

**Mid-Multnomah County Street Lighting  
Service District No. 14**

**A Component Unit of  
Multnomah County, Oregon**

**Financial Statements and Reports of  
Independent Auditors**

**For the Fiscal Years Ended  
June 30, 2021 and 2020**



Prepared by:

Department of County Management  
Eric J. Arellano, Chief Financial Officer  
501 SE Hawthorne Blvd, Suite 531  
Portland, Oregon 97214

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**MID-MULTNOMAH COUNTY STREET LIGHTING SERVICE DISTRICT NO. 14**  
**(A component unit of Multnomah County, Oregon)**  
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## **INTRODUCTORY SECTION**

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Department of County Management  
Finance and Risk Management

Office of the Chief Financial Officer  
501 SE Hawthorne Blvd. Suite 531  
Portland, Oregon 97214

Eric Arellano  
Chief Financial Officer

Phone: 503-988-6718  
Email: [eric.j.arellano@multco.us](mailto:eric.j.arellano@multco.us)

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December 16, 2021

Honorable County Chair and Board of County Commissioners  
Multnomah County, Portland, Oregon

## **INTRODUCTION**

We are pleased to submit the Basic Financial Statements for Mid-Multnomah County Street Lighting Service District No. 14, Portland, Oregon (the District), for the year ended June 30, 2021. This report includes the opinion of our independent auditors, Moss Adams LLP.

We prepared this report for the Secretary of the State of Oregon as required under ORS 297.425. The District's financial statements are also included in the Annual Comprehensive Financial Report of Multnomah County (the County) as a blended component unit. This is necessary because the Board of County Commissioners of Multnomah County serves as the governing body and maintains overall financial accountability for the District.

Accounting principles generally accepted in the United States of America (U.S. GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

## **PROFILE OF THE DISTRICT**

Mid-Multnomah County Street Lighting Service District No. 14 was organized in 1968 as Tulip Acres Lighting District under the provisions of ORS Chapter 451. By Order 14 of the Board of Commissioners of Multnomah County, signed on September 3, 1970, the name of the District was changed to Mid-Multnomah County Street Lighting Service District No. 14. The District now provides street lighting to the unincorporated urban areas of the County, and the cities of Maywood Park, Troutdale and Fairview. Administration of the District is managed by the Multnomah County Department of Community Services (DCS).

Portland General Electric provides energy through regulated tariffs managed by the State of Oregon's Public Utility Commission and DCS provides illumination engineering and design and manages maintenance requirements through local contractors.

The District is accounted for as an enterprise fund. Enterprise funds generate revenue for operations by charging user fees to recover costs of providing goods and services to the public. The measurement focus is on a *flow of economic resources* and the *accrual basis of accounting* is used. Under the accrual basis of accounting, revenues are recorded at the time they are earned and expenses are recorded at the time the liabilities are incurred. Oregon Budget Law required the use of budgetary control. See pages 21-22 for the *Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual*.

## FACTORS AFFECTING FINANCIAL CONDITION

The District's operating budget has stabilized with the substantial completion of municipal annexations. Operations were funded by charging user fees of \$60 per household for fiscal year 2020-2021, remaining unchanged from the prior fiscal year. This rate was presumed to be sufficient to match the District's engineering, maintenance and operational demands. The fees are collected via special assessments that are added to property tax bills for properties served by the District.

The District's current assessment is \$60 per property per year. For fiscal year 2022 the District's rate was adopted with the annual assessment increasing to \$70. This new rate provides the District with the necessary operating resources to match its needs. Operating expenses had a decrease of \$78,085 or 16.4 percent as a result of installation costs for streetlights that failed during the warranty period and were replaced by the manufacturer in 2020. Additionally, the District contracted out work to an engineering firm to create construction standards for developers to use when requirements dictate that they must add new streetlights to their projects.

The following is summarized key financial data from current and prior years' financial statements:

	Year Ended June 30,				
	2021	2020	2019	2018	2017
Operating revenue	\$ 463,212	\$ 468,432	\$ 481,216	\$ 448,688	\$ 455,517
Depreciation expense	127,147	122,146	122,297	122,447	94,367
Operating income / (loss)	65,732	(7,133)	97,168	33,001	135,240
Change in net position	362,060	446	106,909	38,737	404,472
Capital contributions	292,954	-	-	-	(267,000)
Unrestricted net position	396,399	387,822	265,469	428,727	287,780
Total assets	2,903,079	2,535,725	2,550,459	2,408,393	2,393,920
Total net position	2,876,708	2,514,648	2,514,202	2,407,293	2,368,556



## ACKNOWLEDGMENTS

We acknowledge the help of the Finance and Risk Management Division staff, who contributed in the preparation of this report. We also want to thank the staff in the Department of Community Services for their contributions during the year.

