

# **Clackamas County Service District No. 5**

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*(A Component Unit of Clackamas County, Oregon)*



## **Report of Independent Auditors and Financial Statements with Supplementary Information**

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**For The Fiscal Year Ended June 30, 2023**

**CLACKAMAS COUNTY SERVICE DISTRICT NO. 5  
(A Component Unit of Clackamas County, Oregon)**

Report of Independent Auditors and  
Financial Statements with  
Supplementary Information

For the Fiscal Year Ended June 30, 2023

Prepared by:

Clackamas County Service District No. 5  
Department of Finance  
Elizabeth Comfort, Director of Finance  
Sue Unger, Accounting Manager

**CLACKAMAS COUNTY SERVICE DISTRICT NO. 5  
(A Component Unit of Clackamas County, Oregon)**

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**CLACKAMAS COUNTY SERVICE DISTRICT NO. 5  
(A Component Unit of Clackamas County, Oregon)**

**GOVERNING BODY UNDER ORS 451.485  
BOARD OF COUNTY COMMISSIONERS  
CLACKAMAS COUNTY, OREGON**

Public Services Building  
2051 Kaen Road  
Oregon City, Oregon 97045

**COMMISSIONERS AS OF JUNE 30, 2023**

<b><u>Name</u></b>	<b><u>Term Expires</u></b>
Tootie Smith, Chair Public Services Building	December 31, 2024
Ben West, Commissioner Public Services Building	December 31, 2026
Paul Savas, Commissioner Public Services Building	December 31, 2026
Martha Schrader, Commissioner Public Services Building	December 31, 2024
Mark Shull, Commissioner Public Services Building	December 31, 2024

**ADMINISTRATIVE OFFICES**

Department of Transportation and Development  
150 Beavercreek Road  
Oregon City, Oregon 97045

**LEGAL COUNSEL & REGISTERED AGENT**

Stephen Madkour  
2051 Kaen Road  
Oregon City, Oregon 97045

**REPORT OF INDEPENDENT AUDITORS**



## **Report of Independent Auditors**

Board of County Commissioners of  
Clackamas County, Oregon, as Governing Body of  
Clackamas County Service District No. 5  
Oregon City, Oregon

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Clackamas County Service District No. 5 (the District), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2023, 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, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit 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*, 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.

#### ***Responsibilities of Management 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, 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 the management's discussion and analysis on pages 5 through 7 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 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.

### ***Other Information***

Management is responsible for the other information included in the financial statements. 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 October 9, 2023 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 October 9, 2023, 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 cursive script that reads "Ashley Osten".

Ashley Osten, Partner  
For Moss Adams LLP  
Portland, Oregon  
October 9, 2023

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CLACKAMAS COUNTY SERVICE DISTRICT NO. 5  
(A Component Unit of Clackamas County, Oregon)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

This discussion and analysis of Clackamas County Service District No. 5 (the District) offers readers a narrative overview of financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the accompanying basic financial statements and the Notes to the Basic Financial Statements.

**FINANCIAL HIGHLIGHTS**

- Assets of the District exceeded liabilities at the close of the fiscal year by \$3,234,029. Of this, the full amount may be used to meet ongoing obligations.
- Operating revenues increased \$12,493 from the prior year primarily an increase in properties assessed. Costs for purchased street lighting service increased by \$147,974 and administrative costs increased by \$37,724. This contributed to a \$173,205 decrease in operating income compared to the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position provide government-wide information. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting methodology used by private sector entities. Current year revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position reports the District-wide net position and change from prior year. Net Position is the difference between assets and liabilities and represents a measurement of financial health. Over time, increases or decreases in net position indicates whether financial health is improving or deteriorating.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The District reported an operating loss for the year of \$43,217, together with non-operating income of \$107,479, which resulted in an increase in net position of \$64,262.

