

# Office of Management & Finance

## Bureau of Revenue and Financial Services

### THE CITY OF PORTLAND'S ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FY2020-21

PRESENTED BY

MICHELLE KIRBY, CHIEF FINANCIAL OFFICER

RONALD VAUGHT, CONTROLLER

ASHLEY TUTTLE, FINANCIAL REPORTING SUPERVISOR



# Presentation Agenda

Annual Report news

Present the City's Annual Comprehensive Financial Report (ACFR) for FY 2020-21

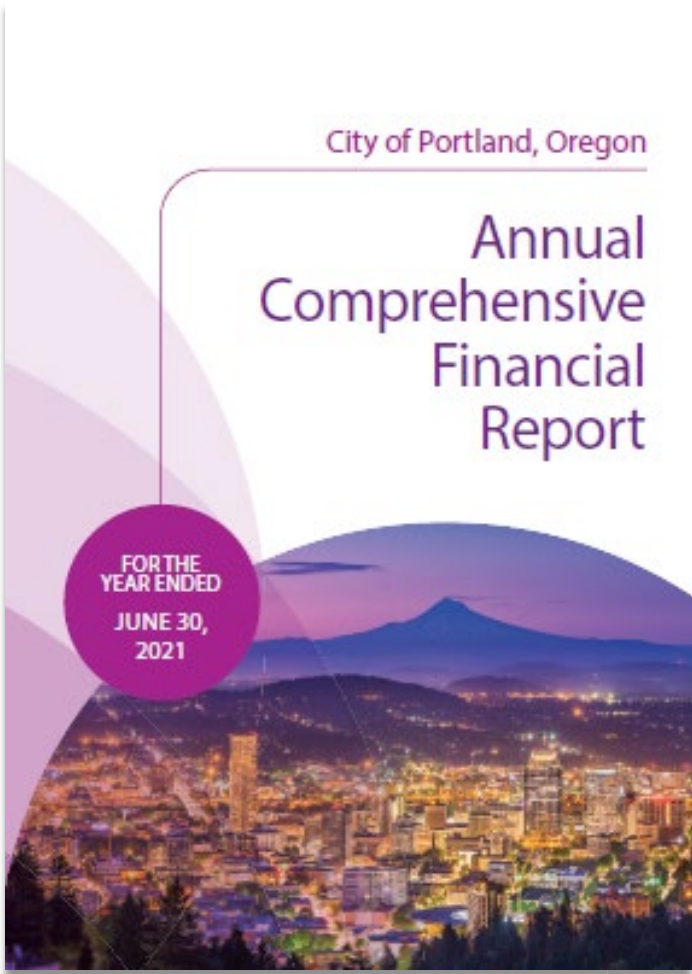
Moss Adams presentation of annual audit

Discuss City's Financial Condition

# Renaming the Comprehensive Annual Financial Report

#ENDTHEACRONYM

- ▶ GASB issues guidance for state and local governments to change terminology for annual report.
- ▶ Change was immediately adopted by the City for FY20-21
- ▶ Use the acronym ACFR, pronounced “AK-fer”



