



Communications with Those
Charged with Governance

City of Portland

June 30, 2023

Communications with Those Charged with Governance

The City Council Members, and
Simone Rede, City Auditor
City of Portland, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Portland, Oregon (the City) as of and for the year ended June 30, 2023, and have issued our report thereon dated October 30, 2023. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated August 3, 2023, we are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and *Government Auditing Standards*. As part of an audit conducted in accordance with U.S. GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we considered City's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Other Information in Document Containing Audited Financial Statements

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical information sections included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. Our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the audited financial statements. We have read the information, and nothing came to our attention that caused us to believe that such information is materially inconsistent with the financial statements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in the engagement letter dated August 3, 2023.

Significant Audit Findings and Issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. During the year ended June 30, 2023, the City adopted the provisions of GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and Statement No. GASB 96, *Subscription-Based Information Technology Arrangements*. The financial statements and related disclosures have been updated to conform to the guidance under GASB 94 and GASB 96. No other new accounting policies were adopted and there were no changes in the application of existing policies during 2023. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are:

- The depreciable lives and the net book value of the City's capital assets
- The provision for discounts and allowances on the City's accounts and loans receivable
- The accrued liabilities for the City's claims and judgments and risk financing activities
- The accrual for pollution remediation costs
- The accruals for City employee pension, post-employment healthcare and retirement benefits
- The fair value determination of the City's investment balances

Financial Statement Disclosures

The disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note I addressing the reporting entity and component units included in the City's financial statements, along with the other significant accounting policies of the City.
- Note III.A disclosing the City's cash and investments including interest rate, credit, and custodial credit risks inherent in the City's investment portfolio.
- Note III.B disclosing the amount of discounts, allowances, and provision for uncollectible accounts including the various loan receivable programs of the City at June 30, 2023.
- Note III.I disclosing changes to the City's long-term debt balances along with details of each debt outstanding and future repayment terms.
- Note IV.A through C disclosing details and accruals for the City's risk financing activities, claims, judgements, commitments, and contingent liabilities.

- Note IV.D and E disclosing on the details of employee post-employment health and retirement benefit programs.

Significant Unusual Transactions

We encountered no significant unusual transactions during our audit of the City’s financial statements.

Significant Difficulties Encountered in Performing the Audit

Professional standards require us to inform you of any significant difficulties encountered in performing the audit. No significant difficulties were encountered during our audit of the City’s financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. No such disagreements arose during the course of our audit.

Circumstances that Affect the Form and Content of the Auditor’s Report

There may be circumstances in which we would consider it necessary to include additional information in the auditor’s report in accordance with generally accepted accounting principles. There were no circumstances that affected the form and content of the auditor’s report.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

Uncorrected Misstatements: The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements as a whole. Uncorrected misstatements, or matters underlying those uncorrected misstatements, as of and for the year ended June 30, 2023 could potentially cause future-period financial statements to be materially misstated, even though we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Summary of Uncorrected Financial Statements Misstatements			
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To adjust FY22 clearing items posted in FY23

Fund	Account Description	Debit	Credit
General	Cash	8,843,275	
General	Revenues	6,693,589	
General	Beginning Net Position		(15,536,864)

To adjust closed CIP project not placed into service

Fund	Account Description	Debit	Credit
BES	Fixed Assets	13,443,268	
BES	Construction in Process		(13,443,268)

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 30, 2023.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Entity’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We are required to communicate to you other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process. There were no such items identified.

This information is intended solely for the use of the City Council, City Auditor, and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

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

Portland, Oregon
October 30, 2023