

**Mid County 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, 2014 and 2013**



Prepared by:  
Department of County Management  
Joseph Mark Campbell, Chief Financial Officer  
501 SE Hawthorne Blvd, Suite 531  
Portland, Oregon 97214



**MID COUNTY SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**  
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## **INTRODUCTORY SECTION**



**MID COUNTY SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**

BOARD OF COUNTY COMMISSIONERS\* AS OF JUNE 30, 2014  
501 SE Hawthorne Blvd, 6<sup>th</sup> floor  
Portland, Oregon 97214

	<u>Term Expires</u>
Deborah Kafoury, Chair of the Board	December 31, 2018
Jules Bailey, Commissioner District 1	December 31, 2018
Loretta Smith, Commissioner District 2	December 31, 2018
Judy Shiprack, Commissioner District 3	December 31, 2016
Diane McKeel, Commissioner District 4	December 31, 2016

REGISTERED AGENT

Joseph Mark Campbell

REGISTERED OFFICE

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

\* Governing body of Mid County Service District No. 14 reported on herein.

**Department of County Management**

**MULTNOMAH COUNTY OREGON**

**501 SE Hawthorne Blvd, Suite 531**

**Portland, Oregon 97214**

**(503) 988-3786 phone**

**(503) 988-3292 fax**



November 3, 2014

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

**INTRODUCTION**

We are pleased to submit the Basic Financial Statements for Mid County Service District No. 14, Portland, Oregon (the District), for the fiscal years ended June 30, 2014 and 2013. 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 Comprehensive Annual Financial Report of Multnomah County (the County) as a blended component unit. This is necessary because the Board of County Commissioners of Multnomah County serves as the governing body and maintains overall financial accountability for the District.

Accounting principles generally accepted in the United States of America (US GAAP) require 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 MD&A and should be read in conjunction with it. Mid County's MD&A can be found immediately following the independent auditors' report.

**PROFILE OF THE DISTRICT**

Mid County Service District No. 14 was organized in 1968 as Tulip Acres Lighting District under the provisions of ORS Chapter 451. 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 and maintenance services to the District and the County's DCS Land Use and Transportation Division provides illumination engineering and design.

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 16-17 for the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.

### **FACTORS AFFECTING FINANCIAL CONDITION**

The District’s operating budget has stabilized with the substantial completion of municipal annexations. Operations were funded by charging user fees of \$60 per household for fiscal year 2014, an increase from \$50 in 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.

Operating revenues in total generally follow population levels. Historically (since 2010) operating revenues have increased approximately 7% on average and operating expenses have remained relatively constant over the same time period. However, during fiscal year 2014, operating revenues increased by \$74,648 or 19.7% from the prior year. This was due to an increase in tax collections driven by user fees increasing from \$50 per household to \$60, in 2013 and 2014 respectively.

In fiscal year 2004, the District implemented a new capital asset initiative to replace 15% of their lights and poles that were past their life expectancy. Under this initiative the District began purchasing more lights and poles rather than leasing these assets from Portland General Electric and therefore reducing capital contributions. The District continues to record capital contributions for light and poles and also purchase replacements, but at a scaled down rate. Over time the District anticipates that capital contributions will continue to decrease with the slowing of the economy as capital asset acquisitions slightly increase. In fiscal year 2006 management revised the estimates on the useful lives of the District’s lights and poles from 15 years to 30 years as new lights and poles are constructed from stronger more durable materials. The District continues to maintain a strong working capital position and has no long-term debt. The following is summarized key financial data from current and prior years’ financial statements:

	Year Ended June 30,				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating revenue	\$ 452,303	\$ 377,655	\$ 380,098	\$ 362,703	\$ 348,256
Depreciation expense	66,287	66,120	65,721	64,994	63,221
Operating income/loss	31,154	(11,516)	(30,331)	(64,165)	(55,494)
Change in net position	32,895	15,999	(22,324)	(32,893)	12,061
Capital contributions	-	10,037	6,405	29,658	65,344
Net working capital	452,365	353,183	281,101	251,654	249,211
Total assets	1,809,108	1,782,756	1,785,214	1,807,304	1,814,278
Total net position	1,784,197	1,751,302	1,735,303	1,757,627	1,790,520

## AWARDS AND ACKNOWLEDGEMENTS

I would like to acknowledge the help of the Finance Division staff, who aided me in the preparation of this report. I appreciate their excellent work. I also want to thank the staff in the Department of County Management for their contributions during the year.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joseph Mark Campbell". The signature is written in a cursive style with a large initial "J" and "M".

