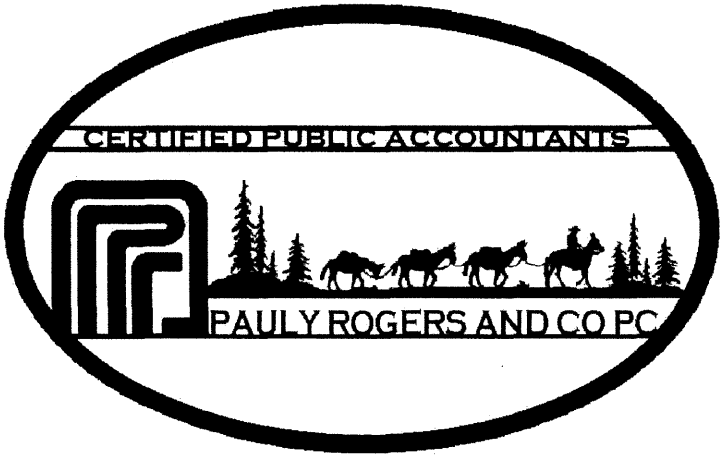
CITY OF HOOD RIVER

HOOD RIVER COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017



12700 SW 72nd Ave.
Tigard, OR 97223

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

For the Year Ended June 30, 2017

ANNUAL FINANCIAL REPORT

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CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

City Council as of June 30, 2017

NAME	TERM EXPIRES
Paul Blackburn, Mayor	December 31, 2020
Kate McBride, President	December 31, 2020
Megan Saunders	December 31, 2020
Susan Johnson	December 31, 2018
Peter Cornelison	December 31, 2018
Becky Brun	December 31, 2018
Mark Zanmiller	December 31, 2020

All council members receive mail at the address listed below.

ADMINISTRATION

Steve Wheeler, City Manager
211 Second Street
Hood River, Oregon 97031

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CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

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CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

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PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

November 28, 2017

To the Honorable Mayor and
Members of the City Council
Hood River, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hood River, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hood River, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have 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 records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other 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, as listed in the table of contents, are the responsibility of management and were derived from and relate 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, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The listing of board members containing their term expiration dates, located before the table of contents, and the other information, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 28, 2017, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. 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.

Tara M. Kamp, CPA

Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2017

This discussion and analysis presents the highlights of the financial activities and resulting financial position for the City of Hood River (City). It focuses on the significant issues and activities for the year under audit. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

Net position increased by $3.54 million, of which $2.33 million is an increase in governmental activities net position and $1.21 million is an increase in business type activities net position. Increases in property tax revenues (5.9%) and transient room taxes (16.3%) were substantial contributors to the increase in governmental activities net position. Total revenues from governmental activities rose $783 thousand or 9.7%.

The City's net investment in capital assets, which represents the carrying value of capital assets in excess of related debt balances, increased by $1.32 million (2.4%) to $55.4 million.

BASIC FINANCIAL STATEMENTS

The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-Wide Financial Statements

These two statements present an overall view of the City's finances, in a manner similar to the private sector. Each statement presents highly condensed, entity-wide information and uses the full accrual basis of accounting.

- The Statement of Net Position presents information on the City's total assets and liabilities, with the resulting difference between the two presented as net position. Over time, increases or decreases to net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating.

- The Statement of Activities focuses on the change in net position over the year. The costs of City programs are presented and show to what the extent governmental activities are subsidized by taxes and other general revenues.

Fund Financial Statements

Following the government-wide statements is a section containing fund financial statements. Major funds are presented in their own columns while all remaining funds are combined together into a single column.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Completing the document is a series of other financial schedules and reports by the independent certified public accountant, as required by statute.

CONDENSED COMPARATIVE DATA

Table 1
Condensed Comparative Data
(in millions)

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
Current Assets	$ 11.3	$ 8.6	$ 9.2	$ 9.1	$ 20.4	$ 17.7
Noncurrent Assets	30.6	31.3	50.4	49.8	81.0	81.1
Total Assets	41.9	39.9	59.6	58.9	101.5	98.8
Current Liabilities	1.9	1.7	0.9	1.3	2.8	2.9
Noncurent Liabilities	11.4	8.4	21.3	20.9	32.7	29.3
Total Liabilities	13.3	10.1	22.2	22.1	35.5	32.2
Net Deferred Pension Asset	3.5	0.7	0.6	0.1	0.1	0.8
Net Investment in Capital Assets	25.6	25.3	29.8	28.8	55.4	54.1
Restricted	4.5	3.4	2.7	0.0	7.2	3.4
Unrestricted	2.0	1.1	5.5	7.9	7.5	9.0
Total Net Position - restated	32.1	29.8	38.0	36.8	70.1	66.6
Program Revenues	3.1	4.0	6.8	6.5	9.9	10.6
Program Expenses	-9.6	-11.3	-5.7	-6.1	-15.3	-17.4
General Revenues - Taxes	6.6	5.7	0.0	0.0	6.6	5.8
General Revenues - Other	2.2	2.3	0.1	0.0	2.4	2.3
Change in Net Position	$ 2.3	$ 0.8	$ 1.2	$ 0.5	$ 3.5	$ 1.3

FINANCIAL ANALYSIS

Financial Position and Results of Operations

The City's overall net position increased by $3.54 million or 5.3%. Increases in property tax revenues (5.9%) and transient room taxes (16.3%) were substantial contributors to the increase in governmental activities net position. Assets increased by $2.6 million (2.7%), primarily related to revenue increases in excess of operating requirements affecting cash and investments.

Program Revenues decreased by $381 thousand or 12.2% due primarily to the Administrative Program area being removed from the General Fund and placed into an Internal Service Fund. Program Revenues from utility charges for services increased by $330, thousand or 5.4%, as the City moves into year three of a five year rate increase schedule.

General Revenues include property taxes, transient room taxes, franchise fees, general intergovernmental revenues, and other revenues. Increases in property tax revenues (5.9%) were related to increases in taxable assessed value, particularly in the urban renewal districts. Transient room taxes increased substantially (16.3%) due to increased tourism. Although a much smaller revenue source, interest on investments increased significantly on a percentage basis. Interest revenue increased 67% as interest rates continue to rise. Other general revenues did not fluctuate significantly from the prior year.

Individual Funds

General Fund – The General Fund's total fund balance increased by $30 thousand (1.2%). The near level General Fund Balance is due to one-time transfers to the Reserves Fund, including a $500 thousand transfer for future PERS expenses and $100 thousand transfer for Affordable Housing programs. Absent these discretionary transfers to the Reserves Fund, the General Fund Balance would have increased approximately 24%. In addition the Administrative Program was moved out of the General Fund and into the Internal Service Fund. Both the associated revenues and expenditures of the Administrative program were transitioned to the Internal Service Fund.

Other Restricted Fund - The Other Restricted Fund was established in FY2015-16 and houses Building, Engineering, Municipal Court, Parking, and Debt Service on the Fire General Obligation Bond. These programs have dedicated revenue sources with rates or charges set to meet or exceed operational costs. The Fund Balance in the Other Restricted Fund grew by $502 thousand (103%) as programs formally part of the General Fund accumulated carry forward amounts from program revenues in excess of expenses.

Reserves Fund – The Reserve Fund houses dollars set aside for general equipment replacement, PERS stabilization, accrued compensated absences, and affordable housing initiatives. The Fund Balance grew by $954,596 or 75.4% due to one-time transfers from the General Fund for PERS stabilization and Affordable housing as well as formula based transfers for future compensated absence expenses and equipment replacement.

Sewer Fund – The Sewer Fund includes Sewer Operations, Waste Water Treatment Plant, System Development Charges, Sewer Reserve – Debt Requirements, and Sewer Reserve - Capital Fund for Equipment Replacement. The balance of the consolidated fund grew by $68 thousand or 1.4% as increased utility rates kept pace with planned capital projects and increases in operations costs.

Water Fund – The Water Fund includes Water Operations, Water System Development Charges, Water Capital Reserve for Equipment Replacement, and Water Debt Reserve Requirements. The balance of the fund grew by $118 thousand or 4% as planned utility rates increased with additional operational and capital outlay expenses.

CAPITAL ASSETS AND DEBT ACTIVITY

Capital Assets

As of June 30, 2017, the City had invested $81 million in capital assets as reflected in the following table.

Table 2
Capital Asset Balances
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
Non-depreciable Assets	$ 3,819	$ 3,815	$ 815	$ 2,423	$ 4,634	$ 6,238
Depreciable Assets, Net	26,615	27,447	49,586	47,340	76,201	74,787
Total	$ 30,434	$ 31,262	$ 50,401	$ 49,763	$ 80,835	$ 81,025

Governmental Activities capital assets were mostly unchanged though FY2016-17 as depreciation expense offset several small projects and vehicle purchases. Business-type Activities capital assets increased $638 thousand (1.2%), primarily related to construction costs related to the Sewer Outfall Project, 12th Street Sewer Improvements, as well as many small projects, offset by depreciation expense.