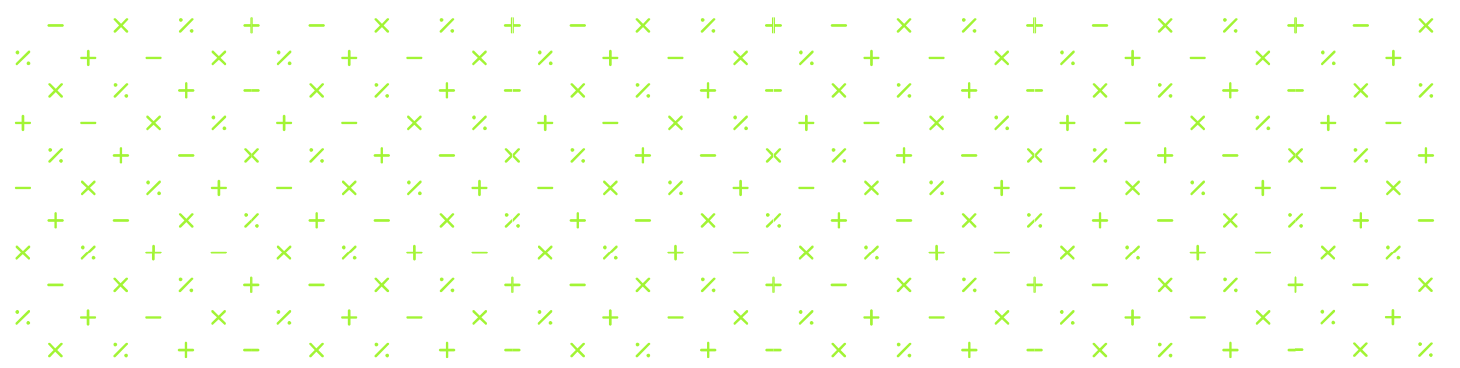
Prepared by

BRFS ACCOUNTING DIVISION

# Highlights of the FY2020-21 Annual Report

- ▶ External Auditors (Moss Adams) issued an “Unmodified Opinion” on the financial statements
- ▶ ACFR complies with State Law, and generally accepted accounting principles (GAAP)
- ▶ City received the GFOA Award for Excellence in Financial Reporting for the 40<sup>th</sup> consecutive year for the ACFR





# City of Portland

Communication with Those Charged  
with Governance

December 8, 2021



# Agenda

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1. Engagement Team
2. Nature of Services Provided
3. Audit Process
4. Audit response to COVID
5. Auditor Opinions / Reports
6. Required Communications



# Engagement Team

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**Amanda McCleary-Moore, CPA,  
Partner**

[AMANDA.MCCLEARY-MOORE@MOSSADAMS.COM](mailto:AMANDA.MCCLEARY-MOORE@MOSSADAMS.COM)

(541) 732-3865



**Laurie Tish, CPA, Partner**

[LAURIE.TISH@MOSSADAMS.COM](mailto:LAURIE.TISH@MOSSADAMS.COM)

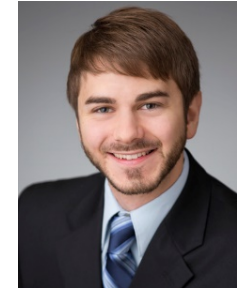
(206) 302-6466



**Keith Simovic, CPA, Senior  
Manager**

[KEITH.SIMOVIC@MOSSADAMS.COM](mailto:KEITH.SIMOVIC@MOSSADAMS.COM)

(503) 478-2284



**Mandy Hale, Manager**

[MANDY.HALE@MOSSADAMS.COM](mailto:MANDY.HALE@MOSSADAMS.COM)

(971) 313-5010





# Engagement Team

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**Haley Ghelfi**, CPA, Manager,  
Single Audit

[HALEY.GHELFI@MOSSADAMS.COM](mailto:HALEY.GHELFI@MOSSADAMS.COM)

(971) 313-5026

**Danielle Hyman**, Lead Senior –  
Prosper Portland

[DANIELLE.HYMAN@MOSSADAMS.COM](mailto:DANIELLE.HYMAN@MOSSADAMS.COM)

(503) 478-2135

**Ed Solian**, Lead Senior – Utilities

[ED.SOLIAN@MOSSADAMS.COM](mailto:ED.SOLIAN@MOSSADAMS.COM)

(971) 313-5038

**Amanda Pease**, Lead  
Senior - FPDR

[AMANDA.PEASE@MOSSADAMS.COM](mailto:AMANDA.PEASE@MOSSADAMS.COM)

(971) 313-5006



# Nature of Services Provided

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**1** Independent Auditors' Report on the government wide and fund financial statements of City of Portland

**2** Assistance with, and technical review of each respective ACFR for compliance with GAAP as well as GFOA Certificate of Excellence requirements

**3** Report of Independent Auditors' on Internal Control Over Financial Reporting and on Compliance in Accordance with *Government Auditing Standards*

**4** Disclosures and Independent Auditors' Comments Required by the Minimum Standards for Audits of Oregon Municipal Corporations

**5** Report of independent auditors on compliance for the major federal programs and report on internal control over compliance as required by the Uniform Guidance

**6** Communication to Those Charged with Governance



# Scope of audit engagements

Entity	Audits completed
City of Portland	Audit of ACFR Single Audit
Prosper Portland	Audit of ACFR Single Audit – combined with City of Portland
FPD&R pension plan	Audit of financial statements
Mt. Hood Cable Regulatory Commission	Audit of financial statements



# Audit Process



## Internal Controls

- Includes IT
- Revenues / cash receipting
- Expenses / cash disbursements
- Payroll
- Capital assets
- Financial close & reporting

