

**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, 2024 and 2023**



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

November 25, 2024

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

INTRODUCTION

We are pleased to submit the Basic Financial Statements for Mid-Multnomah County Street Lighting Service District No. 14, (the District), for the year ended June 30, 2024. 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, Oregon (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 requires the use of budgetary control. See pages 22-23 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 \$75 per household for fiscal year 2023-2024, the rate 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 \$75 per property per year. For fiscal year 2024 the District's rate was adopted with no change to the annual assessment. This rate provides the District with the necessary operating resources to match its needs. Operating expenses had an increase of \$70,954 or 18.7 percent as a result of the purchase of electrical equipment and supplies for LED street light repairs. The District is building a fund reserve to meet the anticipated capital costs for a street light rebuild along SW 257th Drive. The project started the construction phase in late fiscal 2024 with a plan to complete it in fiscal 2025. The work was done in coordination with the Multnomah County Transportation Division which leads the corridor safety project on SW 257th Drive, that includes updates to the District's street lights along the corridor.

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

	Year Ended June 30,				
	2024	2023	2022	2021	2020
Operating revenue	\$ 569,324	\$ 573,493	\$ 541,964	\$ 463,212	\$ 468,432
Depreciation expense	134,622	132,148	132,148	127,147	122,146
Operating income / (loss)	118,315	193,438	118,312	65,732	(7,133)
Change in net position	309,850	215,070	121,723	362,060	446
Capital contributions	148,492	-	-	292,954	-
Unrestricted net position	1,194,349	971,765	625,549	396,399	387,822
Total assets	3,554,395	3,251,925	3,021,800	2,903,079	2,535,725
Total net position	3,523,351	3,213,501	2,998,431	2,876,708	2,514,648

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,

A handwritten signature in blue ink, appearing to read 'Eric Arellano', with a stylized, cursive script.

Eric J. Arellano
Chief Financial Officer

A handwritten signature in blue ink, appearing to read 'Cora Bell', in a cursive script.

Cora Bell
Deputy Chief Financial Officer

A handwritten signature in blue ink, appearing to read 'Samina S. Gillum', in a cursive script.

Samina S. Gillum
Accounting Manager

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

BOARD OF COUNTY COMMISSIONERS* AS OF
JUNE 30, 2024

501 SE Hawthorne Blvd, 6th floor
Portland, Oregon 97214

Title	Name	Term Expires
Chair of Board	Jessica Vega Pederson 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2026
Commissioner - District No. 1	Sharon Meieran 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2024
Commissioner - District No. 2	Jesse Beason (Interim) 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2026
Commissioner - District No. 3	Julia Brim-Edwards 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2024
Commissioner - District No. 4	Lori Stegmann 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2024

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 Audit of the Financial Statements

Opinion

We have audited the financial statements of Mid-Multnomah County Street Lighting Service District No. 14 (the District), a component unit of Multnomah County, Oregon, which comprise the statements of net position as of June 30, 2024 and 2023, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Financial Reporting Entity

As discussed in Note 1, the financial statements present only the District and do not purport to, and do not, present fairly the financial position of Multnomah County, Oregon as of June 30, 2024 and 2023, the changes in its financial position, or, where applicable, its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Supplementary 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 summary information for the schedule of revenues, expenditures, and changes in fund balances – budget and actual, schedule of revenues, expenditures, and changes in fund balances – budget and actual, schedules of special assessment transactions, and reconciliation of budgetary revenues to interest and tax/assessment collections (collectively, the supplementary information), as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024 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 also issued our report dated November 25, 2024, on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink that reads "Ashley Osten". The signature is fluid and cursive, with the first name "Ashley" and last name "Osten" clearly distinguishable.

Ashley Osten, Partner, for
Moss Adams LLP
Portland, Oregon
November 25, 2024

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, 2024. 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, 2024, by \$3,523,351 (*the District's net position*). Of this amount, \$1,194,349 is unrestricted and \$2,329,002 represents investment in capital assets.
- Total net position increased by \$309,850 in fiscal year 2024.

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.