Debt Outstanding

Table 3
Debt Balances
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
Capital Leases	$ -	$ -	$ 37	$ 73	$ 37	$ 73
Loans	-	-	16,878	16,925	16,878	16,925
Intergovernmental	728	980	-	-	728	980
Bonds	4,068	4,999	3,631	3,844	7,699	8,843
Total	$ 4,796	$ 5,979	$ 20,546	$ 20,842	$ 25,343	$ 26,822

Governmental debt decreased by $1.18 million (20%). The large decrease is due primarily to the Fire G/O Bonds nearing retirement in 2020 and 2022. Business-type debt decreased by $296 thousand (1.4%), the net impact of $190 thousand in DEQ financing for the Sewer Outfall Project, less scheduled debt principal payments made during the year. For more detailed information on the City's debt and amortization terms refer to pages 31-35 of the notes.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Hood River remains in an economically strong position with a varied industry base that includes growing high-tech manufacturing, agriculture, and tourism. Unemployment rates in Hood River County have been consistently below the state average for over a decade and for a period of time in 2017 tied for the lowest unemployment rate in Oregon. Hood River's diversified economy, proximity to the Portland metropolitan area and transportation networks, and relatively young and educated workforce are all positive signs for continued growth. A strong economy and increasing population supports growing property taxes, transient room taxes, and building related charges for services. A strong economy also facilitates a community's capacity to invest in public infrastructure through utility charges. As unemployment rates near full employment, the exceptional growth rates experienced over the last several years are expected to moderate but continue to be robust over the next year.

The total budget for FY 2017-18 is $35.9 million. Rate increases for water and sewer utility services were increased in July, 2017. Capital spending is expected to remain a substantial portion of the City budget at about 22% of total expenditures.

The following capital projects are expected to conclude in the upcoming year:

- Belmont Storm Improvements
- WWTP Odor Control (WWTP-7)
- East Port Marina Drive Lift Station (CIP-D)
- Serpentine Pressure Zone (STP-3)
- 2nd Street Stairs Sewer (M-3) and 10th Street Sewer (M-2)
- Children's Park Play Structure

The following capital projects are expected to be started in the upcoming year:

- WWTP UV Project (WWTP-2)
- Elevated Sewer access road. Soon to be called "Mt Hood Railway Pump Station Project"
- 2nd and Oak Traffic Signal
- Rand and Cascade Traffic Signal
- Sherman and Serpentine Area Water Improvements (STP-6/8)
- Influent Pipe (CIP-C)

Property taxes remain the single largest revenue for the General Fund, providing approximately 33% of total revenue. The City of Hood River has a permanent property tax rate of $2.8112, which is subject to two limitations. The first, Ballot Measure 5, limits property taxes charged for all non-school government operations to $10 per $1,000 of property value. Past increases in property values have kept the effects of compression minimal. The second, Ballot Measure 50, set property values and limited value increases to 3% per year, with certain exceptions for new construction.

REQUESTS FOR INFORMATION

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City's Finance Director at City Hall, 211 2nd Street, Hood River, Oregon 97031.

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CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	$ 5,943,231	$ 5,548,885	$ 11,492,116
Receivables:			
Accounts, Net	684,941	636,009	1,320,950
Property Taxes	218,544	-	218,544
Supply Inventory	-	243,908	243,908
Due from Governmental Activities	-	45,296	45,296
Restricted Cash and Investments	4,438,970	2,671,798	7,110,768
Total Current Assets	11,285,686	9,145,896	20,431,582
Noncurrent Assets:			
Assessments Receivable	137,664	-	137,664
Capital Assets:			
Land and Construction in Progress, Not Depreciated	3,819,166	815,012	4,634,178
Other Capital Assets, Net of Depreciation	26,614,879	49,586,038	76,200,917
Total Noncurrent Assets	30,571,709	50,401,050	80,972,759
Total Assets	41,857,395	59,546,946	101,404,341
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferal	3,680,554	646,791	4,327,345
LIABILITIES			
Current Liabilities			
Accounts Payable	370,323	278,567	648,890
Retainage Payable	-	4,643	4,643
Payroll and Taxes Payable	225,353	-	225,353
Accrued Interest Payable	24,005	82,396	106,401
Deposits Held	24,345	-	24,345
Due to Business-type Activities	45,296	-	45,296
Unearned Revenue	10,898	-	10,898
Loan Payable, Due Within One Year	263,300	243,854	507,154
Capital Leases payable, Due Within One Year	-	37,220	37,220
Bonds Payable, Due Within One Year	945,651	220,786	1,166,437
Total Current Liabilities	1,909,171	867,466	2,776,637
Noncurrent Liabilities:			
Accrued Compensated Absences	939,057	71,474	1,010,531
Net Proportion of Pension Liability	6,898,999	1,197,631	8,096,630
Loan Payable, Due After One Year	464,649	18,554,657	19,019,306
Bonds Payable, Due After One Year	3,122,729	1,489,953	4,612,682
Total Noncurrent Liabilities	11,425,434	21,313,715	32,739,149
Total Liabilities	13,334,605	22,181,181	35,515,786
DEFERRED INFLOWS OF RESOURCES			
Net Deferred Pension Asset	90,925	8,902	99,827
NET POSITION			
Net Investment in Capital Assets	25,637,716	29,849,937	55,487,653
Restricted for:			
Roads	2,328,871	-	2,328,871
Debt Service	52,460	958,882	1,011,342
System Development Charges	-	1,712,916	1,712,916
Urban Renewal	2,097,832	-	2,097,832
Unrestricted	1,995,540	5,481,919	7,477,459
Total Net Position	$ 32,112,419	$ 38,003,654	$ 70,116,073

See accompanying notes to the basic financial statements

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
General Government	$ 1,831,667	$ 1,621,795	$ -	$ -
Public Safety	5,476,147	902,161	118,955	-
Streets	917,582	29,229	-	64,386
Economic and Physical Development	698,136	125,964	-	118,207
Culture and Recreation	468,397	74,005	-	-
Interest Expense on Long-Term Debt	158,446	-	-	-
Total Governmental Activities	9,550,375	2,753,154	118,955	182,593
Business- Type Activities				
Sewer	2,925,509	3,419,520	-	114,431
Water	2,399,161	2,575,888	-	182,785
Storm Water	413,800	489,140	-	35,450
Total Business-Type Activities	5,738,470	6,484,548	-	332,666
Total Government	$ 15,288,845	$ 9,237,702	$ 118,955	$ 515,259

General Revenues
Property Taxes
Transient Room Taxes
Other Taxes
Franchise & Utility Fees
Intergovernmental Revenues
Interest
Transfers In (Out)
Elimination of profit on internal service funds
Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
$ (209,872)	$ -	$ (209,872)
(4,455,031)	-	(4,455,031)
(823,967)	-	(823,967)
(453,965)	-	(453,965)
(394,392)	-	(394,392)
(158,446)	-	(158,446)
(6,495,673)	-	(6,495,673)
-	608,442	608,442
-	359,512	359,512
-	110,790	110,790
-	1,078,744	1,078,744
(6,495,673)	1,078,744	(5,416,929)
4,392,763	-	4,392,763
1,845,815	-	1,845,815
340,228	-	340,228
1,268,514	-	1,268,514
837,208	-	837,208
98,521	54,938	153,459
(3,812)	3,812	-
-	45,296	45,296
43,431	30,000	73,431
8,822,668	134,046	8,956,714
2,326,995	1,212,790	3,539,785
29,785,424	36,790,864	66,576,288
$ 32,112,419	$ 38,003,654	$ 70,116,073