Joseph Mark Campbell  
Chief Financial Officer

## **FINANCIAL SECTION**



**Department of County Management**  
**MULTNOMAH COUNTY OREGON**

**501 SE Hawthorne Blvd, Suite 531**  
**Portland, Oregon 97214**  
**(503) 988-3786 phone**  
**(503) 988-3292 fax**



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**MANAGEMENT DISCUSSION AND ANALYSIS**

As management of Mid County Service District No. 14, we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages ii-iv of this report.

**Financial Highlights**

- Mid County's assets exceeded its liabilities at June 30, 2014, by \$1,784,197. Of this amount, \$452,365 is unrestricted and \$1,331,832 is for net investment in capital assets.
- The District's total net position increased by \$32,895 in fiscal year 2014. This was primarily due to an increase in the assessment rate to \$60 from \$50 per household, in 2014 and 2013 respectively.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Mid County's basic financial statements. The District's basic financial statements include: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other 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 funds.** Mid County 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 assessments collected through property taxes. The District's statute anticipates that it collects fees necessary to prudently operate.

The main source of revenue, street lighting assessments, is collected through property taxes. The user charges of \$60 per household increased from the prior fiscal year generating \$452,303 in operating revenues.

The basic enterprise fund financial statements can be found on pages 8-10 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 11-15 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 16-19 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, Mid County's total assets exceeded liabilities by \$1,784,197 at the close of the most recent fiscal year, an increase of \$32,895 over prior year. At June 30, 2014, the District's largest portion of net position, \$1,331,832 or 75% is invested in capital assets. The investment in capital assets is the District's street lighting system, with no related debt. The District uses these capital assets to provide services to its member households; consequently, these assets are not available for future spending.

**Mid County's Net Position  
June 30,**

	2014	2013	2012
Current assets	\$ 477,276	\$ 384,637	\$ 331,012
Capital assets, net	1,331,832	1,398,119	1,454,202
Total assets	<u>1,809,108</u>	<u>1,782,756</u>	<u>1,785,214</u>
Current liabilities	<u>24,911</u>	<u>31,454</u>	<u>49,911</u>
Net position:			
Net investment in capital assets	1,331,832	1,398,119	1,454,202
Unrestricted	<u>452,365</u>	<u>353,183</u>	<u>281,101</u>
Total net position	<u><u>\$ 1,784,197</u></u>	<u><u>\$ 1,751,302</u></u>	<u><u>\$ 1,735,303</u></u>

At the end of the current and prior fiscal years, the District is able to report positive balances in the above categories of net position.

**Mid County's Changes in Fund Net Position  
For the Year Ended June 30,**

	2014	2013	2012
<b>Revenues</b>			
Operating revenues:			
Charges for services	\$ 452,303	\$ 377,655	\$ 380,098
Non-operating revenues:			
Investment earnings	1,741	1,548	1,602
Miscellaneous revenue	-	15,930	-
Total revenues	<u>454,044</u>	<u>395,113</u>	<u>381,700</u>
<b>Expenses</b>			
Operating expenses:			
District operating expenses	421,149	389,171	410,429
Total expenses	<u>421,149</u>	<u>389,171</u>	<u>410,429</u>
Gain (loss) before contributions	32,895	(11,516)	(28,729)
Capital contributions	-	10,037	6,405
Increase (decrease) in net position	32,895	15,999	(22,324)
Beginning fund net position	<u>1,751,302</u>	<u>1,735,303</u>	<u>1,757,627</u>
Ending fund net position	<u>\$ 1,784,197</u>	<u>\$ 1,751,302</u>	<u>\$ 1,735,303</u>