Respectfully submitted,



Eric J. Arellano  
Chief Financial Officer



Cora Bell  
Deputy Chief Financial Officer



Samina S. Gillum  
Accounting Manager

**MID-MULTNOMAH COUNTY STREET LIGHTING SERVICE DISTRICT NO. 14**  
**(A component unit of Multnomah County, Oregon)**  
**Principal Officers**

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BOARD OF COUNTY COMMISSIONERS\* AS OF  
JUNE 30, 2021

501 SE Hawthorne Blvd, 6<sup>th</sup> floor  
Portland, Oregon 97214

<b>Title</b>	<b>Name</b>	<b>Term Expires</b>
Chair of Board	Deborah Kafoury 501 SE Hawthorne Blvd, 6 <sup>th</sup> Floor Portland, OR 97214	12/31/2022
Commissioner - District No. 1	Sharon Meieran 501 SE Hawthorne Blvd, 6 <sup>th</sup> Floor Portland, OR 97214	12/31/2024
Commissioner - District No. 2	Susheela Jayapal 501 SE Hawthorne Blvd, 6 <sup>th</sup> Floor Portland, OR 97214	12/31/2022
Commissioner - District No. 3	Jessica Vega Pederson 501 SE Hawthorne Blvd, 6 <sup>th</sup> Floor Portland, OR 97214	12/31/2024
Commissioner - District No. 4	Lori Stegmann 501 SE Hawthorne Blvd, 6 <sup>th</sup> Floor Portland, OR 97214	12/31/2022

REGISTERED AGENT

Eric J. Arellano

REGISTERED OFFICE

501 SE Hawthorne Blvd, Suite 531  
Portland, Oregon 97214-3501

\* Governing body of Mid-Multnomah County Street Lighting Service District No. 14 reported on herein.

## **FINANCIAL SECTION**

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## **Report of Independent Auditors**

The Board of County Commissioners  
Mid-Multnomah County Street Lighting Service District No. 14

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Mid-Multnomah County Street Lighting Service District No. 14 (the District), a component unit of Multnomah County, Oregon, as of and for the years ended June 30, 2021 and 2020, 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 an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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 opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Mid-Multnomah County Street Lighting Service District No. 14 as of June 30, 2021 and 2020, and the respective changes in its financial position and cash flows thereof for the years 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 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.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of revenues, expenditures, and changes in fund balances – budget and actual, schedule of special assessment transactions, and reconciliation of budgetary revenues to interest and tax/assessment collections (supplementary information), 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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section (Principal Officials and transmittal letter) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## **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 December 16, 2021 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 Minimum Standards for Audits of Oregon Municipal Corporations***

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our reported dated December 16, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its 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 solely 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 cursive script that reads "Ashley Oster".

For Moss Adams LLP  
Portland, Oregon  
December 16, 2021

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Mid-Multnomah County Street Lighting Service District No. 14 (the District), we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the letter of transmittal, which can be found on pages 1-3 of this report.

### ***Financial Highlights***

- The District's assets exceeded its liabilities at June 30, 2021, by \$2,876,708 (*the District's net position*). Of this amount, \$396,399 is unrestricted and \$2,480,309 represents investment in capital assets.
- Total net position increased by \$362,060 in fiscal year 2021.

### ***Overview of the Financial Statements***

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

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Enterprise fund.** The District is accounted for as an enterprise fund. Enterprise funds are used to account for operations (a) where the intent of the government is to fully recover costs of providing goods or services to the general public through user charges, or (b) where the governing body has decided that periodic determination of net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

The District operates like a business receiving user charges for services rendered. It does not receive any funds from the State or the County other than street lighting assessments collected through property taxes; this is the main source of revenue. The District's statute (ORS 451.500) projects that it collects fees necessary to prudently operate.

There was no change in user charges, which were \$60 per household, from the prior fiscal year, which generated \$463,212 in operating revenues.