## Analytical Procedures

- Revenue and expenses
- Trends, comparisons, and expectations

## Substantive Procedures

- Confirm account balances
- Vouch to supporting documentation
- Representations from attorneys and management
- Examine objective evidence



# Audit response to COVID

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- **Audit performed in a remote environment**
- **Utilized technology and electronic audit tools**
- **Internal controls testing of transactions before and after COVID**
- **Review of the related disclosures for transparency**





# Audit Opinion/ Reports

Financial  
Statements

Unmodified  
(clean) opinion  
on financial  
statement

Government  
Auditing  
Standards  
Report

No findings

Oregon  
Minimum Audit  
Standards  
Report

No findings

Single Audit  
Report

No findings



# Required Communications

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- Planned scope and timing
- Significant accounting policies
- **Audit adjustments – No material audit adjustments**
- Management's consultation with other accountants
- No disagreements with management
- No difficulties in performing the audit
- **Audit observations and recommendations – No material weaknesses, best practice recommendations communicated to management**



# Acknowledgements

Thank you Michelle Kirby, Ronald Vaught, Ashley Tuttle, and their staff for their excellent facilitation of the audit process and Mary Hull Caballero and Minh Dan Vuong for their management of the audit contract.

- The audit progressed on time and in an orderly fashion; all requested schedules and draft financial statements were received on a timely basis.
- All personnel across all departments were courteous, responsive, and fulfilled all our requests in a timely manner.
- ‘Tone at the Top’ and attitude from management was one of helpfulness, candor, and openness in response to audit requests and discussion points.







# Thank You

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# Challenges of the past year

# Moody's Investors Service Credit Opinion

- ▶ Portland credit rating affirmed at Aaa – February 2021

## MOODY'S INVESTORS SERVICE

### CREDIT OPINION

22 February 2021

✓ Rate this Research

#### Contacts

Helen Cregger +1.415.274.1720  
VP-Sr Credit Officer  
helen.cregger@moodys.com

Orlie Prince +1.212.553.7738  
VP-Sr Credit Officer/Manager  
orlie.prince@moodys.com