The District's ending fund net position increased by \$32,895 during fiscal year 2014, compared to increases of \$15,999 and decreases of \$22,324 during fiscal years 2013 and 2012 respectively. The primary reasons for the increase and decreases in fund net position are:

- In fiscal year 2014 user fee charges increased to \$60 per household from \$50 in 2013.
- The District continues to receive capital contributions but at a reduced rate, as the District's growth has stabilized with the slowing of the economy and substantial completion of municipal annexations. In fiscal year 2014 the District's capital contributions were down to \$0 with a decrease in capital assets of \$66,287 due to depreciation. In fiscal year 2013 capital contributions were \$10,037 with a decrease in capital assets of \$56,083. In fiscal year 2012 capital contributions were \$6,405 with a decrease in capital assets of \$51,771.
- Investment earnings increased by \$193 in fiscal year 2014 in comparison to 2013 as rates rise due to the economy improving. Earnings decreased by \$54 in fiscal year 2013 from 2012 as rates continued to decline.
- Operating expenses increased by \$31,978 in fiscal year 2014 from 2013, driven by an increase in Portland General Electric (PGE) bills for energy and maintenance services for the district.

**Capital assets.** The District's investment in capital assets as of June 30, 2014, amounts to \$1,331,832 (net of accumulated depreciation). This entire investment in capital assets is the street lighting system. The net decrease in the District's investment in capital assets for the current fiscal year was \$66,287 or 4.7% due to depreciation of \$66,287. Additional information on the District's capital assets can be found in notes A.5 and C.3 on page 12, 14 and 15 of this report.

**Budgetary highlights.** Total budgeted expenditures for the District were \$431,250 in fiscal year 2014 compared to actual expenditures of \$355,122. Actual expenditures were under budget by \$76,128. There were two primary reasons for actual expenditures being less than budgeted expenditures:

- Capital expenditures had a budget of \$50,000 for light and pole replacements for fiscal year 2014. There were no pole replacements during the year. The District's capital program has slowed significantly in anticipation of new Light Emitting Diode (LED's) technology. The District is studying when to switch from the old High Pressure Sodium (HPS) street lights to the new LED's. In the meantime HPS street lights will still be used as replacements.
- Supplies and repairs had a budget of \$25,000 for replacing knocked down poles and street lights. Actual expenditures were approximately \$981.

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

The District completed a large capital pole and lighting replacement program over the prior five or six years, targeting depreciated fixtures that were past their life expectancy or in poor condition. The capital program has now slowed significantly, but will continue to address any additional individual street lights which have reached their life expectancy. In the fiscal year 2015 budget, the District is proposing \$50,000 for replacing these additional street lights and poles. The replacement of all District streetlights will transition to LED technology.

The District's current assessment rate is \$60 per household per year. For fiscal year 2015 the District budget committee plans no change in this rate. The rate should provide the District with the necessary operating resources to match engineering, maintenance and operational demands for the period. The District will continue to build its unrestricted fund balance to fund future replacement of depreciated equipment and support the LED conversion project.

### **Requests for information**

This financial report is designed to provide a general overview of Mid County's finances for all those with an interest in 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

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

	<b>June 30,</b>	
	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 451,240	\$ 361,532
Receivables (net of allowance for uncollectibles):		
Special assessments	26,036	23,105
Total current assets	477,276	384,637
Capital assets	2,823,006	2,823,006
Accumulated depreciation	(1,491,174)	(1,424,887)
Total assets	1,809,108	1,782,756
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	24,911	31,454
Total current liabilities	24,911	31,454
<b>NET POSITION</b>		
Net investment in capital assets	1,331,832	1,398,119
Unrestricted	452,365	353,183
Total net position	\$ 1,784,197	\$ 1,751,302