See accompanying notes to the basic financial statements

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	GENERAL FUND	ROAD FUND	MISC. RESTRICTED FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and Investments	$ 2,710,831	$ -	$ 831,683	$ 2,243,985	$ 5,786,499
Receivables:					
Property Taxes	110,115	-	32,423	76,006	218,544
Accounts, Net	381,466	85,150	218,325	-	684,941
Assessments Receivable	-	-	-	137,664	137,664
Restricted Cash and Investments	-	2,323,845	47,650	2,067,475	4,438,970
Total Assets	$ 3,202,412	$ 2,408,995	$ 1,130,081	$ 4,525,130	$ 11,266,618
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
Liabilities:					
Accounts Payable	$ 241,848	$ 54,472	$ 50,422	$ 2,085	$ 348,827
Payroll and Taxes Payable	225,353	-	-	-	225,353
Deposits Held	5,625	17,420	1,300	-	24,345
Unearned Revenue		-	10,898	-	10,898
Total Liabilities	472,826	71,892	62,620	2,085	609,423
Deferred Inflows of Resources:					
Unavailable Revenue - Taxes	94,715	-	27,613	65,045	187,373
Unavailable Revenue - Assessments	-	-	-	116,184	116,184
Unavailable Revenue - Other	15,381	8,232	50,281	-	73,894
Total Deferred Inflows of Resources	110,096	8,232	77,894	181,229	377,451
Fund Balances:					
Restricted	-	2,328,871	52,460	2,097,832	4,479,163
Assigned	-	-	937,107	2,243,984	3,181,091
Unassigned	2,619,490	-	-	-	2,619,490
Total Fund Balances	2,619,490	2,328,871	989,567	4,341,816	10,279,744
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 3,202,412	$ 2,408,995	$ 1,130,081	$ 4,525,130	$ 11,266,618

See accompanying notes to the basic financial statements

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
June 30, 2017

Total Fund Balances			$ 10,279,744
Capital assets are not financial resources and thus are not reported in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.			
Capital Assets Cost	$	37,386,416	
Less Accumulated Depreciation		(6,952,371)	30,434,045
Property taxes collected after year end but not available soon enough to pay for current obligations are deferred in governmental funds but are recognized as revenue in the Statement of Activities.			187,373
Other revenues collected after year end but not available soon enough to pay for current obligations are deferred in the governmental funds but are recognized as revenue in the Statement of Activities.			190,078
Activities of the Internal Service Fund are allocated to Governmental Functions and reported in the Government Wide Statements			135,236
Net profit/loss of the Internal Service Fund is eliminated from Governmental revenues and activities. The net profit/loss related to Business-typle activities is reported as an amount due to/from.			(45,296)
Net Pension Liability			(6,898,999)
Pension related deferral - outflow			3,680,554
Pension related deferral - inflow			(90,925)
All liabilities are reported in the Statement of Net Position whereas in governmental funds, liabilities not due and payable in the current period are not reported.			
Interest Payable			(24,005)
Accrued Compensated Absences			(939,057)
Bonds Payable			(3,955,762)
Bond Premium			(112,618)
Loans Payable			(727,949)
Total Net Position			$ 32,112,419

See accompanying notes to the basic financial statements

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	GENERAL FUND	ROAD FUND	MISC. RESTRICTED FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Property Taxes	$ 2,133,807	$ -	$ 685,045	$ 1,552,489	$ 4,371,341
Transient Room Taxes	1,845,815	-	-	-	1,845,815
Other Taxes	8,902	331,326	-	-	340,228
Franchise and Utility Fees	1,253,133	-	-	-	1,253,133
Licenses and Permits	57,539	29,228	1,061,951	-	1,148,718
Intergovernmental	369,883	462,287	-	5,038	837,208
Charges for Services	159,256	135,317	871,171	-	1,165,744
Fines and Forfeitures	6,605	-	420,557	-	427,162
Assessments	850	-	-	141,522	142,372
Capital Contribution - Assessments	-	-	-	122,926	122,926
Interest	45,770	15,814	7,087	29,850	98,521
Miscellaneous	157,580	5,530	3,062	2,693	168,865
Total Revenues	6,039,140	979,502	3,048,873	1,854,518	11,922,033
EXPENDITURES:					
Current:					
General Government	518,793	-	765,041	278,973	1,562,807
Public Safety	3,862,620	-	781,284	-	4,643,904
Streets	-	782,863	-	-	782,863
Culture and recreation	396,869	-	-	-	396,869
Economic and Physical Development	436,264	-	-	171,454	607,718
Capital Outlay	48,093	67,867	-	-	115,960
Debt Service	-	-	658,850	672,629	1,331,479
Total Expenditures	5,262,639	850,730	2,205,175	1,123,056	9,441,600
Excess of Revenues Over, (Under) Expenditures	776,501	128,772	843,698	731,462	2,480,433
Other Financing Sources, (Uses)					
Transfers In	400,000	1,500	138,795	1,103,913	1,644,208
Transfers Out	(1,146,225)	-	(480,170)	(17,350)	(1,643,745)
Total Other Financing Sources, (Uses)	(746,225)	1,500	(341,375)	1,086,563	463
Net Change in Fund Balance	30,276	130,272	502,323	1,818,025	2,480,896
Fund Balance - Beginning of Year	2,589,214	2,198,599	487,244	2,523,791	7,798,848
Fund Balance - End of Year	$ 2,619,490	$ 2,328,871	$ 989,567	$ 4,341,816	$ 10,279,744

See accompanying notes to the basic financial statements

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - TO STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

The change in net position reported in the Statement of Activities is different because:

Net Change in Fund Balance			$ 2,480,896
Capital asset additions are reported as capital outlay expenditures in governmental funds. However, the Statement of Activities allocated the cost of these assets over their estimated useful lives as depreciation expense.			
Capital Asset Additions, net of Disposals	$	113,984	
Current Year Depreciation		(941,626)	(827,642)
Property taxes, Assessments and other revenues that do not meet the measurable and available criteria do not provide current financial resources and are recorded as deferred revenue in the governmental funds. In the Statement of Activities, these revenues are recognized as revenue when they are earned (or levied in the case of property taxes).			83,856
Activities of the Internal Service Fund are allocated to Governmental Functions and reported in the Government Wide Statements			113,650
Net profit/loss of the Internal Service Fund is eliminated from Governmental revenues and activities. The net profit/loss related to Business-typle activities is reported as an amount due to/from.			(68,354)
Interest expenditures are recorded when due in governmental funds. In the Statement of Activities, interest is accrued.			10,000
Changes of long-term debt principal are reported as expenditures and revenues in governmental funds, whereas they are reported as changes in bonds payable in the Statement of Net Position.			
Payments on Loans			252,473
Payments on Bonds			906,332
Bond Premiums			24,228
Pension Expense			(702,315)
Unpaid compensated absences are not reported in governmental funds as they do not require the use of current financial resources. However the Statement of Activities reports such expenses when incurred regardless of when settlement ultimately occurs.			50,813
Other Changes			3,058
Changes in net position of governmental activities			$ 2,326,995

See accompanying notes to the basic financial statements

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

	Business-Type Activities - Enterprise Funds				Governmental
	SEWER FUND	WATER FUND	STORM WATER FUND	TOTAL	INTERNAL SERVICE FUND
ASSETS:					
Current Assets:					
Cash and Investments	$ 3,165,539	$ 1,804,769	$ 578,577	$ 5,548,885	$ 156,732
Accounts Receivable, Net	324,288	266,114	45,607	636,009	-
Supply Inventories	11,424	232,484	-	243,908	-
Restricted Cash and Investments	1,504,228	1,016,338	151,232	2,671,798	-
Total Current Assets	5,005,479	3,319,705	775,416	9,100,600	156,732
Noncurrent Assets:					
Capital Assets:					
Capital Assets Not Being Depreciated	436,482	255,768	122,762	815,012	-
Other Capital assets, Net	15,398,129	33,480,038	707,871	49,586,038	-
Total Noncurrent Assets	15,834,611	33,735,806	830,633	50,401,050	-
Total Assets	20,840,090	37,055,511	1,606,049	59,501,650	156,732
DEFERRED ONFLOWS OF RESOURCES:					
Pension Related Deferral	228,742	308,032	110,017	646,791	-
LIABILITIES:					
Current Liabilities					
Accounts Payable	221,857	51,625	5,085	278,567	21,496
Retainage Payable	4,643	-	-	4,643	-
Accrued Interest Payable	12,024	69,980	392	82,396	-
Capital Leases Payable, Due Within One Year	-	-	37,220	37,220	-
Loan Payable, Due Within One Year	-	243,854	-	243,854	-
Bonds Payable, Due Within One Year	220,786	-	-	220,786	-
Total Current Liabilities	459,310	365,459	42,697	867,466	21,496
Noncurrent Liabilities:					
Accrued Compensated Absences	21,805	33,920	15,749	71,474	-
Proportionate Share of Pension Liability	417,589	570,685	209,357	1,197,631	-
Loan Payable, Due After One Year	3,616,288	14,938,369	-	18,554,657	-
Bonds Payable, Due After One Year	1,489,953	-	-	1,489,953	-
Total Noncurrent Liabilities	5,545,635	15,542,974	225,106	21,313,715	-
Total Liabilities	6,004,945	15,908,433	267,803	22,181,181	21,496
DEFERRED INFLOWS OF RESOURCES:					
Net Deferred Pension Asset	287	4,392	4,223	8,902	-
Net Position:					
Net Investment in Capital Assets	10,502,941	18,553,583	793,413	29,849,937	-
Restricted					
System Development Charges	948,902	612,782	151,232	1,712,916	-
Debt Service Reserves	555,326	403,556	-	958,882	-
Unrestricted	3,056,431	1,880,797	499,395	5,436,623	135,236
Total Net Position	$ 15,063,600	$ 21,450,718	$ 1,444,040	$ 37,958,358	$ 135,236