## Portland (City of) OR

Update to credit analysis

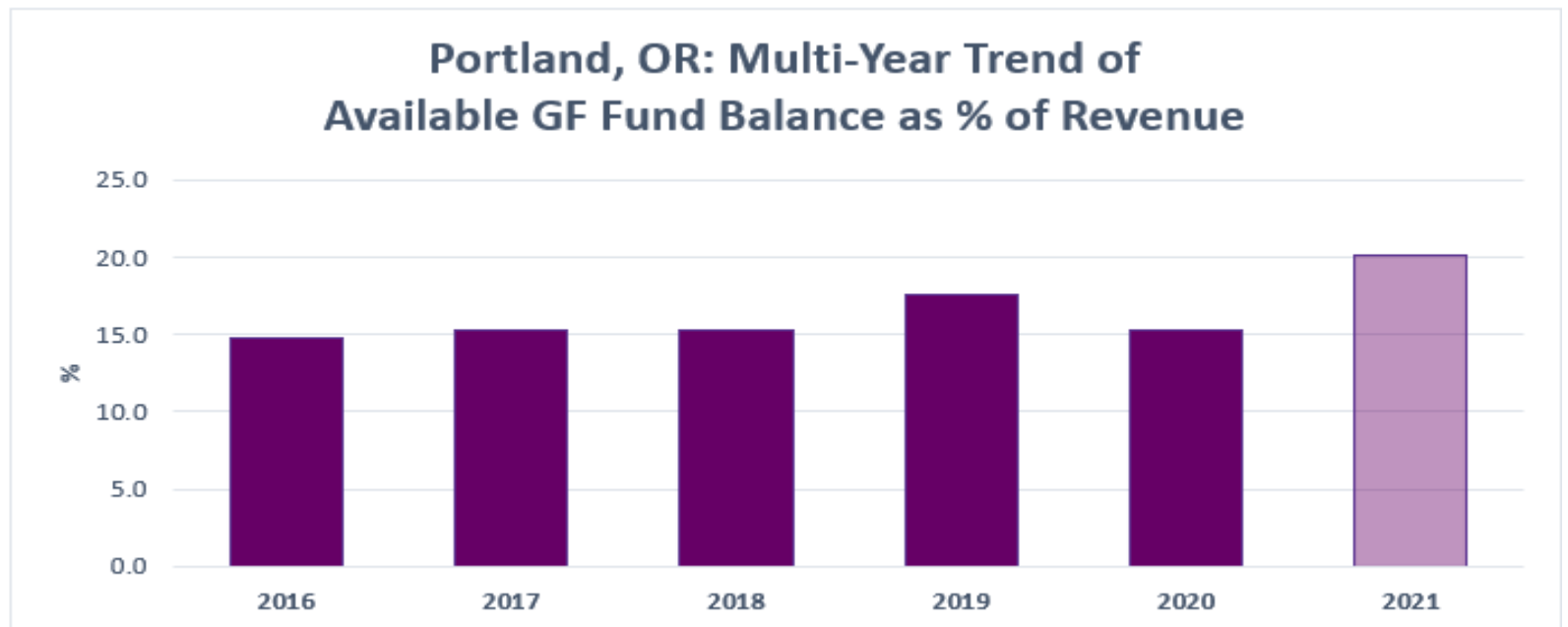
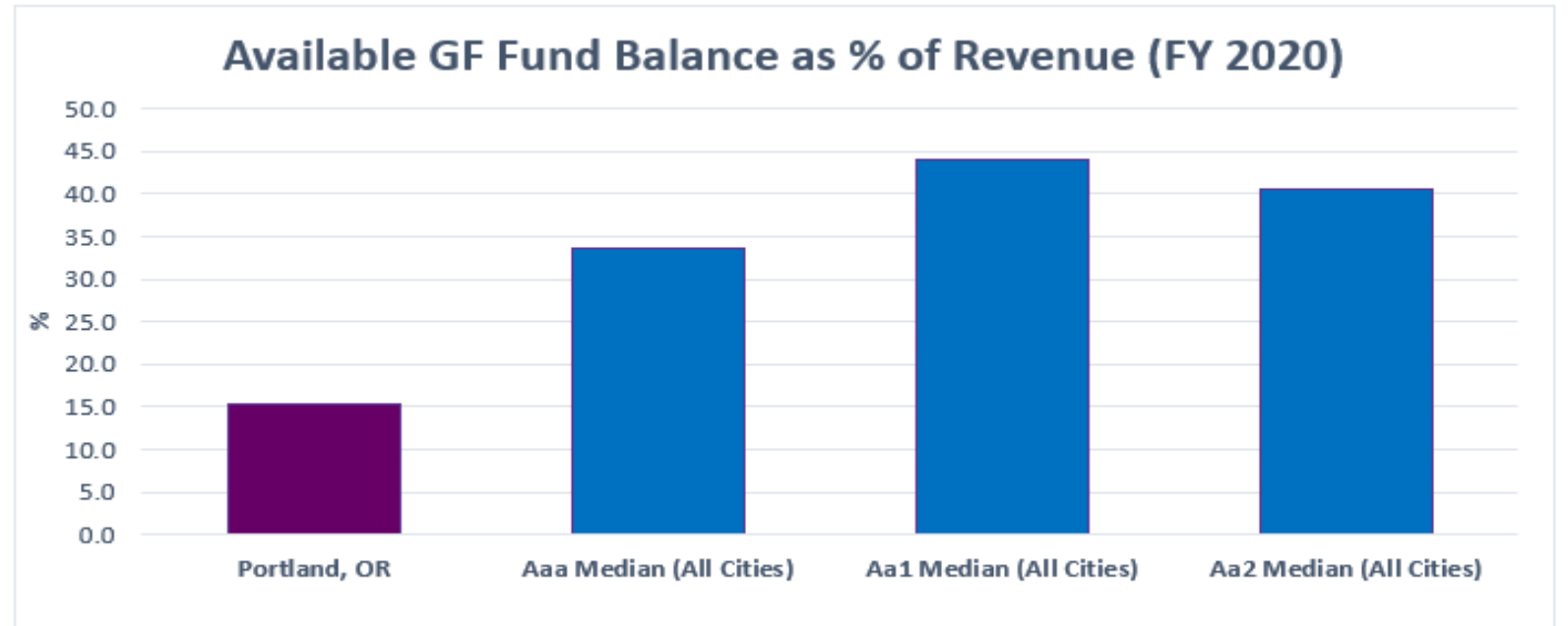
### Summary