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

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

	<b>Years Ended June 30,</b>	
	<b>2014</b>	<b>2013</b>
<b>OPERATING REVENUES</b>		
Street lighting assessments	\$ 452,303	\$ 377,655
<b>OPERATING EXPENSES</b>		
Cost of sales and services	317,429	287,457
Administration	37,433	35,594
Depreciation	66,287	66,120
Total operating expenses	421,149	389,171
Operating income (loss)	31,154	(11,516)
<b>NONOPERATING REVENUES</b>		
Interest revenue	1,741	1,548
Miscellaneous revenue	-	15,930
Total nonoperating revenues	1,741	17,478
Income (loss) before contributions	32,895	5,962
Capital contributions	-	10,037
Change in net position	32,895	15,999
Total net position - beginning	1,751,302	1,735,303
Total net position - ending	\$ 1,784,197	\$ 1,751,302

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

**MID COUNTY SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Statements of Cash Flows**

	<b>Years Ended June 30,</b>	
	<b>2014</b>	<b>2013</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 449,632	\$ 376,948
Payments to suppliers	(339,148)	(316,869)
Payments to County employees	(22,507)	(24,530)
Internal activity	(10)	(19)
Net cash provided by operating activities	<u>87,967</u>	<u>35,530</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Net cash provided by capital and related financing activities	<u>-</u>	<u>15,930</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	<u>1,741</u>	<u>1,548</u>
Net cash provided by investing activities	<u>1,741</u>	<u>1,548</u>
Net increase in cash and investments	89,708	53,008
Balances at beginning of the year	361,532	308,524
Balances at end of the year	<u>\$ 451,240</u>	<u>\$ 361,532</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 31,154	\$ (11,516)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	66,287	66,120
Changes in assets and liabilities:		
Receivables, net	(2,931)	(617)
Accounts payable	(6,543)	(18,457)
Total adjustments	<u>56,813</u>	<u>47,046</u>
Net cash provided by operating activities	<u>\$ 87,967</u>	<u>\$ 35,530</u>
<b>Noncash financing activities</b>		
Contributions of capital assets	<u>\$ -</u>	<u>\$ 10,037</u>

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

**MID COUNTY SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Notes to Basic Financial Statements**  
**June 30, 2014 and 2013**

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

**1. Nature of business**

Mid County Service District No. 14 (the District) was organized in 1968 under the provisions of Oregon Revised Statutes (ORS) Chapter 451 to provide street lighting in unincorporated urban areas of Multnomah County (the County) and the cities of Maywood Park, Troutdale and Fairview. The Multnomah County Board of Commissioners is the governing body of the District, as provided for by ORS 451.485.

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

**2. 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. The measurement focus is on the flow of economic resources. 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 (US GAAP). US 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. The accompanying financial statements are structured into the fund type as described below.

**MID COUNTY SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Notes to Basic Financial Statements**  
**June 30, 2014 and 2013**

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Enterprise funds are used to account for revenues and expenses generally resulting from providing services for fees in connection with the fund's principal ongoing operations. Since the Multnomah County Board of Commissioners maintains overall financial accountability for the District, the financial statements of the District are included in the Comprehensive Annual Financial Report (CAFR) of the County, as an enterprise fund.

**3. Cash and investments**

The District's cash and investments are deposited in the County's investment pool. The District's cash and investments participate in this 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 annual financial report and may be obtained by contacting the County's Finance Division at 501 SE Hawthorne Boulevard, Suite 531, Portland, OR 97214.

**4. 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 PGE. The District calculates and records an allowance for doubtful accounts on the assessments receivable, which is management's best estimate of amounts that will not be collected.

**5. 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 fair value on date donated for donated assets. Street lighting systems with a value of greater than \$10,000 are capitalized. Normal maintenance and repairs are expensed as incurred. Expenditures for major additions, improvements and replacements are capitalized. Gain or loss on retirement or disposal is reflected in income.

**MID COUNTY SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Notes to Basic Financial Statements**  
**June 30, 2014 and 2013**

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Street lighting systems are depreciated on the straight-line method with an estimated useful life of 30 years. During fiscal year 2006 management revised the estimated useful lives of the District's lights and poles. Based on management's review the useful lives of the lights and poles were extended from 15 years to 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.

**6. Net position**

Net position is reported on the Statement of Net Position. Within net position, the net 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 other net position of the District is unrestricted.