**Statement of Net Position**

A condensed version of the Statement of Net Position as of June 30, 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
<b>Total Assets</b>	\$ 3,405,614	\$ 3,363,192
<b>Total Liabilities</b>	171,585	193,425
<b>Unrestricted Net Position</b>	3,234,029	3,169,767
<b>Total Net Position</b>	\$ 3,234,029	\$ 3,169,767

**CLACKAMAS COUNTY SERVICE DISTRICT NO. 5  
(A Component Unit of Clackamas County, Oregon)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2023**

**Statement of Net Position (Continued)**

Assets increased \$42,422 over the prior year, primarily in cash and investments primarily due to an increase in interest income, and as a result of higher collections in street light assessments. Change in net position is discussed above in the government-wide financial analysis.

**Statement of Revenues, Expenses and Changes in Net Position**

Street light assessment rates are evaluated with the objective of providing for purchased services and maintaining a targeted yearend financial position which is sufficient to pay utility billings in the first five months of the year prior to the receipt of assessments. The District has been successful in managing financial position. Unrestricted net position, available to pay July 1 through November 15 utility billings, increased by \$64,262 during the year. Operating revenues increased by \$12,493 primarily due to an increase in properties assessed. The District will continue to maximize incentives as they are offered. Total operating expenses increased \$185,698 from the prior year, primarily due to increases in the cost of purchased street lighting service.

The following condensed Statement of Revenues, Expenses and Changes in Net Position reports revenues and expenses for the years ended June 30, 2023 and 2022:

	2023	2022
<b>Operating Revenues:</b>		
Street light assessments	\$ 2,226,797	\$ 2,214,304
<b>TOTAL OPERATING REVENUES</b>	<b>2,226,797</b>	<b>2,214,304</b>
<b>Operating Expenses:</b>		
Purchased street lighting service	2,053,001	1,905,027
Administrative expenses	217,013	179,289
<b>TOTAL OPERATING EXPENSES</b>	<b>2,270,014</b>	<b>2,084,316</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(43,217)</b>	<b>129,988</b>
<b>Non Operating Income:</b>		
Interest income	107,479	18,722
<b>NON OPERATING INCOME</b>	<b>107,479</b>	<b>18,722</b>
<b>CHANGE IN NET POSITION</b>	<b>64,262</b>	<b>148,710</b>
<b>NET POSITION, June 30, 2022</b>	<b>3,169,767</b>	<b>3,021,057</b>
<b>NET POSITION, June 30, 2023</b>	<b>\$ 3,234,029</b>	<b>\$ 3,169,767</b>

**CLACKAMAS COUNTY SERVICE DISTRICT NO. 5**  
**(A Component Unit of Clackamas County, Oregon)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**ECONOMIC FACTORS**

The District contracts with Portland General Electric (PGE) to design, install, maintain and operate street lights. PGE in turn bills the District based on tariff rates set by the Oregon Public Utility Commission. Costs are passed on to those served as a special assessment on individual property tax statements or through direct billing. The District has been successful in setting rates which accommodate PGE rate increases and maintain a yearend financial position such that operations are funded until assessments are received in November each year. The District evaluates customer rates once each year and continues to monitor cost of service, particularly purchased electricity.

**FINANCIAL CONTACT**

The financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the District's finances and to demonstrate accountability. If you have any questions about the report or need additional financial information, please contact the Clackamas County Department of Finance at 2051 Kaen Road, Oregon City, Oregon 97045-4035.

**BASIC FINANCIAL STATEMENTS**

**CLACKAMAS COUNTY SERVICE DISTRICT NO. 5**  
**(A Component Unit of Clackamas County, Oregon)**  
**STATEMENT OF NET POSITION**  
**June 30, 2023**

**ASSETS:**

Cash and investments	\$ 3,344,570
Assessments receivable, street lighting	<u>61,044</u>
<b>TOTAL ASSETS</b>	<u><u>3,405,614</u></u>

**LIABILITIES:**

Accounts payable	136,114
Due to Clackamas County	<u>35,471</u>
<b>TOTAL LIABILITIES</b>	<u><u>171,585</u></u>

**NET POSITION:**

Unrestricted	<u>3,234,029</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 3,234,029</u></u>

The notes to the basic financial statements are an integral part of this statement.