[Portland](#), Oregon (Aaa stable) benefits from a massive tax base and strong economic fundamentals as [Oregon's](#) (Aa1 stable) largest city, along with above-average wealth despite income that lags similarly rated peers. Despite sharp declines in lodging taxes and fees year-to-date in fiscal 2021, finances will remain stable, supported by key revenue sources including property taxes, which are notably predictable in Oregon, and franchise fees and business income taxes, which are economically sensitive but have traditionally weathered recessions with only moderate declines. The city's strong management team with demonstrated fiscal controls will also drive stable financial performance. Debt and OPEB liabilities and costs are manageable, especially for a city with continued population growth, despite required infrastructure investment. Pension liabilities and costs are elevated and growing, however the city benefits from a dedicated property tax for pensions.

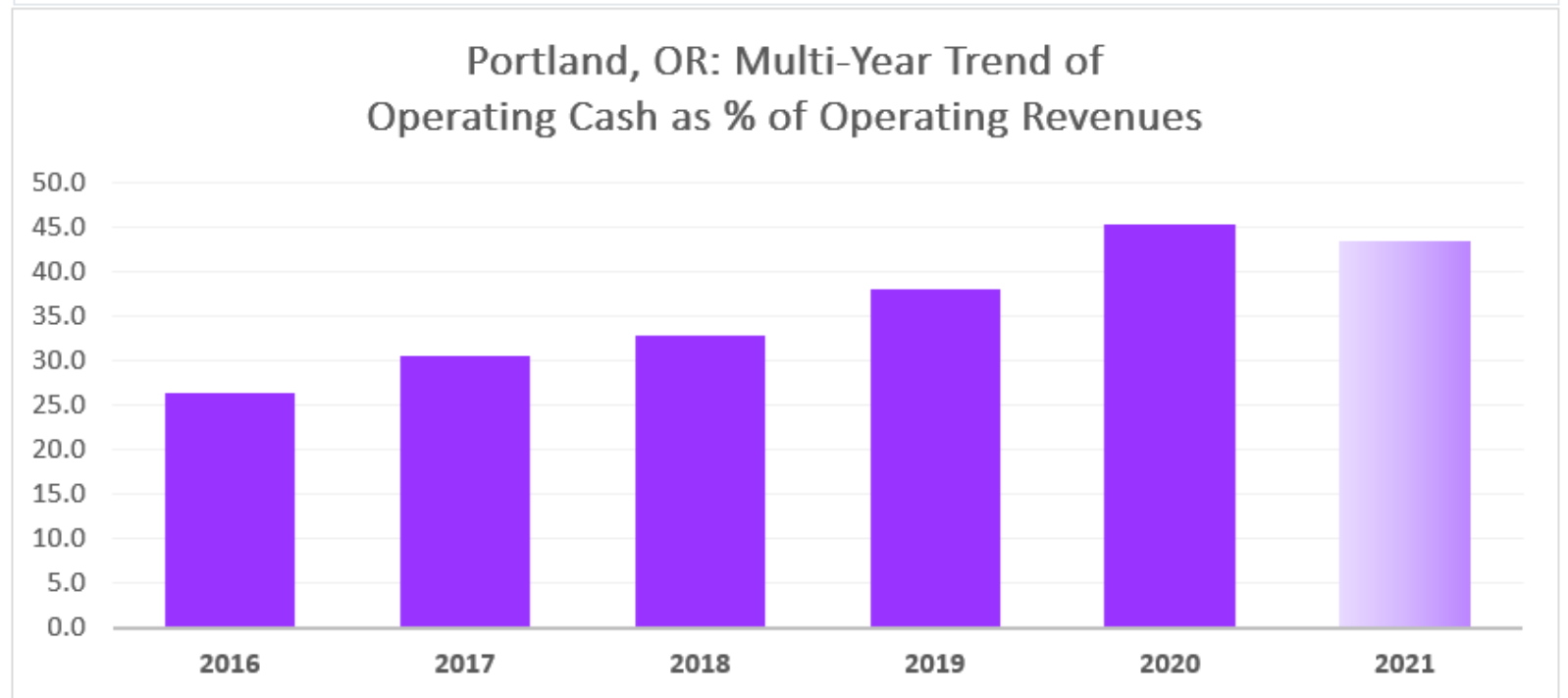
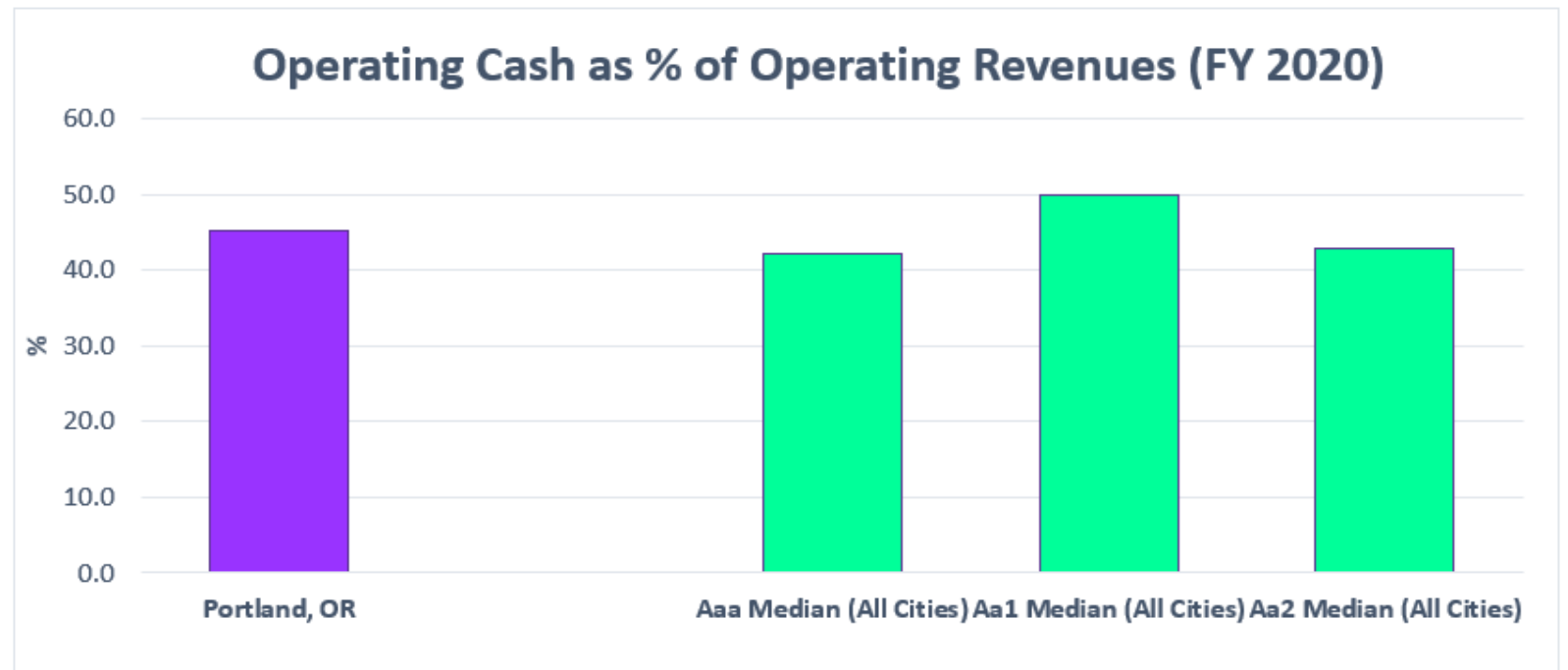