The basic enterprise fund financial statements can be found on pages 12-20 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 15-20 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. Supplementary information can be found on pages 21-24 of this report.

***Financial Analysis of the District***

Net position may serve over time as a useful indicator of a government's financial condition. As noted earlier, the District's total net position was \$2,876,708 at the close of the most recent fiscal year, an increase of \$362,060 over prior year. At June 30, 2021, the largest portion of net position, \$2,480,309 or 86.2 percent, is invested in capital assets. The investment in capital assets is the District's street lighting system, with no related debt. These capital assets provide services to its member households; consequently, these assets are not available for future spending.

**Mid-Multnomah County Street Lighting Service District No. 14**  
**Net Position**  
**June 30,**

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Current and other assets	\$ 422,770	\$ 408,899	\$ 301,726
Capital assets, net	2,480,309	2,126,826	2,248,733
Total assets	<u>2,903,079</u>	<u>2,535,725</u>	<u>2,550,459</u>
Current and other liabilities	<u>26,371</u>	<u>21,077</u>	<u>36,257</u>
Net position:			
Investment in capital assets	2,480,309	2,126,826	2,248,733
Unrestricted	396,399	387,822	265,469
Total net position	<u>\$ 2,876,708</u>	<u>\$ 2,514,648</u>	<u>\$ 2,514,202</u>

At the end of the current and prior fiscal years, the District reported positive balances in the above categories of net position.

**Mid-Multnomah County Street Lighting Service District No. 14**  
**Changes in Net Position**  
**For the Year Ended June 30,**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Revenues</b>			
Operating revenues:			
Charges for services	\$ 463,212	\$ 468,432	\$ 481,216
Non-operating revenues:			
Investment earnings	3,374	7,579	9,741
Total revenues	<u>466,586</u>	<u>476,011</u>	<u>490,957</u>
<b>Expenses</b>			
Operating expenses:			
District operating expenses	397,480	475,565	384,048
Total expenses	<u>397,480</u>	<u>475,565</u>	<u>384,048</u>
Capital contributions in	292,954	-	-
Increase in net position	362,060	446	106,909
Beginning net position	2,514,648	2,514,202	2,407,293
Ending net position	<u>\$ 2,876,708</u>	<u>\$ 2,514,648</u>	<u>\$ 2,514,202</u>

Ending net position increased by \$362,060 during fiscal year 2021, compared to an increase of \$446 during fiscal year 2020. Operating revenues decreased by \$5,220 due to natural fluctuations in activity during the year. Operating expenses decreased by \$78,085 between fiscal years 2021 from 2020. This net decrease was primarily due to a 4.1 percent decrease in professional services from a decrease in construction projects, and a 49.3 percent decrease in administration expense as a consequence of decreased project management fees charged.

**Capital assets.** The investment in capital assets as of June 30, 2021, amounts to \$2,480,309 (net of accumulated depreciation). This entire investment in capital assets is the street lighting system. The net increase in the investment in capital assets for the current fiscal year was \$353,483. This increase was the result of a modest increase in construction in progress and capital contributions from developers. Additional information on capital assets can be found in Note III.C. *Capital assets*.

**Budgetary highlights.** Total budgeted expenditures were \$625,000 in fiscal year 2021 compared to actual expenditures of \$458,250. Actual expenditures were under budget by \$166,750. The primary reason for actual expenditures being less than budgeted is due to delays in the LED lighting project. Therefore the expected difference will be seen in subsequent years as the project gets completed.

### ***Key Economic Factors and Budget Information for Next Year***

The District's capital program has now slowed significantly, but will continue to address any additional individual streetlights, which have reached their life expectancy. In the fiscal year 2022 budget, the District has approved \$1,031,000 for its total budget. The main items that comprise this number are \$200,000 for improvements, \$82,000 for utilities, \$98,000 for repairs and maintenance and \$125,000 to support administration, and \$45,000 for the implementation of an online permitting software.

The current assessment rate is \$60 per household per year. For fiscal year 2022, the District Budget was adopted with the annual assessment increasing to \$70. The new rate provides the District with the necessary operating resources to match maintenance and operational demands and respond to the new street lighting requests presented from the communities served. The District will continue to build its unrestricted fund balance to fund future replacement of depreciated equipment. Future economic results of the District from COVID-19 is unknown.