The annual user charge in the fiscal year ending June 30, 2024 was unchanged from fiscal year 2023. It remained at \$75 per household, which generated \$569,324 in operating revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The *Statements of Net Position*, the *Statements of Revenues, Expenses and Changes in Net Position*, and the *Statements of Cash Flows* for the District can be found on pages 13-15 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 16-21 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 22-25 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 \$3,523,351 at the close of the most recent fiscal year, an increase of \$309,850 over prior year. At June 30, 2024, the largest portion of net position, \$2,329,002 or 66.1 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,

	2024	2023	2022
Current and other assets	\$ 1,225,393	\$ 1,010,189	\$ 648,918
Capital assets, net	2,329,002	2,241,736	2,372,882
Total assets	<u>3,554,395</u>	<u>3,251,925</u>	<u>3,021,800</u>
Current and other liabilities	<u>31,044</u>	<u>38,424</u>	<u>23,369</u>
Net position:			
Investment in capital assets	2,329,002	2,241,736	2,372,882
Unrestricted	1,194,349	971,765	625,549
Total net position	<u>\$ 3,523,351</u>	<u>\$ 3,213,501</u>	<u>\$ 2,998,431</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Below is a summary of the District's changes in net position for fiscal years 2024, 2023 and 2022.

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

	2024	2023	2022
Revenues			
Operating revenues:			
Charges for services	\$ 569,324	\$ 573,493	\$ 541,964
Non-operating revenues:			
Investment earnings	43,043	21,632	3,411
Total revenues	612,367	595,125	545,375
Expenses			
Operating expenses:			
District operating expenses	451,009	380,055	423,652
Total expenses	451,009	380,055	423,652
Capital contributions in	148,492	-	-
Increase in net position	309,850	215,070	121,723
Beginning net position	3,213,501	2,998,431	2,876,708
Ending net position	\$ 3,523,351	\$ 3,213,501	\$ 2,998,431

Ending net position increased by \$309,850 or 9.6 percent during fiscal year 2024, compared to an increase of \$215,070 during fiscal year 2023. Operating revenues decreased by \$4,169 or 0.7 percent due to decreases in the following: intergovernmental charges, a reduction in permits issued, net of insurance reimbursements for damage to District property, and fewer new connections during the year. Operating expenses increased by \$70,954 between fiscal years 2024 and 2023. This net increase was driven by an increase in repairs and maintenance for LED street light repairs.

Capital assets. The investment in capital assets as of June 30, 2024, amounts to \$2,329,002. 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 \$87,266 or 3.9 percent. This increase was the result of a modest increase in construction in progress and a small increase in other capital assets combined with the normal depreciation of the District's assets. Additional information on capital assets can be found in Note III.C. *Capital assets*.

Budgetary highlights. Total budgeted expenditures were \$1,000,000 in fiscal year 2024 compared to actual expenditures of \$387,877. Actual expenditures were under budget by \$612,123. The primary reason for actual expenditures being less than budgeted is due to a delay of a year on the construction work for the SW 257th Drive project. The expected difference will be seen in subsequent years as the project gets completed.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Key Economic Factors and Budget Information for 2025

The District's capital program is now focused on the 257th Drive capital project. This project will replace all of the aging wood street light poles on SW 257th Drive and allow the use of lower cost maintenance staff for the on-going maintenance of the corridor. In addition, the project will add street lighting in a high traffic crash corridor.

In the fiscal year 2025 budget, the District has approved \$1,705,000 for its total budget. The main items that comprise this number are \$750,000 for improvements, \$90,000 for utilities, \$85,000 for repairs and maintenance and \$150,000 to support administration, and \$35,000 for the implementation of an online permitting software.

The current assessment rate is \$75 per household per year. For fiscal year 2025, the District Budget was adopted with the same annual assessment. The current 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 save its unrestricted fund balance to fund future replacement of depreciated equipment.

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

	June 30,	
	2024	2023
ASSETS		
Current assets (unrestricted):		
Cash and investments	\$ 1,129,166	\$ 926,369
Receivables:		
Special assessments, net	15,614	12,770
Inventories	79,197	71,050
Prepaid items	1,416	-
Total current assets	<u>1,225,393</u>	<u>1,010,189</u>
Noncurrent assets (restricted):		
Construction in progress	699,735	626,338
Other capital assets (net of accumulated depreciation)	<u>1,629,267</u>	<u>1,615,398</u>
Total noncurrent assets	<u>2,329,002</u>	<u>2,241,736</u>
Total assets	<u>3,554,395</u>	<u>3,251,925</u>
LIABILITIES		
Current liabilities (payable from unrestricted assets):		
Accounts payable	<u>31,044</u>	<u>38,424</u>
Total liabilities	<u>31,044</u>	<u>38,424</u>
NET POSITION		
Investment in capital assets	2,329,002	2,241,736
Unrestricted	<u>1,194,349</u>	<u>971,765</u>
Total net position	<u>\$ 3,523,351</u>	<u>\$ 3,213,501</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 Net Position