# Financial Ratios

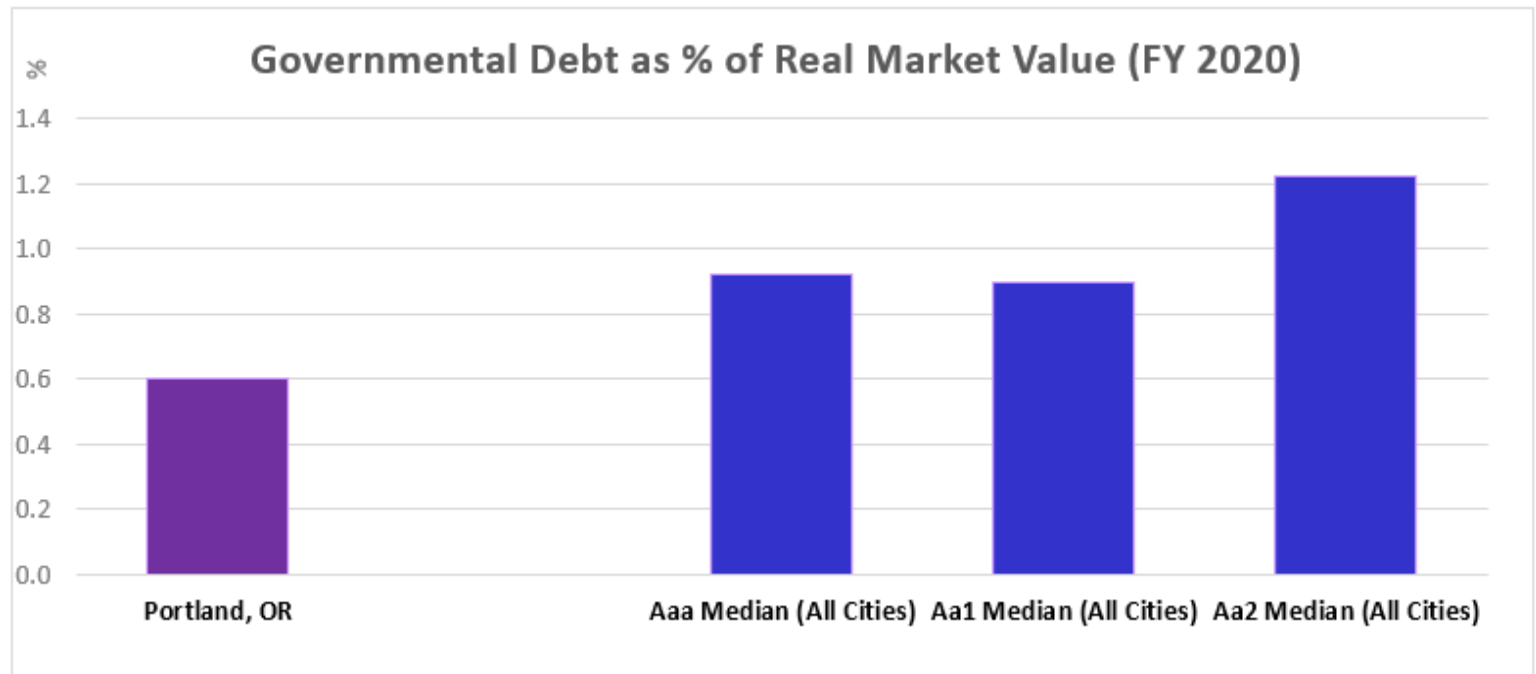
# Liquidity – General Fund Balance as a % of Revenue