### ***Requests for information***

This 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 directed to the following address:

Multnomah County  
Department of County Management  
501 SE Hawthorne Blvd, Suite 531  
Portland, OR 97293-0700

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**MID-MULTNOMAH COUNTY STREET LIGHTING SERVICE DISTRICT NO. 14****A Component Unit of  
Multnomah County, Oregon  
Statements of Net Position**

	<b>June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Current assets (unrestricted):		
Cash and investments	\$ 352,945	\$ 350,255
Receivables:		
Accounts receivable, net	1,793	-
Special assessments, net	10,887	11,271
Inventories	40,229	30,865
Prepaid items	16,916	16,508
Total current assets	<u>422,770</u>	<u>408,899</u>
Noncurrent assets (restricted):		
Construction in progress	600,616	412,940
Other capital assets (net of accumulated depreciation)	<u>1,879,693</u>	<u>1,713,886</u>
Total noncurrent assets	<u>2,480,309</u>	<u>2,126,826</u>
Total assets	<u>2,903,079</u>	<u>2,535,725</u>
<b>LIABILITIES</b>		
Current liabilities (payable from unrestricted assets):		
Accounts payable	<u>26,371</u>	<u>21,077</u>
Total liabilities	<u>26,371</u>	<u>21,077</u>
<b>NET POSITION</b>		
Investment in capital assets	2,480,309	2,126,826
Unrestricted	<u>396,399</u>	<u>387,822</u>
Total net position	<u>\$ 2,876,708</u>	<u>\$ 2,514,648</u>

The notes to the financial statements are an integral part of these statements.

**MID-MULTNOMAH COUNTY STREET LIGHTING SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Statements of Revenues, Expenses and Changes in Fund Net Position**

	<b>Years Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>OPERATING REVENUES</b>		
Charges for services:		
Street lighting assessments, current	\$ 450,575	\$ 449,144
Street lighting assessments, prior	4,992	4,922
Intergovernmental	-	1,614
Licenses and permits	350	-
Miscellaneous	7,295	12,752
Total operating revenues	<u>463,212</u>	<u>468,432</u>
<b>OPERATING EXPENSES</b>		
Cost of sales and services	229,200	272,312
Administration	41,133	81,107
Depreciation	127,147	122,146
Total operating expenses	<u>397,480</u>	<u>475,565</u>
Operating income	<u>65,732</u>	<u>(7,133)</u>
<b>NONOPERATING REVENUES</b>		
Interest revenue	<u>3,374</u>	<u>7,579</u>
Total nonoperating revenues	<u>3,374</u>	<u>7,579</u>
Income (loss) before contributions and transfers	69,106	446
Capital contributions in	<u>292,954</u>	<u>-</u>
Change in net position	362,060	446
Total net position - beginning	<u>2,514,648</u>	<u>2,514,202</u>
Total net position - ending	<u>\$ 2,876,708</u>	<u>\$ 2,514,648</u>

The notes to the financial statements are an integral part of these statements.

**MID-MULTNOMAH COUNTY STREET LIGHTING SERVICE DISTRICT NO. 14**  
**(A component unit of Multnomah County, Oregon)**  
**Statements of Cash Flows**

	<b>Years Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 490,146	\$ 534,305
Payments to suppliers	(303,154)	(452,022)
Net cash provided by operating activities	<u>186,992</u>	<u>82,283</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital contributions in	292,954	-
Acquisition of capital assets	(480,630)	(240)
Net cash used by capital and related financing activities	<u>(187,676)</u>	<u>(240)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earnings	3,374	7,579
Net cash provided by investing activities	3,374	7,579
Net increase (decrease) in cash and cash equivalents	2,690	89,622
Cash and cash equivalents - beginning	350,255	260,633
Cash and cash equivalents - ending	<u>\$ 352,945</u>	<u>\$ 350,255</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 65,732	\$ (7,133)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization of capital assets	127,147	122,146
Changes in liabilities, and deferred inflows/outflows:		
Receivables, net	(1,409)	655
Inventories	(9,364)	(1,697)
Prepaid Items	(408)	(16,508)
Accounts payable	5,294	(15,180)
Total adjustments	<u>121,260</u>	<u>89,416</u>
Net cash provided by operating activities	<u>\$ 186,992</u>	<u>\$ 82,283</u>

The notes to the financial statements are an integral part of these statements.



