and experience about past and current events and assumptions about future events. We apply audit procedures to management's estimates to ascertain whether the estimates are reasonable under the circumstances and do not materially misstate the financial statements.

Significant management estimates impacting the financial statements include the following: Useful lives of capital assets, lease discount rate and extending lease terms, and estimated liabilities for claims and judgments, OPEB, and PERS.

We deemed the estimates to be based on reasonable inputs and assumptions and consistently applied. No significant changes in estimates were noted during our audit.



Key Financial Statement Disclosures

Our Comments

The most sensitive disclosures are:

- Note 1 – Summary of significant accounting policies
- Note 3A and 3B – Cash and investments
- Note 3G – Noncurrent liabilities
- Note 4C – Pension plan
- Note 4D – Other post-employment benefits (OPEB)



Difficulties Encountered in — Performing the Audit

Our Comments

We had difficulty accessing MUNIS to view audit support during final fieldwork. The County supplied us a loaner laptop to take back to our Eugene office, and this allowed us to view supporting documents.

Aside from that, no significant difficulties were encountered during our audit.



Recorded Audit Adjustments & Unadjusted Differences Considered by Management To Be Immaterial

Our Comments

There was one corrected misstatement deemed immaterial. The Governmental Activities failed to capitalize \$4.5M of Courthouse remodel expenditures. The County chose to correct this misstatement by reducing the Governmental Activities' expense by \$4.5M and increasing capital assets not being depreciated by \$4.5M.

No uncorrected misstatements were identified.



Potential Effect on the Financial Statements — of Significant Risks & Exposures & Uncertainties

Our Comments

The County is subject to potential legal proceedings and claims that arise in the ordinary course of business, which are disclosed in the notes to the financial statements.



— Disagreements with Management

Our Comments

We are pleased to report that there were no disagreements with management.



Deficiencies in Internal Control

Our Comments

- Material weakness
 - None noted
- Significant deficiencies & non-compliance
 - None noted



Representations Requested of Management

Our Comments

We received the representation letters from management prior to issuing our reports.



Management's Consultation with Other Accountants

Our Comments

We are not aware of any significant accounting or auditing matters for which management consulted with other accountants.



Fraud & Noncompliance with Laws and Regulations

Our Comments

We have not become aware of any GAGAS reportable instances of fraud or noncompliance with laws and regulations for the year ending June 30, 2024.



— Recommendations

Our Comments

As noted on the earlier recorded audit adjustments slide, capitalizable expenditures were missed relating to the Courthouse remodel. We understand the County had a control in place that would have identified this in the prior year, and that control was modified in FY24. The County intends to return to the full capital expenditure reconciliation process it had used in the previous year.



— Recommendations

Our Comments

In our audit of the major program ALN# 93.958, Block Grants for Community Mental Health Services, we noted two of its four projects overcharged indirect costs by \$6,500 in total.

The County used the projected cost amount to calculate the indirect costs, and did not revisit how the actual costs compared to the projected costs. We recommend performing a look-back to see if adjustments are warranted to avoid overcharges.



— Recommendations

Our Comments

We noted the County does not have a formal process to periodically review MUNIS user access, and document the results of that review. Through our inquiries, we were told a periodic review is occurring on an informal basis. We recommend such reviews are formalized with a policy and evidence of the review is retained.



Accounting Update



New GASB Statements

No. 101, *Compensated Absences* – effective for FYE 2025

No. 102, *Certain Risk Disclosures* - effective for FYE 2025

No. 103, *Financial Reporting Model Improvements* - effective for FYE 2026

No. 104, *Disclosure of Certain Capital Assets* - effective for FYE 2026





THANK
YOU