See accompanying notes to the basic financial statements

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities
	SEWER FUND	WATER FUND	STORM WATER FUND	TOTAL	INTERNAL SERVICE FUND
OPERATING REVENUES:					
Charges for Services	$ 3,407,453	$ 2,529,426	$ 488,105	$ 6,424,984	$ 1,222,564
Miscellaneous	12,067	46,462	1,035	59,564	-
Total Operating Revenues	3,419,520	2,575,888	489,140	6,484,548	1,222,564
OPERATING EXPENSES:					
Salaries, Wages and Benefits	409,071	546,189	189,963	1,145,223	686,655
Operating Supplies and Services	1,874,121	583,793	167,791	2,625,705	418,834
Depreciation	528,924	802,881	53,820	1,385,625	-
Total Operating Expenses	2,812,116	1,932,863	411,574	5,156,553	1,105,489
Operating Income (Loss)	607,404	643,025	77,566	1,327,995	117,075
Nonoperating Revenues (Expenses):					
System Development Fees	114,431	182,785	35,450	332,666	-
Intergovernmental	30,000	-	-	30,000	-
Interest Earnings	30,226	19,736	4,976	54,938	850
Interest Expense	(113,393)	(466,298)	(2,226)	(581,917)	-
Total Nonoperating Revenues (Expenses)	61,264	(263,777)	38,200	(164,313)	850
Income Before Contributions and Transfers	668,668	379,248	115,766	1,163,682	117,925
Transfers In	1,937	1,875	-	3,812	-
Transfers Out	-	-	-	-	(4,275)
Change in Net Position	670,605	381,123	115,766	1,167,494	113,650
Net Position - Beginning	14,392,995	21,069,595	1,328,274	36,790,864	21,586
Ending Net Position	$ 15,063,600	$ 21,450,718	$ 1,444,040	$ 37,958,358	$ 135,236

See accompanying notes to the basic financial statements

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities
	SEWER FUND	WATER FUND	STORM WATER FUND	TOTAL	INTERNAL SERVICE FUND
Cash Flows from Operating Activities:					
Receipts From Customers	$ 3,650,843	$ 2,568,228	$ 495,265	$ 6,714,336	$ 1,222,564
Payments to Suppliers	(2,180,173)	(721,182)	(220,560)	(3,121,915)	(400,379)
Payments to Employees	(361,320)	(482,067)	(167,096)	(1,010,483)	(686,655)
Net Cash Provided (Used) by Operating Activities	1,109,350	1,364,979	107,609	2,581,938	135,530
Cash Flows From Investing Activities					
Interest Earned	30,226	19,736	4,976	54,938	850
Net Cash Flows From Investing Activities	30,226	19,736	4,976	54,938	850
Cash Flows From Noncapital Financing Activities					
Transfer From Other Funds	1,937	1,875	-	3,812	-
Transfer To Other Funds	-	-	-	-	(4,275)
Net Cash Flows From Noncapital Financing Activities	1,937	1,875	-	3,812	(4,275)
Cash Flows from Capital and Related Financing Activities:					
Purchases of Capital Assets	(1,176,165)	(817,580)	(29,649)	(2,023,394)	-
Debt Payments	(210,109)	(236,781)	(35,806)	(482,696)	-
Debt Proceeds	189,754	-	-	189,754	-
Interest	(112,419)	(467,330)	(2,319)	(582,068)	-
Other	30,000	-	-	30,000	-
System Development Fees	114,431	182,785	35,451	332,667	-
Net Cash Flows From Capital and Related Financing Activities	(1,164,508)	(1,338,906)	(32,323)	(2,535,737)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(22,995)	47,684	80,262	104,951	132,105
Balances - Beginning of the Year	4,692,762	2,773,423	649,547	8,115,732	24,627
Balances - End of the Year	$ 4,669,767	$ 2,821,107	$ 729,809	$ 8,220,683	$ 156,732
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	$ 607,404	$ 643,025	$ 77,566	$ 1,327,995	$ 117,075
Cash Flow Reported in Other Activities:					
Depreciation Expense	528,924	802,881	53,820	1,385,625	-
Changes in Assets and Liabilities:					
Receivables	231,323	(7,660)	6,125	229,788	-
Payables	(306,892)	(60,611)	(52,769)	(420,272)	18,455
Prepaid Expenses	840	-	-	840	-
Inventory	-	(76,778)	-	(76,778)	-
Pension related items	44,735	59,430	20,688	124,853	-
Compensated Absences	3,016	4,692	2,179	9,887	-
Net Cash Provided (Used) by Operating Activities	$ 1,109,350	$ 1,364,979	$ 107,609	$ 2,581,938	$ 135,530

See accompanying notes to the basic financial statements

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND
June 30, 2017

	AGENCY FUND
ASSETS:	
Cash	$ 1,354
Accounts Receivable, Net	706
Total Assets	2,060
LIABILITIES	
Current Liabilities:	
Due to Others	2,060
Total Liabilities	$ 2,060

See accompanying notes to the basic financial statements

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NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Hood River, Oregon, have been prepared in conformity with accounting principles generally accepted in the United State of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

THE FINANCIAL REPORTING ENTITY

The City, an Oregon Municipal Corporation, is organized with an elected mayor and council consisting of six members. The council is charged with the affairs of the City and employs a City Manager who manages the daily affairs and is responsible for incorporating the various council actions and policies into the daily affairs. The accounting and reporting policies conform to generally accepted accounting principles for local governments. A full range of municipal services are provided to the community, which include police and fire protection, emergency medical services, traffic control and improvement, street maintenance and improvement, water, sanitary, sewer, and surface water management services, planning and zoning regulation, building inspection and regulation, and parks and recreational activities.

Management, in determining what potential component entities should be included for financial reporting purposes, considered accountability for fiscal matters, other manifestations of oversight responsibility, scope of public service, and special financing relationships. Fiscal accountability, the most significant of all criteria, refers to conditions of financial interdependence between two entities including budgetary adoption, taxing authority, responsibility for debt, control over or responsibility for financial management. Other manifestations of oversight responsibility encompass the ability to select governing authority, designate management, or significantly influence operations. The scope of public service evaluates the benefits derived in terms of the citizenry served or the geographic boundaries included.

The accompanying financial statements present the City (primary government) and its blended component unit (Hood River Urban Renewal Agency), an entity for which the City is considered to be financially responsible. Component units, as defined by the Governmental Accounting Standards Board (GASB) Statement No. 61, are separate organizations that are included in the City of Hood River's reporting entity because of the significance of their operational or financial relationships with the City as well as a financial burden relationship. Separate financial statements for the Agency are available at the City Hall.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Eliminations have been made to eliminate the double counting of internal activities. Direct expenses are not eliminated from the various functional categories.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities demonstrates the degree to which the direct expenses of a given function (i.e., general government, public safety, streets, etc.) is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Each fund is considered to be a separate accounting entity. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Remaining governmental funds are aggregated and reported as non-major funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be measurable to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following major governmental funds are reported:

General Fund
This is the primary operating fund. It accounts for financial operations that are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, TRT revenues, intergovernmental revenues, licenses and fees, charges for services, and other miscellaneous revenues. Primary expenditures are for city council, police, fire, planning, and parks.

Road Fund
This fund provides all maintenance and repairs in the Public Rights-Of-Way on approximately 63 single lane miles. Principal sources of revenue are taxes and system development charges.

Miscellaneous Restricted Fund
This fund accounts for 6 programs whose resources are dedicated or otherwise restricted for a specific purpose. These programs include, Emergency Medical Services (EMS), Building, Engineering, Municipal Court, Parking, and Fire General Obligation (G.O.) Bond.

The following non-major governmental funds are reported:

Special Revenue Funds
These funds account for revenues derived from specific taxes or other earmarked revenue sources including gas taxes, licenses and fees, intergovernmental revenues, sales and services, and charges for services that are restricted to finance particular functions or activities.

Capital Reserve Fund
These funds account for resources to be used for capital outlays.

The following major proprietary funds are reported:

Sewer Fund
This fund accounts for the activities of the wastewater collection and treatment system. Revenue is derived primarily from sewer service charges.

Water Fund
This fund accounts for the activities of the water distribution system. Revenue is derived primarily from water service charges.