**MID-MULTNOMAH COUNTY STREET LIGHTING SERVICE DISTRICT NO. 14**  
**(A component unit of Multnomah County, Oregon)**  
**Notes to the Basic Financial Statements**  
**June 30, 2021 and 2020**

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**Note I. Summary of significant accounting policies**

**A. Reporting entity**

Mid-Multnomah County Street Lighting Service District No. 14 (the District) was organized in 1968 as Tulip Lighting District under the provisions of Oregon Revised Statutes (ORS) Chapter 451. By Order 14 of the Board of Commissioners of Multnomah County, signed on September 3, 1970, the name of the district was changed to Mid-Multnomah County Street Lighting District No. 14. The District now provides street lighting to the unincorporated urban areas of Multnomah County (the County) and the cities of Maywood Park, Troutdale and Fairview. The Multnomah County Board of Commissioners (the Board) is the governing body of the District, as provided for by ORS 451.485.

The District is a blended component unit of Multnomah County and its financial activities are included in the basic financial statements of the County. The management of the District is handled by County management. The District serves the residents within its geographical boundaries and is governed by a board comprised of the County's elected Board. The rates for user charges for the District are approved by the Board. The District is reported as an enterprise fund.

**B. Measurement focus, basis of accounting, and financial statement preparation**

The District's basic 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, regardless of the timing of related cash flows. With this measurement focus, all assets and all liabilities associated with the operations are included on the *Statement of Net Position*.

Enterprise funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. The District also recognizes as operating revenue, the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). U.S. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements.

The accompanying basic financial statements have been prepared for purposes of Oregon statutory reporting requirements and are structured into the enterprise fund type as described above.

**MID-MULTNOMAH COUNTY STREET LIGHTING SERVICE DISTRICT NO. 14**  
**(A component unit of Multnomah County, Oregon)**  
**Notes to the Basic Financial Statements**  
**June 30, 2021 and 2020**

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Since the Board maintains overall financial accountability for the District, the financial statements of the District are included in the Annual Comprehensive Financial Report (ACFR) of the County, as an enterprise fund.

Information about the County's enterprise funds is included in the County's ACFR and may be obtained through the County's Finance and Risk Management Division at 501 SE Hawthorne Boulevard, Suite 531, Portland, OR 97214; or at <https://multco.us/finance/financial-reports>.

**C. Assets, liabilities, and net position or fund balances**

***Cash and investments***

The District's cash and investments are deposited in the County's Local Government Investment Pool (the Pool). All of the District's cash and investments are included in the Pool rather than specific, identifiable securities. The District's share of County pooled cash and investments can be drawn upon demand, and therefore, the entire amount on deposit with the County is considered cash equivalents. Interest earned on pooled investments is allocated monthly based on the average daily cash balance of the District in relation to total investments in the pool. It is not practical to determine the investment risk, collateral, or insurance coverage for the District's share of these pooled investments.

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

Information about the pooled investments is included in the County's ACFR and may be obtained through the County's Finance and Risk Management Division at 501 SE Hawthorne Boulevard, Suite 531, Portland, OR 97214; or at the link above.

***Receivables and payables***

The District's receivables are street lighting assessments, which are collected through the County's property tax system. The District's payables are all monthly utility charges to Portland General Electric. The District calculates and records an allowance for doubtful accounts on accounts and special assessments receivables, which is management's best estimate of amounts that will not be collected.

***Inventories***

Inventories of materials and supplies are valued at the lower of average cost or market and recorded as expenditures under the consumption method rather than when purchased.

**MID-MULTNOMAH COUNTY STREET LIGHTING SERVICE DISTRICT NO. 14**  
**(A component unit of Multnomah County, Oregon)**  
**Notes to the Basic Financial Statements**  
**June 30, 2021 and 2020**

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***Net position***

Net position is reported on the *Statement of Net Position*. Within net position, the investment in capital assets represents total capital assets less accumulated depreciation. The District does not report any debt directly related to its capital assets. All remaining net position of the District is unrestricted.