**CLACKAMAS COUNTY SERVICE DISTRICT NO. 5**  
**(A Component Unit of Clackamas County, Oregon)**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<b>OPERATING REVENUES:</b>	
Street light assessments	\$ 2,226,797
<b>TOTAL OPERATING REVENUES</b>	2,226,797
<b>OPERATING EXPENSES:</b>	
Purchased street lighting service	2,053,001
Administrative expenses	217,013
<b>TOTAL OPERATING EXPENSES</b>	2,270,014
<b>OPERATING LOSS</b>	(43,217)
<b>NON OPERATING INCOME:</b>	
Interest income	107,479
<b>NON OPERATING INCOME</b>	107,479
<b>CHANGE IN NET POSITION</b>	64,262
<b>NET POSITION, June 30, 2022</b>	3,169,767
<b>NET POSITION, June 30, 2023</b>	\$ 3,234,029

The notes to the basic financial statements are an integral part of this statement.



**CLACKAMAS COUNTY SERVICE DISTRICT NO. 5**  
**(A Component Unit of Clackamas County, Oregon)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers and users	\$ 2,244,479
Payments to suppliers	(2,027,757)
Paid to Clackamas County for contractual services	<u>(264,097)</u>

**Net Cash Provided (Used) By Operating Activities** (47,375)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	<u>107,479</u>
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**Net Cash Provided (Used) By Investing Activities** 107,479

**NET INCREASE IN CASH AND INVESTMENTS** 60,104

**CASH AND INVESTMENTS, June 30, 2022** 3,284,466

**CASH AND INVESTMENTS, June 30, 2023** \$ 3,344,570

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:**

Operating Income (loss) \$ (43,217)

Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:

Changes in assets and liabilities:

Decrease in street lighting assessments receivable	16,559
Decrease in accounts receivable	192
Decrease in due from Clackamas County	931
Increase in accounts payable	25,244
Decrease in due to Clackamas County	<u>(47,084)</u>

Total adjustments (4,158)

**Net Cash Provided (Used) By Operating Activities** \$ (47,375)

The notes to the basic financial statements are an integral part of this statement.

**NOTES TO BASIC FINANCIAL STATEMENTS**

**CLACKAMAS COUNTY SERVICE DISTRICT NO. 5**  
**(A Component Unit of Clackamas County, Oregon)**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**The District**

The District was formed in November 1970 under the provisions of Chapter 451 of the Oregon Revised Statutes to construct and operate facilities for lighting of streets and highways in a particular area of Clackamas County, Oregon (the County). The District has no potential component units. The Clackamas County Board of Commissioners (Board) is the governing body of the District as provided by ORS 451.485. Personnel of the Clackamas County Departments of Finance, Transportation and Development and the County Treasurer provide fiscal and accounting functions. Since the County is financially accountable for and significantly influences the operations of the District, the District is included in the financial statements of the County as a component unit.

Portland General Electric Company provides street and highway lighting power service on a contract basis.

**Basis of Accounting**

The District's basic financial statements are prepared on the accrual basis of accounting. The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with ongoing operations, primarily transmitting street lighting services. Operating expenses include the cost of services and administrative expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenue and expense.

**Use of Estimates**

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

**Cash and Investments**

The District considers investments with maturities of three months or less when purchased to be cash equivalents.

The District's cash and investments comprise funds held and invested by the County Treasurer and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). Financial information required by Governmental Accounting Standards Board Statements No. 3, No. 31, No. 40, and No. 72 regarding the accounting and financial reporting for the District's pooled cash and investments, held by the County Treasurer, has been disclosed in the County's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. For purposes of the Statement of Cash Flows, cash and investments include all cash and investments held by the County Treasurer and the LGIP, since they have the general characteristics of a demand deposit account.

**CLACKAMAS COUNTY SERVICE DISTRICT NO. 5  
(A Component Unit of Clackamas County, Oregon)  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Street Lighting Assessments Receivable**

Street lighting assessments are recorded as revenue as earned. An allowance for doubtful accounts is not deemed necessary, as uncollectable accounts become a lien on the property. All assessments receivable are due from property owners within the District.