Storm Water Fund
This fund accounts for the activities of the storm water collection system. Revenue is derived primarily from storm water service charges.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the following fund types are reported:

Internal Service Fund

Internal Service Fund
Accounts for equipment maintenance and administrative activities for services furnished internally to other departments on a cost reimbursement basis. Charges are made to the various departments to support these activities. The activity is reflected as the internal service fund in the fund financial statements.

Fiduciary Fund

Assets held in a trustee capacity for others and not used to support the City's own programs qualify as fiduciary. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. There are the following fiduciary funds:

Windmaster Assessment Fund
The agency fund monies collected for the Windmaster Service District and passed through to Hood River County.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. 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 nonoperating revenues and expenses. All Financial Accounting Standards Board (FASB) pronouncements issued prior to November 30, 1989 have been applied, unless those pronouncements conflict or contradict Governmental Accounting Standards Board (GASB) pronouncements. Subsequent private-sector guidance will not be followed.

When both restricted and unrestricted resources are available for use, it is the policy to use restricted resources first, and then unrestricted resources, as they are needed.

BUDGETS

A budget is prepared for all funds, in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon Local Budget Law. The budget process begins in each fiscal year with the establishment of the Budget Committee. Recommendations are developed through late winter with the Budget Committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The Council may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30th.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditure budgets are appropriated at the program level. Expenditures that are not able to be allocated to a specific program may include:

LEVEL OF CONTROL

Personnel Services	Interfund Transfers
Materials and Services	Debt Service
Capital Outlay	Operating Contingency

Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Council approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Council approves them due to a need that was not able to be determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements reflect the original budget amount, as adjusted by several appropriation transfers and supplemental budgets.

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2017, except for the following: Other Restricted Fund – Engineering by $294; Internal Service Fund – Equipment Maintenance by $847.

BUDGETARY BASIS OF ACCOUNTING

While the financial position, results of operations, and changes in fund balance/net position is reported on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis of accounting differs from generally accepted accounting principles. The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The primary differences between the budgetary basis and GAAP basis are that capital outlay is expensed when purchased, depreciation and amortization expenses are not reported, property taxes are recognized as revenue when received instead of when levied, inventory is expended as purchased, and proceeds of long-term borrowing along with interfund loans, are recognized as an "other financing source" and principal paid is considered an expenditure when paid. Bond issue costs are recognized as expenditures when bonds are issued.

ESTIMATES

The preparation of 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RETIREMENT PLANS

Substantially all of the City's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND NET POSITION OR EQUITY

Deposits and investments
Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, and cash and investments in the investment pool. Investments, including equity in pooled cash and investments, approximate fair value.

Fair Value Inputs and Methodologies and Hierarchy
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access
Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market–corroborated inputs)
Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/ from other funds" (i.e., the current portion of inter fund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property taxes are levied on and become a lien against the property on July 1, when they are levied, in the year in which they are due. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. In the fund financial statements, property taxes receivable that are collected by the County within 60 days of year end are reported as revenue. The remaining balance is reported as unavailable revenue. Management has determined that no provision for uncollectible property taxes is considered necessary. In the government-wide financial statements, property taxes are recognized as revenue when earned.

Assessments are recognized as receivables at the time property owners are assessed on property improvements. These assessments are liens on the affected properties. In the fund financial statements, the receivables are offset by unavailable revenue, as assessment revenue is recognized upon collection. The assessments are repaid over a one- to ten-year period on a monthly or semi-annual basis including interest. The interest rate charged on the assessments range from 0% to 7% depending when the project was assessed. Management has determined that no provision for uncollectible assessments is considered necessary. In the government-wide financial statements, assessment receivables are recognized as revenue when earned.

Receivables for Ambulance, Parking, and Municipal Court are recognized as revenue when earned, including services provided but not billed.

Receivables of the enterprise funds are recognized as revenue when earned, including services provided but not billed. Receivables in governmental and enterprise funds are stated net of an allowance for uncollectibles.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Supply Inventories

Inventories are valued at cost or estimated cost, which approximate market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased (Purchase Method). Inventories in the governmental funds are offset by a fund balance reserve in the government fund financial statements to indicate they do not represent "available spendable resources." In the government-wide financial statements, inventories are not offset by a fund balance reserve. There were no significant inventories at year end that had been purchased by governmental funds. The inventory amounts presented in the proprietary funds for materials and supplies are based on estimated quantities and costs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets
Capital assets, which include land, buildings, improvements, equipment, and infrastructure (e.g., streets, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as tangible assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one operating cycle. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capitalized costs for a majority of the older assets are based on estimated costs established by engineering studies performed by personnel, since there was no election to report major general infrastructure retroactively.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation on exhaustible assets are depreciated using the straight line method over the following estimated useful lives:

Assets	
Buildings and improvements	20-50
Infrastructure	40
Vehicles	10
Machinery and equipment	5-10

Capital assets include contribution of capital assets from outside developers. Revenues from these capital contributions are reflected in business-type activities funds as capital contributions. Revenues from these contributions are not reported in the governmental fund financial statements, but are reflected in the statement of activities as capital contributions revenue in the governmental activities.

Capital assets contributed by governmental funds to business-type activities are reflected in the business-type financial statements as contributions. The contribution is not reflected in the governmental fund financial statements. The contribution is reclassified as a transfer to\from governmental fund type to business-type in the statement of activities.

Accrued compensated absences
It is the policy to permit employees to accumulate earned but unused vacation and compensatory time. Liabilities for unused vacation pay and compensatory time are recorded in the Statement of Net Position and proprietary fund financial statements when vested or earned by employees. A liability for these amounts is reported in governmental funds only if it has matured, for example, because of employee resignations or retirements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term obligations
In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as other financing uses.

Net position/Fund equity
Net position is comprised the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories.

Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on net position use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – consists of all other net position that are not included in the other categories previously mentioned.

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Authority to make assignments has been delegated to the City Manager and the Finance Director.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

It is the policy of the City that General Fund resources are to be expended – when multiple fund balance types are available for a specific purpose – in the following order: Restricted, Committed, Assigned, and Unassigned. All other funds are to expend fund balances in the following order: Assigned, Committed and Restricted.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The statement of net position reports a deferred outflow for the pension related deferral.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes, special assessments, and other unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government has one type of item, which arises only under a full accrual basis of accounting called pension related deferral.

2. CASH AND INVESTMENTS

A cash pool is maintained that is available for use by all funds.

Cash and Investments (recorded at cost) consisted of:

Deposits with Financial Institutions:	
Petty Cash	$ 1,900
Demand Deposits	1,703,819
Investments	16,898,519
Total Cash and Investments	$ 18,604,238

Reconciliation to the Statement of Net Position:	
Unrestricted Cash and Investments	$ 11,492,116
Restricted Cash and Investments	7,110,768
Agency Fund	1,354
Total Cash and Investments	$ 18,604,238

Deposits

Deposits with financial institutions consist of bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2017, the bank balance was $1,767,453, none of which was exposed to custodial credit risk because it was insured by FDIC or collateralized by the Oregon Public Funds Collateralization Program.

Investments

State statutes authorize investment primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, the State Treasurer's Investment Pool (LGIP), and the Hood River County Investment Pool, among others.

Investments in the Hood River County pooled cash and investments include the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned.

2. CASH AND INVESTMENTS (CONTINUED)

The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2017.

The LGIP seeks to exchange shares at $1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at $1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report.

As of June 30, 2017, the fair value of the position in the LGIP is 100.57% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. Other investments held by the County include municipal bonds, high level corporate bonds and US Agency securities in line with the State and County's investment policies. These investments are reported at fair value.

As of June 30, 2017, there were the following investments and maturities:

		Investment Maturities (in months)		
Investment Type	Fair Value	Less than 3	3-17	18-59
Local Government Investment Pool	$ 8,410,343	$ 8,410,343	$ -	$ -
Hood River County Investment Pool	8,488,176	8,488,176	-	-
Total	$16,898,519	$16,898,519	$ -	$ -

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date over 3 months.

Credit Risk

There is no policy regarding credit risk. All investments that are with the Hood River County Investment Pool are not rated. Authorized Pool investments are prescribed in the Oregon Revised Statutes. The Hood River County Investment Pool is not SEC registered. Hood River County, including the pool, is audited annually in compliance with Oregon Revised Statutes.

2. CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

There is no limit placed on the amount invested in any one issuer. 100% of the investments are in the Hood River County Investment Pool and the Local Government Investment Pool. Investment in the Oregon Local Investment Pool is limited as to the amount. With the exception of pass-through funds, the maximum amount of pooled investments that can be placed in the Oregon Local Government Investment Pool is limited by the State.