***Capital assets***

The District's capital assets are street lighting systems consisting of lights and poles. Capital assets are stated at historical cost at time of acquisition or acquisition value on date donated for donated assets. Street lighting systems with a value of greater than \$10,000 and a useful life of three or more years are capitalized. Normal maintenance and repairs are expensed as incurred. Expenses for major additions, improvements and replacements are capitalized. Gain or loss on retirement or disposal is reflected on the *Statements of Revenue, Expenses and Changes in Net Position*.

Street lighting systems are depreciated on the straight-line method with an estimated useful life of 30 years. In recent years, the materials used in constructing the District's lights and poles have become more durable and are engineered to last longer than those previously built.

***Annexations and intergovernmental agreements***

In 1983, the Board passed Resolution A, which stated the County's intention to phase out municipal services provided to urbanized unincorporated areas of the County. District operations are governed by Oregon Revised Statute 451 and the District is not legally bound by Resolution A. ORS 198 provides guidance on the dissolution of the District. At this time, the residents served by the District have not elevated to the Multnomah County Board justification for the dissolution of the District and liquidation of the assets.

***Use of estimates***

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**MID-MULTNOMAH COUNTY STREET LIGHTING SERVICE DISTRICT NO. 14**  
**(A component unit of Multnomah County, Oregon)**  
**Notes to the Basic Financial Statements**  
**June 30, 2021 and 2020**

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**Note II. Stewardship, compliance, and accountability**

**A. Budgetary information**

The District's budget is prepared and adopted in accordance with Oregon local budget law. Certain adjustments are necessary to reconcile from the budgetary basis to the U.S. GAAP basis. All annual appropriations lapse at fiscal year end.

The budget committee of the District consists of the members of the Board and residents of the District appointed by the Board. During the month of February each year, the District submits requests for appropriations to the County Chair so that a budget may be prepared. By May 15th, the proposed budget is presented to the Board for approval. The Board holds public hearings and a final budget must be prepared and adopted no later than June 30th.

The adopted budget is prepared by fund and department. The County's department managers may transfer appropriations within a department and fund. Transfers and changes (increases) of appropriations between departments or funds require the approval of the Board. The legal level of budgetary control, (i.e., the level at which expenditures may not legally exceed appropriations) is the fund and department level. The adopted budget is available at:

<https://multco.us/budget/mid-county-street-lighting-service-district-no-14-budget>

**Note III. Detailed notes**

**A. Cash and investments**

The District's cash and investments reported on the *Statement of Net Position* represent the District's share of the County's cash and investment pool. The District's participation in the cash and investment pool is involuntary. Interest earnings from this pool are allocated to the District on a monthly basis. At June 30, 2021 and 2020, the District's share of the County's cash and investment pool totaled \$352,945 and \$350,255, respectively. The District's ending cash balance is pooled with the County's cash, and represents a portion of the year-end bank balances.

**MID-MULTNOMAH COUNTY STREET LIGHTING SERVICE DISTRICT NO. 14**  
**(A component unit of Multnomah County, Oregon)**  
**Notes to the Basic Financial Statements**  
**June 30, 2021 and 2020**

**B. Receivables**

	June 30,	
	2021	2020
Accounts receivable	\$ 1,793	\$ -
Street lighting assessments	12,570	13,583
Allowance for doubtful accounts	(1,683)	(2,312)
Receivables and special assessments, net	<u>\$ 12,680</u>	<u>\$ 11,271</u>

The allowance for doubtful accounts represents management's best estimate of receivable amounts that will not be collected. In determining the allowance, management considers historical write offs as well as current economic factors.

**C. Capital assets**

Capital asset activity for the District for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Ending Balance
Construction in progress	\$ 412,940	\$ 187,676	\$ 600,616
Street lights and poles	3,798,893	294,444	4,093,337
Accumulated depreciation	(2,085,007)	(128,637)	(2,213,644)
Street lighting systems, net	<u>\$ 2,126,826</u>	<u>\$ 353,483</u>	<u>\$ 2,480,309</u>

Capital asset activity for the District for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Ending Balance
Construction in progress	\$ 412,700	\$ 240	\$ 412,940
Street lights and poles	3,798,893	-	3,798,893
Accumulated depreciation	(1,962,860)	(122,147)	(2,085,007)
Street lighting systems, net	<u>\$ 2,248,733</u>	<u>\$ (121,907)</u>	<u>\$ 2,126,826</u>

**D. Transactions with Multnomah County**

The County Department of Community Services provides operating management and planning for the District. General administrative functions are performed by other units of the County. All services are performed on an internal cost reimbursement basis. Reimbursements to the county were \$41,133 and \$81,107 for fiscal 2021 and 2020 respectively and are included in the financial statement line item for Administration on the *Statement of Revenues, Expenses and Changes in Net Position*.