	Years Ended June 30,	
	2024	2023
OPERATING REVENUES		
Charges for services:		
Street lighting assessments, current	\$ 564,665	\$ 563,642
Street lighting assessments, prior	3,959	4,186
Intergovernmental	-	1,162
Licenses and permits	-	575
Miscellaneous	700	3,928
Total operating revenues	<u>569,324</u>	<u>573,493</u>
OPERATING EXPENSES		
Cost of sales and services	265,313	198,652
Administration	51,074	49,255
Depreciation	134,622	132,148
Total operating expenses	<u>451,009</u>	<u>380,055</u>
Operating income	<u>118,315</u>	<u>193,438</u>
NONOPERATING REVENUES		
Interest revenue	43,043	21,632
Total nonoperating revenues	<u>43,043</u>	<u>21,632</u>
Income before contributions	161,358	215,070
Capital contributions in	148,492	-
Change in net position	309,850	215,070
Total net position - beginning	<u>3,213,501</u>	<u>2,998,431</u>
Total net position - ending	<u>\$ 3,523,351</u>	<u>\$ 3,213,501</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

	Years Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 566,957	\$ 566,617
Payments to suppliers	(316,930)	(278,143)
Payments for interfund services used	(16,876)	-
Net cash provided by operating activities	<u>233,151</u>	<u>288,474</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	<u>(73,397)</u>	<u>(1,001)</u>
Net cash used by capital and related financing activities	<u>(73,397)</u>	<u>(1,001)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	<u>43,043</u>	<u>21,632</u>
Net cash provided by investing activities	<u>43,043</u>	<u>21,632</u>
Net increase in cash and cash equivalents	<u>202,797</u>	<u>309,105</u>
Cash and cash equivalents - beginning	<u>926,369</u>	<u>617,264</u>
Cash and cash equivalents - ending	<u><u>\$ 1,129,166</u></u>	<u><u>\$ 926,369</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>\$ 118,315</u>	<u>\$ 193,438</u>
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation	134,622	132,148
Changes in assets and liabilities:		
Receivables	-	2,683
Special assessments receivable, net	(2,844)	(9,559)
Inventories	(8,147)	(45,290)
Prepaid items	(1,416)	-
Accounts payable	(7,379)	15,054
Total adjustments	<u>114,836</u>	<u>95,036</u>
Net cash provided by operating activities	<u><u>\$ 233,151</u></u>	<u><u>\$ 288,474</u></u>
Noncash activities:		
Capital contributions in	\$ 148,492	\$ -

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, 2024 and 2023

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, Oregon (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, Oregon 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, 2024 and 2023

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.

MID-MULTNOMAH COUNTY STREET LIGHTING SERVICE DISTRICT NO. 14
(A component unit of Multnomah County, Oregon)
Notes to the Basic Financial Statements
June 30, 2024 and 2023

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.

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 with an estimated useful life of at least three years. 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, 2024 and 2023

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, 2024 and 2023, the District's share of the County's cash and investment pool totaled \$1,129,166 and \$926,369, 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, 2024 and 2023

B. Receivables

	June 30,	
	2024	2023
Street lighting assessments	\$ 16,892	\$ 14,525
Allowance for doubtful accounts	(1,278)	(1,755)
Receivables and special assessments, net	<u>\$ 15,614</u>	<u>\$ 12,770</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, 2024 was as follows:

	Beginning Balance	Increases	Ending Balance
Construction in progress	\$ 626,338	\$ 73,397	\$ 699,735
Street lights and poles	4,093,337	148,491	4,241,828
Accumulated depreciation	(2,477,939)	(134,622)	(2,612,561)
Street lighting systems, net	<u>\$ 2,241,736</u>	<u>\$ 87,266</u>	<u>\$ 2,329,002</u>

Capital asset activity for the District for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Ending Balance
Construction in progress	\$ 625,337	\$ 1,001	\$ 626,338
Street lights and poles	4,093,337	-	4,093,337
Accumulated depreciation	(2,345,792)	(132,147)	(2,477,939)
Street lighting systems, net	<u>\$ 2,372,882</u>	<u>\$ (131,146)</u>	<u>\$ 2,241,736</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 \$51,074 and \$49,255 for fiscal years 2024 and 2023 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, 2024 and 2023

Note IV. Other Information

A. 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, 2024 and 2023, interfund premiums exceeded reimbursable expenses. Settlements have not exceeded the District's coverage balance for each of the past three fiscal years.

B. Commitments and contingent liabilities

The District has entered into an IGA with the Multnomah County Transportation Division and is committed to pay up to \$600,000 for the design and construction on the SW 257th Drive project. The commitment is through June 30, 2026.