**Budget**

The District is required by state law to budget its operations on a fund basis. The budget is prepared on the modified accrual basis of accounting. The resolution authorizing appropriations for the District's fund sets the level by which expenditures cannot legally exceed appropriations. Appropriations are made at the principal object level – Public Ways and Facilities, Special Payments and Contingency - the levels of control established by the resolution. The detail budget document, however, is required to contain more specific, detailed information for the above mentioned expenditure categories. Management may make transfers of appropriations within object levels. However, transfers of appropriations among object levels require approval by the Board. Unexpected additional resources may be added to the budget through the use of a supplemental budget. The Board at a regular Board meeting may adopt a supplemental budget less than 10% of the fund's original budget. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publications in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control and require approval by the Board. During the fiscal year no appropriation transfers were adopted. Appropriations lapse as of year-end.

**Net Position**

In the financial statements, assets in excess of liabilities are presented as either fund balances or net position, depending upon the measurement focus used for financial reporting in the fund. The District reports net position for the fund.

Net Position is reported on the Statement of Net Position. All net position components of the District are unrestricted. When both restricted and unrestricted net position is available for use, the purpose for which that is restricted, it is the District's policy to use restricted net position first, then unrestricted net position as needed.

**2. RISK MANAGEMENT**

The District is exposed to various risks of loss related to errors and omissions; automobile; damage to and destruction of assets; and bodily injury for which the District and/or the County carries commercial insurance. The District participates in the County's self-insurance program where not commercially insured. The District makes payments, where applicable, to the County's self-insurance internal service funds based on historical cost information, estimates of the amounts needed to pay prior year and current year claims, claim reserves, premiums and administrative costs of the program. During the past three fiscal years, no settled claims, from the County's self-insurance program, have exceeded insurance coverage levels, and there has been no significant reduction in coverage.

**CLACKAMAS COUNTY SERVICE DISTRICT NO. 5**  
**(A Component Unit of Clackamas County, Oregon)**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**3. CASH AND INVESTMENTS**

Cash and investments at June 30, 2023 are comprised of the following:

Cash and Investments with County Treasurer	\$ 30,388
State of Oregon Treasurer's Local Government Investment Pool	<u>3,314,182</u>
	<u>\$ 3,344,570</u>

Cash and investments represent the District's equity in pooled accounts maintained by the County Treasurer. State statutes authorize the District to invest in general obligations of the United States (U.S.) Government and in its agencies and instrumentalities, of the U.S. or enterprises sponsored by the U.S. Government and obligations whose payment is guaranteed by the U.S., agencies and instrumentalities of the U.S. or enterprises sponsored by the U.S. Government, certain bonded obligations of Oregon municipalities, certain corporate indebtedness, bank repurchase agreements, bankers' acceptances, certain commercial paper and the State of Oregon Treasurer's Local Government Investment Pool (LGIP), among others. As of June 30, 2023, and for the year then ended, the District and the County were in compliance with the aforementioned State of Oregon statutes.

Oregon Revised Statutes (ORS) require the public funds depository institution to be a participant in a multiple financial institution collateral pool administered by the Oregon State Treasurer or otherwise adequately collateralized as outlined in ORS 295. Reference should be made to the June 30, 2023, Clackamas County Annual Comprehensive Financial Report for compliance with these statutes.

PFM Asset Management LLC provides administrative and operational support for the LGIP. The LGIP is an open-ended no-load diversified portfolio. The LGIP is offered to, but are not limited to, any municipality, political subdivision or public corporation of Oregon who by law is made the custodian of, or has control of, any public funds. The LGIP is commingled with state funds in the Oregon Short Term Fund (OSTF). In seeking to best serve participants, the Oregon Legislature established the OSTF Board. The OSTF Board advises the Oregon Investment Council and State Treasury in the management and investments of the OSTF. The OSTF is an external investment pool. The OSTF is not registered with the U.S. Securities and Exchange Commission as an investment company. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

Investments in the LGIP are stated at fair value, which approximates cost. Fair value in the LGIP is the same as the value of its pool shares. The District's LGIP funds are in the District's name and reference should be made to the June 30, 2023, Clackamas County Annual Comprehensive Financial Report for disclosures of the risk inherent in the County's portfolio.