**MID-MULTNOMAH COUNTY STREET LIGHTING SERVICE DISTRICT NO. 14**  
**(A component unit of Multnomah County, Oregon)**  
**Notes to the Basic Financial Statements**  
**June 30, 2021 and 2020**

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**E. Risk management**

As a component unit of the County, the District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County has established risk management programs for liability insurance coverage. The District is covered under the policies and programs insuring the County. The County maintains an internal service fund, the Risk Management Fund, to account for and finance its risks of loss. The funds are available to pay claims, claim reserves, and reduce administrative costs of the program. These interfund premiums are used to offset the amount of claims expenses reported in the Risk Management Fund. As of June 30, 2021, interfund premiums exceeded reimbursable expenses. Settlements have not exceeded the District's coverage balance for each of the past three fiscal years.

**Note IV. Postemployment benefits and pension plans**

The District itself does not have any employees but is serviced by Multnomah County employees who are covered under the County's other postemployment benefits (OPEB) and pension plans. These plans include the pension plan, OPEB - RHIA, and OPEB - County Plan. The County's Annual Comprehensive Financial Report (ACFR) provides further details on these plans. The ACFR is posted online at [https://multco.us/finance/financial\\_reports](https://multco.us/finance/financial_reports).

## **SUPPLEMENTARY INFORMATION SECTION**

**MID-MULTNOMAH COUNTY STREET LIGHTING SERVICE DISTRICT NO. 14**  
**(A component unit of Multnomah County, Oregon)**  
**Supplementary Information For The**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**

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The following *Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual* for the District is prepared on a budgetary basis which differs from accounting principles generally accepted in the United States of America and the accompanying component unit financial statements in the following respects:

- Capital outlay is reflected as an expenditure;
- Contributed capital, other than non-current assets, is reflected as revenue;
- Depreciation is not recorded;
- Street lighting assessment revenue is recognized as it becomes measurable and available;
- Expenses related to uncollectible accounts receivable are not recorded.



**MID-MULTNOMAH COUNTY STREET LIGHTING SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Variance</b>
<b>REVENUES</b>				
Current assessments	\$ 450,000	\$ 450,000	\$ 451,114	\$ 1,114
Prior assessments	4,000	4,000	4,992	992
Licenses and permits	-	-	350	350
Interest	4,000	4,000	3,374	(626)
Miscellaneous	-	-	7,295	7,295
Total revenues	<u>458,000</u>	<u>458,000</u>	<u>467,125</u>	<u>9,125</u>
<b>EXPENDITURES</b>				
Current:				
Community services	<u>625,000</u>	<u>625,000</u>	<u>458,250</u>	<u>166,750</u>
Total expenditures	<u>625,000</u>	<u>625,000</u>	<u>458,250</u>	<u>166,750</u>
Net change in fund balances	(167,000)	(167,000)	8,875	175,875
Fund balances - beginning	<u>316,000</u>	<u>316,000</u>	<u>379,235</u>	<u>63,235</u>
Fund balances - ending	<u>\$ 149,000</u>	<u>\$ 149,000</u>	<u>388,110</u>	<u>\$ 239,110</u>
<b>Reconciliation to GAAP Basis:</b>				
Capital assets, net of accumulated depreciation and amortization			2,480,309	
Allowance for uncollectible accounts, assessments			(1,683)	
Assessment revenues that were not available to fund current expenditures and therefore were not reported in the budgetary basis schedule			<u>10,038</u>	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position			<u>\$ 2,876,708</u>	

**MID-MULTNOMAH COUNTY LIGHTING SERVICE DISTRICT NO. 14**  
**(A component unit of Multnomah County, Oregon)**  
**Schedules of Special Assessment Transactions**  
**June 30, 2021 and 2020**