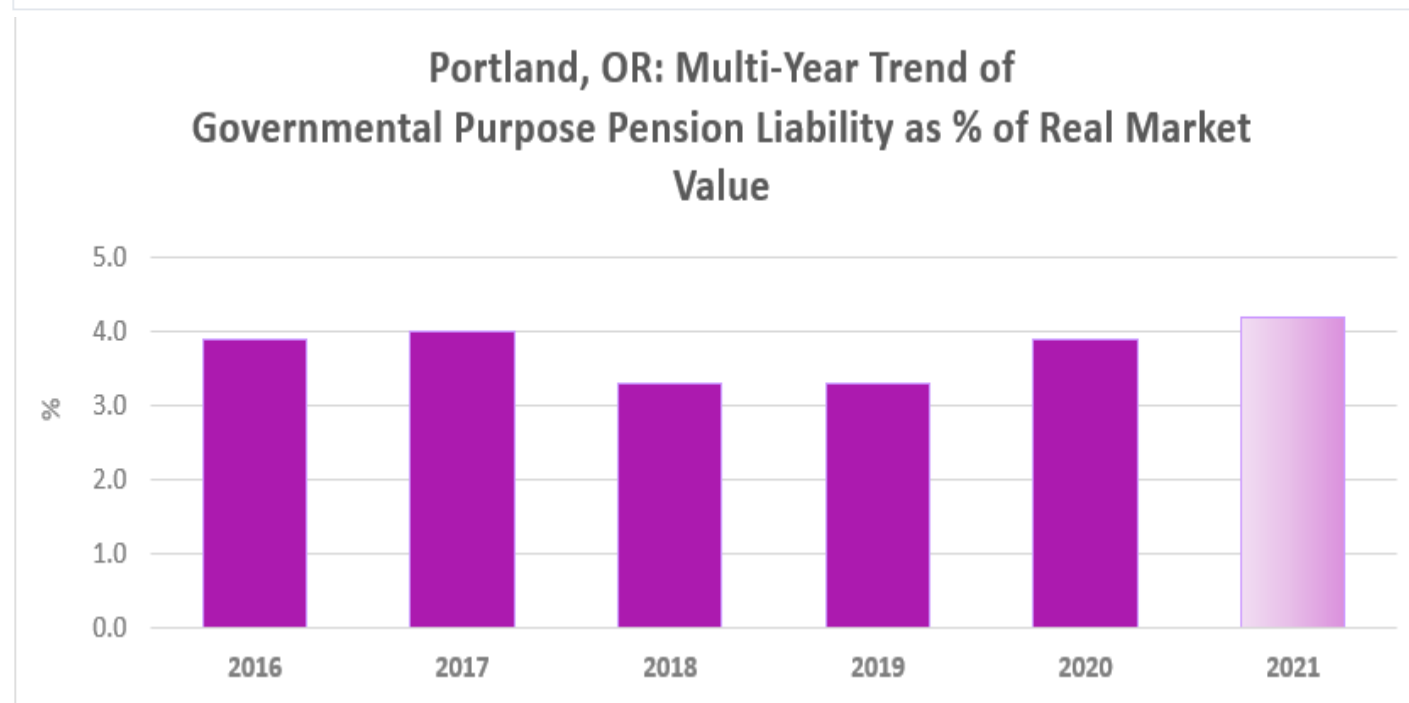
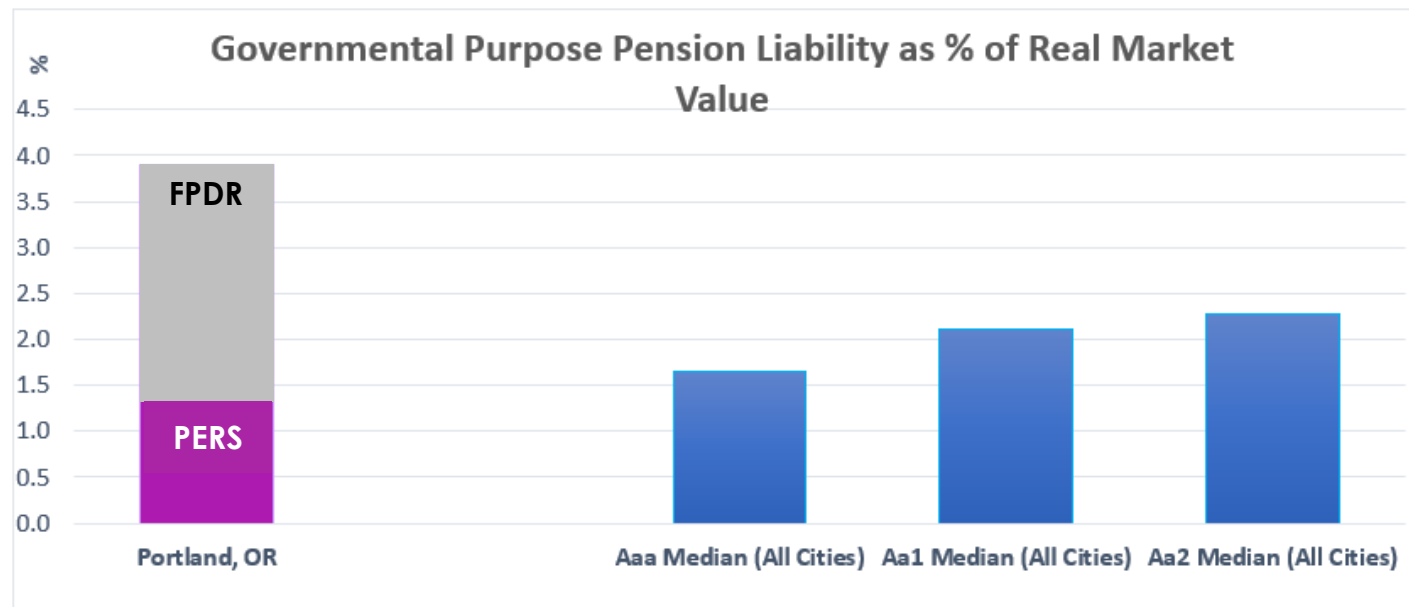
# Liquidity – Operating Cash as a % of Operating Revenue



# Liabilities – Governmental Debt as a % of Real Market Value



# Liabilities – Pension as % of Real Market Value







Conclusion