**4. RELATED-PARTY TRANSACTIONS**

Labor and fringe benefit expenses, administrative expenses for accounting, occupancy, administration, and other professional services amounting to approximately \$147,260 were paid to various Clackamas County departments. \$5,231 was received from Clackamas County and related service districts for street lighting services. The District owed the County a net amount of \$35,471 as of June 30, 2023.

**SUPPLEMENTARY INFORMATION**

**CLACKAMAS COUNTY SERVICE DISTRICT NO. 5**  
**(A Component Unit of Clackamas County, Oregon)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET TO ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Street lighting assessments	\$ 2,181,180	\$ 2,181,180	\$ 2,243,356	\$ 62,176
Interest	30,000	30,000	107,479	77,479
<b>TOTAL REVENUES</b>	2,211,180	2,211,180	2,350,835	139,655
<b>EXPENDITURES:</b>				
Public Ways & Facilities	2,337,200	2,337,200	2,270,014	67,186
Special Payments	500,000	500,000	-	500,000
Contingency	500,000	500,000	-	500,000
<b>TOTAL EXPENDITURES</b>	3,337,200	3,337,200	2,270,014	1,067,186
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,126,020)	(1,126,020)	80,821	1,206,841
<b>FUND BALANCE, June 30, 2022</b>	3,255,982	3,255,982	3,092,164	(163,818)
<b>FUND BALANCE, June 30, 2023</b>	\$ 2,129,962	\$ 2,129,962	3,172,985	\$ 1,043,023
<b>ADJUSTMENT TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (US GAAP BASIS):</b>				
Street lighting assessments receivable			61,044	
<b>NET POSITION (US GAAP BASIS), June, 30, 2023</b>			\$ 3,234,029	

The notes to the basic financial statements are an integral part of this statement.

**CLACKAMAS COUNTY SERVICE DISTRICT NO. 5**  
**(A Component Unit of Clackamas County, Oregon)**  
**SCHEDULE OF SPECIAL ASSESSMENT TRANSACTIONS AND OUTSTANDING BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Fiscal Year	Uncollected June 30, 2022	Levy as Extended by Assessor	Discounts	Interest	Adjustments	Collections	Uncollected June 30, 2023
2022-2023	\$ -	\$ 2,246,749	\$ (300)	\$ 617	\$ (62,636)	\$ (2,151,438)	\$ 32,992
2021-2022	44,465	-	(306)	1,307	(3,292)	(28,358)	13,816
2020-2021	16,921	-	1	1,094	(1,445)	(9,489)	7,082
2019-2020	9,361	-	-	1,068	(395)	(7,313)	2,721
2018-2019	2,236	-	-	535	(244)	(1,624)	903
2017-2018	909	-	-	144	(49)	(355)	648
2016-2017 & prior	3,711	-	-	100	(465)	(465)	2,882
	<u>\$ 77,603</u>	<u>\$ 2,246,749</u>	<u>\$ (605)</u>	<u>\$ 4,865</u>	<u>\$ (68,526)</u>	<u>\$ (2,199,042)</u>	<u>\$ 61,044</u>

The notes to the basic financial statements are an integral part of this statement.



**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***

## **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***

Board of County Commissioners of  
Clackamas County, Oregon, as Governing Body of  
Clackamas County Service District No. 5  
Oregon City, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Clackamas County Service District No. 5 (the District), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 9, 2023.

### **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 District'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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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  
October 9, 2023

**REPORT OF INDEPENDENT AUDITORS REQUIRED BY  
OREGON STATE REGULATIONS**

## **Report of Independent Auditors Required by Oregon State Regulations**

Board of County Commissioners of  
Clackamas County, Oregon, as Governing Body of  
Clackamas County Service District No. 5  
Oregon City, Oregon

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 the financial statements of Clackamas County Service District No. 5 (the District), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 9, 2023.

### **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
- Investments

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.

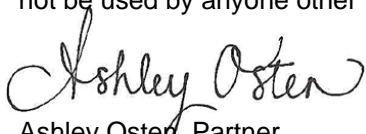
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination 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 the District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Ashley Oster, Partner  
For Moss Adams LLP  
Portland, Oregon  
October 9, 2023