**7. Annexations and intergovernmental agreements**

In 1983 the Board of County Commissioners passed Resolution A which stated the County's intention to phase out municipal services provided to urbanized unincorporated areas of the County. As a result, large areas of the District have been annexed by other jurisdictions and further annexations are expected. At the ultimate dissolution of the District, its remaining assets will be distributed to the successors in proportion to the number of customers absorbed by each entity.

**8. Use of estimates**

In preparing the basic financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

**1. Budgets**

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 US GAAP basis. All annual appropriations lapse at fiscal year end. 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 15, the proposed budget is presented to the County Board of Commissioners for approval. The Board holds public hearings and a final budget must be prepared and adopted no later than June 30.

**MID COUNTY SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Notes to Basic Financial Statements**  
**June 30, 2014 and 2013**

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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.

**Note C. Detailed notes on the Fund**

**1. 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, 2014 and 2013 the District's share of the County's cash and investment pool totaled \$451,240 and \$361,532, respectively. This fund's ending cash balance is pooled with the County's cash, and represents a portion of the year-end bank balances.

**2. Receivables**

	June 30,	
	2014	2013
Street lighting assessments	\$ 26,698	\$ 23,859
Other assessments	302	471
Allowance for doubtful accounts	(964)	(1,225)
Receivables, net	\$ 26,036	\$ 23,105

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.

**3. Capital assets**

Capital asset activity for the District for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Street lights and poles	\$ 2,823,006	\$ -	\$ -	\$ 2,823,006
Accumulated depreciation	(1,424,887)	(66,287)	-	(1,491,174)
Street lighting systems, net	\$ 1,398,119	\$ (66,287)	\$ -	\$ 1,331,832

**MID COUNTY SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Notes to Basic Financial Statements**  
**June 30, 2014 and 2013**

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Capital asset activity for the District for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Street lights and poles	\$ 2,812,969	\$ 10,037	\$ -	\$ 2,823,006
Accumulated depreciation	(1,358,767)	(66,120)	-	(1,424,887)
Street lighting systems, net	<u>\$ 1,454,202</u>	<u>\$ (56,083)</u>	<u>\$ -</u>	<u>\$ 1,398,119</u>

**4. 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 \$8,204 and \$7,778 for fiscal years 2014 and 2013, respectively, and are included in the financial statement line item for Administration on the Statement of Revenues, Expenses and Changes in Fund Net Position.

**Note D. 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, risk management fund, to account for and finance its risks of loss. The County established risk management programs for liability and workers' compensation, whereby premiums are calculated on payroll expenses in all funds and are paid into the risk management fund. 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 expenditure reported in the risk management fund. As of June 30, 2014, interfund premiums exceeded reimbursable expenditures. Settlements have not exceeded the District's coverage balance for each of the past three fiscal years.

**Note E. Pension plans**

The District itself does not have any employees but is serviced by Multnomah County employees who are covered under the County's pension plans. The County's Comprehensive Annual Financial Report (CAFR) provides further details on these plans.

## **SUPPLEMENTARY INFORMATION**



**MID COUNTY SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**

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

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

**MID COUNTY 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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Assessments - street lighting:				
Current	\$ 445,000	\$ 445,000	\$ 440,766	\$ (4,234)
Prior	5,000	5,000	7,950	2,950
Assessments - other	-	-	302	302
Interest	2,000	2,000	1,741	(259)
Total revenues	<u>452,000</u>	<u>452,000</u>	<u>450,759</u>	<u>(1,241)</u>
<b>EXPENDITURES</b>				
Community services	<u>431,250</u>	<u>431,250</u>	<u>355,122</u>	<u>76,128</u>
Excess (deficiency) of revenues over (under) expenditures	20,750	20,750	95,637	74,887
Contingency	<u>(25,000)</u>	<u>(25,000)</u>	-	25,000
Net change in fund balances	(4,250)	(4,250)	95,637	99,887
Fund balances - beginning	295,500	295,500	333,909	38,409
Fund balances - ending	<u>\$ 291,250</u>	<u>\$ 291,250</u>	<u>429,546</u>	<u>\$ 138,296</u>
Reconciliation to GAAP basis:				
Net investment in capital assets			1,331,832	
Deferred revenue on property taxes			23,783	
Allowance for uncollectible accounts, assessments			(964)	
Net Position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position, page 9			<u>\$ 1,784,197</u>	