For the Year Ended June 30, 2021							
	Assessments Receivable June 30, 2020	Levy/ Assessments as Extended by Assessor	Add (Deduct) Corrections and Adjustments	Add Interest on Delinquent Assessments	Deduct Discounts Allowed	Deduct Collections Including Interest on Delinquent Assessments	Assessments Receivable June 30, 2021
<b>General Fund Special Assessment</b>							
2020-2021	\$ -	\$ 469,437	\$ (1,600)	\$ 162	\$ (12,308)	\$ (449,399)	\$ 6,292
2019-2020	7,142	N/A	(594)	273	13	(4,095)	2,739
2018-2019	2,953	N/A	(115)	249	3	(1,502)	1,588
2017-2018	1,659	N/A	(53)	292	1	(1,208)	691
2016-2017	709	N/A	(18)	204	-	(734)	161
2015-2016 and prior years	1,120	N/A	86	70	-	(177)	1,099
	<u>\$ 13,583</u>	<u>\$ 469,437</u>	<u>\$ (2,294)</u>	<u>\$ 1,250</u>	<u>\$ (12,291)</u>	<u>\$ (457,115)</u>	<u>\$ 12,570</u>

For the Year Ended June 30, 2020							
	Assessments Receivable June 30, 2019	Current Levy	Add (Deduct) Corrections and Assessments	Add Interest on Delinquent Assessments	Deduct Discounts Allowed	Deduct Collections Including Interest on Delinquent Assessments	Assessments Receivable June 30, 2020
<b>General Fund Special Assessment</b>							
2019-2020	\$ -	\$ 469,974	\$ (1,997)	\$ 155	\$ (12,393)	\$ (448,597)	\$ 7,142
2018-2019	7,071	N/A	(286)	279	1	(4,112)	2,953
2017-2018	3,541	N/A	(809)	216	1	(1,290)	1,659
2016-2017	1,620	N/A	(60)	268	-	(1,119)	709
2015-2016	746	N/A	(39)	216	-	(769)	154
2014-2015 and prior years	1,371	N/A	(326)	53	-	(132)	966
	<u>\$ 14,349</u>	<u>\$ 469,974</u>	<u>\$ (3,517)</u>	<u>\$ 1,187</u>	<u>\$ (12,391)</u>	<u>\$ (456,019)</u>	<u>\$ 13,583</u>

**MID-MULTNOMAH COUNTY STREET LIGHTING SERVICE DISTRICT NO. 14**  
**(A component unit of Multnomah County, Oregon)**  
**Reconciliation of Budgetary Revenues to Interest and Tax/Assessment Collections**  
**For the Years Ended June 30, 2021 and 2020**

	<b>Years Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Revenues, per Schedule of Revenues, Expenditures, and</b>		
<b>Changes in Fund Balances - Budget and Actual:</b>		
Current year assessments - sewer	\$ 451,114	\$ 449,890
Prior year assessments - sewer	4,992	4,922
Assessment accrual, sixty-day tax, net	1,009	1,207
<b>Interest and Tax/Assessment Collections, per</b>		
<b>Schedule of Special Assessment Transactions</b>	<u>\$ 457,115</u>	<u>\$ 456,019</u>

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**REPORTS OF INDEPENDENT AUDITORS  
REQUIRED BY STATE STATUTES**

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## **Report of Independent Auditors on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Oregon Minimum Audit Standards***

Board of County Commissioners  
Mid-Multnomah County Street Lighting Service District No. 14

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 and the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Oregon Secretary of State the basic financial statements of Mid-Multnomah County Street Lighting Service District No. 14 (the District), a component unit of Multnomah County, Oregon, as of and for the year ended June 30, 2021 and have issued our report thereon dated December 16, 2021.

### **Compliance**

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, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, as set forth below, noncompliance with which could have a direct and material effect on the financial statements:

- The accounting records and related internal control structure.
- The use of various depositories to secure the deposit of public funds.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2021 and 2022.
- The requirements relating to insurance and fidelity bond coverage.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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 that are required to be reported under *Minimum Standards for Audits of Municipal Corporations*, prescribed by the Oregon Secretary of State.

## **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 opinion 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.

## **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 entity's 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 Oregon Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

For Moss Adams LLP  
Portland, Oregon  
December 16, 2021



## **Report of Independent Auditors 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***

The Board of County Commissioners  
Mid-Multnomah County Street Lighting Service District No. 14

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 basic financial statements of Mid-Multnomah County Street Lighting Service District No. 14 (the District) 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 December 16, 2021.

### **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 opinion 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.

## **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moss Adams LLP*

Portland, Oregon  
December 16, 2021