3. ACCRUED COMPENSATED ABSENCES

The compensated absences balances at June 30, 2017 were as follows:

	Beginning	Additions	Deletions	Ending
Governmental	$ 989,870	$ 279,115	$ (329,929)	$ 939,057
Business-type	61,587	57,340	(47,453)	71,474
	$ 1,051,457	$ 336,455	$ (377,381)	$ 1,010,531

4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2017 was as follows:

	GOVERNMENTAL ACTIVITIES CAPITAL ASSETS			
Description	June 30, 2016	Additions	Disposals	June 30, 2017
Capital Assets Not being Depreciated				
Land	$ 3,699,495	$ -	$ -	$ 3,699,495
Intangibles	6,750	-	-	6,750
Construction in Progress	108,815	5,887	(1,781)	112,921
Total Capital Assets no being Depreciated	3,815,060	5,887	(1,781)	3,819,166
Other Capital Assets				
Land and Improvements	9,740,793	-	-	9,740,793
Buildings & Improvements	6,100,405	-	-	6,100,405
Infrastructure	13,656,295	54,572	-	13,710,867
Equipment	638,259	-	-	638,259
Vehicles	3,333,974	55,306	(12,353)	3,376,927
Total other Capital Assets	33,469,726	109,878	(12,353)	33,567,251
Less Accumulated Depreciation				
Land and Improvements	1,567,865	252,997	-	1,820,862
Buildings & Improvements	713,371	145,290	-	858,661
Infrastructure	981,456	266,607	-	1,248,063
Equipment	487,055	32,887	-	519,942
Vehicles	2,273,352	243,845	(12,353)	2,504,844
Total Accumulated Depreciation	6,023,099	941,626	(12,353)	6,952,372
Total Capital Assets being Depreciated, Net	27,446,627	(831,748)	-	26,614,879
Total Governmental Type Activities	$ 31,261,687	$ (825,861)	$ (1,781)	$ 30,434,045

Depreciation Expense for governmental activities is charged to functions as follows:

Function	Governmental Funds
General Government	$ 268,986
Public Safety	492,188
Street	77,778
Economic and Physical Development	59,755
Culture and Recreation	42,919
Total	$ 941,626

4. CAPITAL ASSETS (CONTINUED)

Capital asset activity for business type activities for the year ended June 30, 2017 was as follows:

	BUSINESS TYPE ACTIVITIES CAPITAL ASSETS			
Description	June 30, 2016	Additions	Disposals	June 30, 2017
Capital Assets Not being Depreciated				
Land	$ 39,150	$ -	$ -	$ 39,150
Intangibles	88,332	-	-	88,332
Construction in Progress	2,295,708	1,862,616	(3,470,794)	687,530
Total Capital Assets no being Depreciated	2,423,190	1,862,616	(3,470,794)	815,012
Other Capital Assets				
Land and Improvements	45,092,453	1,453	-	45,093,906
Buildings & Improvements	2,169,558	-	-	2,169,558
Infrastructure	10,164,595	3,535,066	-	13,699,661
Equipment	1,648,693	34,404	-	1,683,097
Vehicles	1,245,512	52,223	-	1,297,735
Total other Capital Assets	60,320,811	3,623,146	-	63,943,957
Less Accumulated Depreciation				
Land and Improvements	9,819,354	885,309	(8,428)	10,696,235
Buildings & Improvements	1,421,169	70,267	-	1,491,436
Infrastructure	244,506	180,788	-	425,294
Equipment	884,628	131,756	-	1,016,384
Vehicles	611,065	117,505	-	728,570
Total Accumulated Depreciation	12,980,722	1,385,625	(8,428)	14,357,919
Total Capital Assets being Depreciated, Net	47,340,089	2,237,521	8,428	49,586,038
Total Business Type Activities	$ 49,763,279	$ 4,100,137	$ (3,462,366)	$ 50,401,050

Depreciation expense for business type activities is charged to functions as follows:

Function	Business Type Funds
Sewer	$ 528,924
Water	802,881
Stormwater	53,820
Total	$ 1,385,625

5. LONG TERM DEBT

Long term debt information is presented separately with respect to governmental and business-type activities. The following table shows the fiscal year changes in long-term debt outstanding, along with the current portion for each.

	GOVERNMENTAL ACTIVITIES				
	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
Bond:					
General Obligation Fire - 2010	$ 2,715,000	$ -	$ (350,000)	$ 2,365,000	$ 370,000
General Obligation Fire - 2009	930,000	-	(160,000)	770,000	170,000
URA Bond	1,217,094	-	(396,332)	820,762	405,651
Intergovernmental Agreements	980,422	-	(252,473)	727,949	263,300
Bond Premiums	136,846	-	(24,228)	112,618	-
Total Governmental Debt Payable	$ 5,979,362	$ -	$ (1,183,033)	$ 4,796,329	$ 1,208,951

	BUSINESS TYPE ACTIVITIES				
	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Capital leases:					
Street Sweeper	$ 73,025	$ -	$ (35,805)	$ 37,220	$ 37,220
Loans:					
USDA Loan 91-01	2,887,048	-	(37,276)	2,849,772	38,863
USDA Loan 91-03	4,783,554	-	(76,153)	4,707,401	78,247
USDA Loan 91-04	7,748,402	-	(123,352)	7,625,050	126,744
DEQ Sewer Outfall Project No. R45761	1,506,348	189,755	-	1,696,103	-
Bond:					
Full Faith & Credit 2010	1,900,000	-	(180,000)	1,720,000	190,000
Sewer Rev Bond Loan No. 1 - Indian Creek	1,920,186	-	(30,109)	1,890,077	30,786
Bond Premiums	23,826	-	(2,979)	20,847	-
Total Business Type Debt Payable	$ 20,842,389	$ 189,755	$ (485,674)	$ 20,546,470	$ 501,860

5. LONG TERM DEBT (CONTINUED)

Capital Leases

A lease-purchase agreement was entered into in November, 2013 to finance the acquisition of a Street Sweeper. The cost of the vehicle was capitalized for $176,842. Depreciation is being recorded on the truck. The yearly lease payments are $38,125. $34,700 was paid on the lease in the current year, which includes interest.

The following is a schedule of the future lease payments at June 30:

	Fiscal Year	Total
Total minimum lease payments	2017-18	$ 38,125
Less amounts representing interest		905
Present value of future minimum lease payments		$ 37,220

Loans Payable – Business Type Activities

On March 24, 2011, a loan was financed for the USDA Waterline Project in the amount of $3,051,857. The debt service will be repaid in annual installments until the year 2051. Interest is also due annually at a rate of 4.250%.

On June 20, 2013, two loans were financed for the USDA Waterline Project in the amounts of $8,099,000 and $5,000,000. The debt service will be repaid in annual installments until the year 2053. Interest is also due annually at a rate of 2.750%.

On June 23, 2015, a loan was entered into with the State of Oregon with Clean Water State Revolving Funds. The loan amount is authorized up to $2,762,000. Total drawdowns through June 30, 2017, equal $1,696,103. The debt service will be repaid in semi-annual installments upon project completion. Interest is also due annually at 1.40%

On June 1, 2016, a loan was financed for the USDA Indian Creek Sewer Project in the amount of $1,920,186. The debt service will be repaid in annual installments until the year 2056. Interest is also due annually at a rate of 2.250%.

5. LONG TERM DEBT (CONTINUED)

Future annual debt service payments on loans payable are as follows:

Fiscal Year	Principal	Interest	Total
2017-18	$ 243,854	$ 498,250	$ 742,104
2018-19	327,358	484,929	812,287
2019-20	335,943	475,963	811,906
2020-21	344,775	466,744	811,519
2021-22	353,863	457,264	811,127
2023-27	1,915,132	2,134,431	4,049,563
2028-32	2,185,508	1,853,398	4,038,906
2033-37	2,498,158	1,529,323	4,027,481
2037-42	2,398,886	1,171,769	3,570,655
2043-47	2,732,547	788,012	3,520,559
2048-52	3,020,509	339,525	3,360,034
2052-53	521,793	14,352	536,145
	$ 16,878,326	$ 10,213,960	$ 27,092,286

Bonds Payable – Governmental Activities

On June 30, 2009 general obligation bonds were issued in the amount of $1,750,000 for Fire Department projects. The first payment was due on December 1, 2009. Principal is payable in annual installments of $105,000 to $215,000 on June 1. Interest is payable semi-annually on December 1 and June 1. The interest rates range from 3.0% to 4.5%.

On July 21, 2010 an additional $4,250,000 in General Obligation Bonds were issued to finish the Fire Department projects. The first payment on the second issuance was due on December 1, 2010. Principal is payable in annual installments of $190,000 to $710,000 on June 1. Interest is payable semi-annually on December 1 and June 1. Interest rates range from 2.0% to 4.5%. Both the 2009 and 2010 general obligation bond issuances are backed by a dedicated property tax levy approved by voters.