**MID COUNTY SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Schedules of Special Assessment Transactions**

<b>For the Year Ended June 30, 2014</b>							
	<b>Amounts Uncollected June 30, 2013</b>	<b>Levy/ Assessments as Extended by Assessor</b>	<b>Discounts Allowed</b>	<b>Interest Received</b>	<b>Cancellations and Adjustments</b>	<b>Interest and Tax/ Assessment Collections</b>	<b>Amounts Uncollected June 30, 2014</b>
<b>General Fund Special Assessment</b>							
2013-2014	\$ -	\$ 464,007	\$ (11,807)	\$ 181	\$ (1,188)	\$ (439,302)	\$ 11,891
2012-2013	10,989	N/A	8	374	(395)	(4,870)	6,106
2011-2012	6,510	N/A	-	383	(110)	(2,109)	4,674
2010-2011	4,012	N/A	-	533	(40)	(2,044)	2,461
2009-2010	2,292	N/A	-	331	(30)	(1,118)	1,475
2008-2009	153	N/A	-	27	(14)	(75)	91
2007-2008	72	N/A	-	15	(7)	(36)	44
2006-2007	46	N/A	-	3	(3)	(7)	39
2005-2006	35	N/A	-	2	(2)	(4)	31
2004-2005 and prior years	221	N/A	-	43	(10)	(66)	188
	<u>\$ 24,330</u>	<u>\$ 464,007</u>	<u>\$ (11,799)</u>	<u>\$ 1,892</u>	<u>\$ (1,799)</u>	<u>\$ (449,631)</u>	<u>\$ 27,000</u>

<b>For the Year Ended June 30, 2013</b>							
	<b>Amounts Uncollected June 30, 2012</b>	<b>Levy/ Assessments as Extended by Assessor</b>	<b>Discounts Allowed</b>	<b>Interest Received</b>	<b>Cancellations and Adjustments</b>	<b>Interest and Tax/ Assessment Collections</b>	<b>Amounts Uncollected June 30, 2013</b>
<b>General Fund Special Assessment</b>							
2012-2013	\$ -	\$ 387,822	\$ (9,780)	\$ 165	\$ (1,318)	\$ (365,900)	\$ 10,989
2011-2012	12,050	N/A	11	408	(569)	(5,390)	6,510
2010-2011	6,189	N/A	3	430	(156)	(2,454)	4,012
2009-2010	3,832	N/A	1	525	(48)	(2,018)	2,292
2008-2009	840	N/A	-	282	(31)	(938)	153
2007-2008	153	N/A	-	43	(20)	(104)	72
2006-2007	77	N/A	-	18	(6)	(43)	46
2005-2006	43	N/A	-	4	(2)	(10)	35
2004-2005	60	N/A	-	4	(26)	(9)	29
2002-2003 and prior years	379	N/A	-	56	(163)	(80)	192
	<u>\$ 23,623</u>	<u>\$ 387,822</u>	<u>\$ (9,765)</u>	<u>\$ 1,935</u>	<u>\$ (2,339)</u>	<u>\$ (376,946)</u>	<u>\$ 24,330</u>

**MID COUNTY 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, 2014 and 2013**

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	<b>Years Ended June 30,</b>	
	<b>2014</b>	<b>2013</b>
<b>Revenues, per Schedule of Revenues, Expenditures, and</b>		
<b>Changes in Fund Balances - Budget and Actual:</b>		
Current year assessments - sewer	\$ 440,764	\$ 367,569
Prior year assessments - sewer	7,950	9,325
Tax title land sales	302	471
Assessment accrual, sixty day tax, net	446	(24)
Tax title accrual, sixty day tax, net	169	(395)
<b>Interest and Tax/Assessment Collections, per</b>		
<b>Schedule of Special Assessment Transactions, see page 18</b>	\$ 449,631	\$ 376,946

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