C. 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>.

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

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, 2024

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Current assessments	\$ 551,000	\$ 551,000	\$ 561,877	\$ 10,877
Prior assessments	4,000	4,000	3,959	(41)
Interest	10,000	10,000	43,043	33,043
Miscellaneous	-	-	700	700
Total revenues	<u>565,000</u>	<u>565,000</u>	<u>609,579</u>	<u>44,579</u>
EXPENDITURES				
Current:				
Community services	<u>1,000,000</u>	<u>1,000,000</u>	<u>387,877</u>	<u>612,123</u>
Total expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>387,877</u>	<u>612,123</u>
Net change in fund balances	(435,000)	(435,000)	221,702	656,702
Fund balances - beginning	<u>883,000</u>	<u>883,000</u>	<u>959,180</u>	<u>76,180</u>
Fund balances - ending	<u>\$ 448,000</u>	<u>\$ 448,000</u>	<u>1,180,882</u>	<u>\$ 732,882</u>
Reconciliation to full accrual basis:				
Capital assets, net of accumulated depreciation			2,329,002	
Assessment revenues that were not available to fund current expenditures and therefore were not reported in the budgetary basis schedule			14,745	
Allowance for uncollectible accounts, assessments			<u>(1,278)</u>	
Net position as reported on the Statement of Revenues, Expenses and Changes in Net Position			<u>\$ 3,523,351</u>	

MID-MULTNOMAH COUNTY LIGHTING SERVICE DISTRICT NO. 14
(A component unit of Multnomah County, Oregon)
Schedules of Special Assessment Transactions
June 30, 2024 and 2023

For the Year Ended June 30, 2024							
	Assessments Receivable June 30, 2023	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, 2024
General Fund Special Assessment							
2023-2024	\$ -	\$ 590,777	\$ (6,657)	\$ 86	\$ (15,360)	\$ (559,519)	\$ 9,327
2022-2023	8,150	N/A	(1,235)	178	23	(3,402)	3,714
2021-2022	2,876	N/A	(172)	180	2	(1,145)	1,741
2020-2021	1,450	N/A	(70)	189	1	(803)	767
2019-2020	730	N/A	(23)	176	-	(659)	224
2018-2019 and prior years	1,319	N/A	(48)	113	-	(265)	1,119
	<u>\$ 14,525</u>	<u>\$ 590,777</u>	<u>\$ (8,205)</u>	<u>\$ 922</u>	<u>\$ (15,334)</u>	<u>\$ (565,793)</u>	<u>\$ 16,892</u>

For the Year Ended June 30, 2023							
	Assessments Receivable June 30, 2022	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, 2023
General Fund Special Assessment							
2022-2023	\$ -	\$ 585,638	\$ (1,657)	\$ 123	\$ (15,378)	\$ (560,576)	\$ 8,150
2021-2022	6,283	N/A	(957)	186	23	(2,659)	2,876
2020-2021	2,312	N/A	(373)	118	6	(613)	1,450
2019-2020	1,447	N/A	(125)	214	3	(809)	730
2018-2019	648	N/A	(118)	142	3	(517)	158
2017-2018 and prior years	1,298	N/A	(55)	60	-	(142)	1,161
	<u>\$ 11,988</u>	<u>\$ 585,638</u>	<u>\$ (3,285)</u>	<u>\$ 843</u>	<u>\$ (15,343)</u>	<u>\$ (565,316)</u>	<u>\$ 14,525</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, 2024 and 2023

	For the Years Ended June 30,	
	2024	2023
Revenues, per Schedule of Revenues, Expenditures, and		
Changes in Fund Balances - Budget and Actual:		
Current year assessments - sewer	\$ 561,877	\$ 561,289
Prior year assessments - sewer	3,959	4,186
Assessment accrual, sixty-day tax, net	<u>(43)</u>	<u>(159)</u>
Interest and Tax/Assessment Collections, per		
Schedule of Special Assessment Transactions	<u>\$ 565,793</u>	<u>\$ 565,316</u>

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AUDIT COMMENTS AND DISCLOSURES

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Report of Independent Auditors Required by Oregon State Regulations

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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, 2024 and have issued our report thereon dated November 25, 2024.

Compliance

As part of obtaining reasonable assurance about whether the District's basic 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 (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the *Minimum Standards for Audits of Oregon Municipal Corporations*, 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.

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:

- Accounting records and internal control
- Public fund deposits
- Budget
- Insurance and fidelity bonds
- Programs funded from outside sources
- Investments
- Public contracts and purchasing

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 grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

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 or significant deficiencies 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. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of County Commissioners and management of Mid-Multnomah County Street Lighting Service District No. 14 and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Ashley Osten, Partner, for
Moss Adams LLP
Portland, Oregon
November 25, 2024

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 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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 25, 2024.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Portland, Oregon
November 25, 2024