On April 30, 2014, a bond was issued in the amount of $2,000,000 for the Columbia Cascade Urban Renewal Area Plan. Principal is payable in annual installments of $395,530 to $415,111 on December 1st of each year. Interest is payable semi-annually on December 1 and June 1. The interest rate is 2.3%.

5. LONG TERM DEBT (CONTINUED)

The annual requirements to service the bonds outstanding at June 30 for governmental activities are as follows:

Fiscal Year	Principal	Interest	Total
2017-18	$ 945,651	$ 142,874	$ 1,088,525
2018-19	1,000,111	112,204	1,112,315
2019-20	625,000	84,988	709,988
2020-21	675,000	60,050	735,050
2021-22	710,000	29,675	739,675
	$ 3,955,762	$ 429,791	$ 4,385,553

Bonds Payable – Business-Type Activities

On August 5, 2010, a Full Faith and Credit Series and refunding bond was issued in the amount of $2,915,000. Principal payments are due annually on December 1st. Interest is payable semi-annually on December 1 and June 1. Annual installments range between $140,000 and $245,000. Interest is payable at rates that range between 2.00-4.35% per annum. The loan was used to refinance debts of governmental and business-type operations; therefore the loan is reported under governmental activities in the amount of $65,000 and under business-type activities in the amount of $2,250,000.

The funds were used to retire the previously outstanding bonds that were issued on April 12, 2000, in the amount of $3,708,300, and October 21, 1994, in the amount of $812,861. Total debt service payable on the bond, including principal and interest, was $4,159,702. Total debt service after the refunding was $3,797,560 for a total reduction of debt service amounting to $362,142. The net present value of the savings is $281,946.

5. LONG TERM DEBT (CONTINUED)

The annual requirements to service the bonds outstanding at June 30 for business-type activities are as follows:

Fiscal Year	Principal	Interest	Total
2017-18	$ 220,786	$ 106,145	$ 326,931
2018-19	221,479	99,324	320,803
2019-20	232,187	91,736	323,923
2020-21	242,911	83,319	326,230
2021-22	253,652	74,136	327,788
2023-27	889,964	232,941	1,122,905
2028-32	201,142	165,423	366,565
2033-37	224,811	141,754	366,565
2037-42	251,267	115,298	366,565
2043-47	280,835	85,730	366,565
2048-52	313,883	52,682	366,565
2052-57	277,159	15,752	292,912
	$ 3,610,077	$ 1,264,240	$ 4,874,317

Intergovernmental Agreement

Several intergovernmental agreements were entered into between the Urban Renewal Agency and the City of Hood River and the Port of Hood River to fund various projects. The agreements bear no interest until the debt becomes payable and will be paid by the Agency from incremental tax revenues when available; therefore there are no payment schedules.

	Interest Rate	Original Issue	Outstanding 7/1/2016	Issued	Matured and Redeemed	Outstanding 6/30/2017	Due within One year
Consolidated IGA Loans	0%	$375,000	$ 582,949	$ -	$ (250,000)	$ 332,949	$ 263,300
WWTP	0%	375,000	2,473	-	(2,473)	-	-
Natio property	0%	395,000	395,000	-	-	395,000	-
			$ 980,422	$ -	$ (252,473)	$ 727,949	$ 263,300

6. EMPLOYEE RETIREMENT PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at: http://www.oregon.gov/PERS/Documents/Financial/CAFR/2016-CAFR.pdf

a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

i. Pension Benefits. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.

ii. Death Benefits. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:

- member was employed by PERS employer at the time of death,
- member died within 120 days after termination of PERS covered employment,
- member died as a result of injury sustained while employed in a PERS-covered job, or
- member was on an official leave of absence from a PERS-covered job at the time of death.

iii. Disability Benefits. A member with 10 or more years of creditable service who becomes disable from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

iv. Benefit Changes After Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

b) **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

i. Pension Benefits. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

- Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
- General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

- A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

ii. Death Benefits. Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

iii. Disability Benefits. A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

iv. Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2014 actuarial valuation, which became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2017 were $640,550, excluding amounts to fund employer specific liabilities. In addition approximately $254,161 in employee contributions were paid or picked up by the City in fiscal 2017.

At June 30, 2017, the City reported a net pension liability of $8,096,630 for its proportionate share of the net pension liability. The pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2014, the City's proportion was .054 percent.

6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 267,872	$ -
Changes in assumptions	1,726,817	-
Net difference between projected and actual earnings on pension plan investments	1,599,554	-
Changes in proportionate share	26,420	63,840
Changes in proportion and differences between City contributions and proportionate share of contributions	66,132	35,987
Net deferred outflow (inflow) of resources	3,686,795	99,827
Contributions subsequent to measurement date	640,550	-
Total Deferred outflows/inflows	$ 4,327,345	$ 99,827

The net amount reported as deferred outflow/inflow of resources related to pension (prior to post-measurement date contributions) will be recognized in pension expense as follows:

	Net Deferred Inflows/Outflows		
	PERS Schedule	Cont. After MD	Total
1st Fiscal Year	$ 638,274	$ -	$ 638,274
2nd Fiscal Year	638,274	-	638,274
3rd Fiscal Year	1,229,267	-	1,229,267
4th Fiscal Year	944,535	-	944,535
5th Fiscal Year	136,618	640,550	777,168
Thereafter	-	-	-
Total	$ 3,586,968	$ 640,550	$ 4,227,518

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated December 31, 2016. Oregon PERS produces an independently audited CAFR which can be found at:

http://www.oregon.gov/PERS/Documents/Financials/CAFR/2016-CAFR.pdf

Actuarial Valuations – The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessar4y to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Valuation date	December 31, 2014 rolled forward to June 30, 2016
Experience Study Report	2014, Published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.5 percent (reduced from 2.75 percent)
Investment rate of return	7.5 percent (reduced from 7.75 percent)
Projected salary increase	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service. (reduced from 3.5 percent) Blend of 2.0 percent COLA and graded COLA (125/0.15 percent) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 sex-distinct, generational, per scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2014 Experience Study that was reviewed for the four-year period ending December 31, 2014.

Discount Rate – The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-perentage-point higher (8.5) percent than the current rate.

	Decrease (6.5%)	Actual (7.5%)	Increase (8.5%)
City's proportionate share of the net pension liability	$ 13,073,358	$ 8,096,630	$ 3,936,956

Changes Subsequent to the Measurement Date - As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016.

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Individual Account Program - In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan, which is invested in the IAP. The City makes this contribution on behalf of its employees.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700.

Deferred Compensation Plan

A deferred compensation plan is offered and was created in accordance with Internal Revenue Code Section 457. This plan is with an independent plan administrator. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of participants and their beneficiaries. As a result, the deferred compensation investments are not reported in the financial statements.

7. INTERFUND TRANSFERS / LOANS

	Transfer from other funds	Transfer to other funds
GOVERNMENTAL FUNDS		
General Fund	$ 400,000	$ 1,146,225
Road Fund	1,500	-
Misc. Restricted Fund	138,795	480,170
Non-Major Funds	1,103,913	17,350
PROPRIETARY FUNDS		
Sewer Fund	1,937	-
Water Fund	1,875	-
Stormwater Fund	-	-
Internal Service Fund	-	4,275
	$ 1,648,020	$ 1,648,020

Transfers are used to move revenues from the fund that statute or budget requires to collect and to the fund that statute or budget requires to expend them and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

7. INTERFUND TRANSFERS / LOANS (continued)

The Sewer Fund loaned the URA Waterfront District Fund $375,000. The loan bears no interest until the debt becomes payable. A final principal payment of $2,473 was made in the current year.

8. RESTRICTED ASSETS

The balance of the restricted cash and investment accounts are as follows:

	Governmental Activities	Business-type Activities
Road Fund	$2,323,845	$0
Misc. Restricted Fund	47,650	-
URA - General Fund	11,654	-
URA - Columbia Cascade Plan Fund	1,547,339	-
URA - Waterfront Plan Fund	137,456	-
URA - Heights Plan Fund	371,026	-
Sewer Fund	-	1,504,228
Water Fund	-	1,016,338
Storm Water Fund	-	151,232
Total	$4,438,970	$2,671,798

9. OPERATING LEASES

There were two (2) operating leases in effect during the fiscal year ended June 30, 2017. Approximate future minimum rental commitments under these lease agreements are as follows:

Year Ending		Amount
June 30, 2018		$ 10,910
June 30, 2019		10,910
June 30, 2020		10,910
June 30, 2021		10,910
June 30, 2022		9,484
	Total	$ 53,124

The total rental expense under these leases was approximately $9,952 for the year ended June 30, 2017.

10. PROPERTY TAX LIMITATIONS

The State of Oregon has a constitutional limit on property taxes for schools and nonschool government operations. The limitation provides that property taxes for nonschool operations are limited to $10.00 for each $1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

An additional limit reduces the amount of operating property tax revenues available. This reduction was accomplished by rolling property values for 1997-98 back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Constitution also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues.

11. RISK MANAGEMENT

There is exposure to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions, injuries to employees, and natural disasters for which commercial insurance is carried. There have been no significant reductions in coverage from the prior year. Settled claims have not exceeded coverage in any of the last three fiscal years.

12. SUBSEQUENT EVENTS

Subsequent to the end of the fiscal year, City Council has approved the following items:

- Refinance of USDA Loan #91-01 with a balance of approximately $2.85 million from 4.25% to 2.3%, which is expected to save the City $2.17 million over the next 32 years. The net present value of the savings is $579,946 at a 3% discount rate.
- Purchase of a new Storm Water Vactor Combination truck in the amount of approximately $400,000, replacing a similar vehicle with a surplus value of approximately $100,000.
- Contract for Chip Seal and Seal Coat project in the amount of $96,000. No payments are expected until FY 2018-19.
- Two (2) police vehicles with a total cost of approximately $92,000.
- Contract extension on Odor Control project for the City's Wastewater Treatment Plant in the amount of approximately $585,000.

13. COMMITMENTS & CONTINGENCIES

There is a contract with Operations Management International, Inc., (OMI) for providing operations, maintenance and management services for the wastewater treatment plant for a period of ten (10) years commencing July 1, 2010. An expense of $907,000 was recorded for services performed under this agreement for the 2016-17 fiscal years.

As of June 30, 2017, the City has remaining construction and design/engineering contract obligations as follows:

- WWTP Odor Control Aluminum Covers $196,039.36
- WWTP Odor Control Biofilter, $131,000.00
- 2nd & 10th Sanitary CIPP, $91,170.28
- 2nd & Oak Signalization, $20,480.25
- Elevated Sewer line, $10,066.56
- WWTP Odor Control, $31,611.81
- East Marina Lift Station, $29,425.39
- Columbia River PH Monitoring, $30,354.57
- STP-6 4th, 7th, Sherman, & Serpentine Waterline Upgrade, $40,902.25

A number of federal and state assisted programs are participated in. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grant. Management believes that such disallowance, if any, will be immaterial.

On November 2, 2004, Oregon State voters approved citizen initiative petition Measure 37. This measure became effective on December 2, 2004. Measure 37 entitles certain landowners either (a) to compensation for the reduction in the fair market value of their property that results from certain land use regulations (restrictions) that are enacted or enforced against the property, or (b) to have their land released from the restrictions. The governmental body that enacted or enforced the restrictions decides whether to pay the claim or waive the restrictions. In order to file a claim under Measure 37, land ownership must have been established prior to restrictions being placed on the property.

14. RELATED PARTY TRANSACTIONS

The Urban Renewal Agency contracts for administrative services. The City and the Agency have participated jointly in urban renewal construction projects. The Agency has also pledged available tax increment revenue for repayment of a loan, which financed a parking facility. The City has assessed benefited properties on behalf of the Agency. The City performs the billing and collection process for these assessments. The assessment amounts collected by the City, on behalf of the Agency, will be turned over to the Agency.

15. FUND BALANCE CONSTRAINTS

The specific purposes for each of the categories of fund balance as of June 30, 2017 are as follows:

FUND BALANCES	General	Road Fund	Misc. Restricted Fund	Non-Major Funds	Total Governmental
Restricted:					
Roads	$ -	$ 2,328,871	$ -	$ -	$ 2,328,871
Debt Service	-	-	52,460	-	52,460
Urban Renewal	-	-	-	2,097,832	2,097,832
Total Restricted	-	2,328,871	52,460	2,097,832	4,479,163
Assigned to:					
Emergency Medical Services	-	-	121,777	-	121,777
Engineering	-	-	49,586	-	49,586
Municipal Court	-	-	97,783	-	97,783
Parking	-	-	326,259	-	326,259
Building	-	-	341,702	-	341,702
Reserves - PERS	-	-	-	502,534	502,534
Reserves - Compensated Absences	-	-	-	199,228	199,228
Reserves - Equipment Replacement	-	-	-	1,418,717	1,418,717
Reserves - Other	-	-	-	123,505	123,505
Total Assigned	-	-	937,107	2,243,984	3,181,091
Unassigned	2,619,490	-	-	-	2,619,490
Total Fund Balances	$ 2,619,490	$ 2,328,871	$ 989,567	$ 4,341,816	$ 10,279,744

16. NEW PRONOUNCEMENTS

GASB Statement No. 77, *Tax Abatement Disclosures*, became effective for fiscal years beginning after December 31, 2015. City of Hood River, as well as other local agencies and taxing districts in the County, participate in tax abatement programs that impact the City's property tax revenues. The impact of these abatements was immaterial to the City and is expected to be immaterial in the future. As such, no additional disclosures have been made.

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) City's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.06 %	$ 8,096,630	$ 4,037,915	200.52%	80.5 %
2016	0.06 %	3,068,379	3,831,115	80.09%	91.9 %
2015	0.06 %	(1,320,462)	3,848,301	-34.31%	103.6 %
2014	0.06 %	2,972,809	3,606,880	82.42%	92.0 %

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2017	$ 640,550	$ 640,550	$ -	$ 4,535,738	14.12 %
2016	634,101	634,101	-	4,037,915	15.70 %
2015	553,226	553,226	-	3,831,115	14.44 %
2014	544,968	544,968	-	3,848,301	14.16 %

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2017

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Taxes	$ 3,791,128	$ 3,971,128	$ 3,988,524	$ 17,396
Licenses and Permits	1,333,133	1,333,133	1,310,672	(22,461)
Intergovernmental	299,283	299,283	369,883	70,600
Charges for Services	49,218	74,218	159,256	85,038
Fines and Forfeitures	4,500	4,500	6,605	2,105
Interest	44,000	44,000	45,770	1,770
Assessments	-	-	850	850
Miscellaneous	198,750	198,750	157,580	(41,170)
Total Revenue	5,720,012	5,925,012	6,039,140	114,128
EXPENDITURES:				
Public Safety - Police	2,077,018	2,077,018 (1)	1,935,803	141,215
Public Safety - Fire	1,950,245	2,018,745 (1)	1,974,910	43,835
Parks	587,799	587,799 (1)	396,869	190,930
Planning	449,619	449,619 (1)	436,264	13,355
Expenditures Not Allocated:				
Personnel Services	5,258	5,258 (1)	4,863	395
Materials and Services	473,601	538,601 (1)	513,930	24,671
Capital Outlay	6,000	6,000 (1)	-	6,000
Contingency	1,266,250	1,102,750 (1)	-	1,102,750
Total Expenditures	6,815,790	6,785,790	5,262,639	1,523,151
Excess of Revenues Over, (Under) Expenditures	(1,095,778)	(860,778)	776,501	1,637,279
Other Financing Sources, (Uses)				
Transfers In	442,138	442,138	400,000	(42,138)
Transfers Out	(943,369)	(1,146,226) (1)	(1,146,225)	1
Total Other Financing Sources, (Uses)	(501,231)	(704,088)	(746,225)	(42,137)
Net Change in Fund Balance	(1,597,009)	(1,564,866)	30,276	1,595,142
Beginning Fund Balance	2,486,357	2,589,214	2,589,214	-
Ending Fund Balance	$ 889,348	$ 1,024,348	$ 2,619,490	$ 1,595,142

(1) Appropriation Level

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2017

ROAD FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Taxes	$ 303,000	$ 303,000	$ 331,326	$ 28,326
Licenses and Permits	16,500	16,500	29,228	12,728
Intergovernmental	1,058,850	1,058,850	462,287	(596,563)
Charges for Services	240,000	240,000	135,317	(104,683)
Interest	1,700	1,700	15,814	14,114
Miscellaneous	-	-	5,530	5,530
Total Revenues	1,620,050	1,620,050	979,502	(640,548)
EXPENDITURES:				
Road Operations	1,663,159	1,715,159 (1)	835,475	879,684
Road SDC	1,040,000	1,040,000 (1)	15,255	1,024,745
Contingency	507,695	455,695 (1)	-	455,695
Total Expenditures	3,210,854	3,210,854	850,730	2,360,124
Excess of Revenues Over, (Under) Expenditures	(1,590,804)	(1,590,804)	128,772	1,719,576
Other Financing Sources, (Uses)				
Transfer In	101,102	101,102	1,500	99,602
Total Other Financing Sources, (Uses)	101,102	101,102	1,500	(99,602)
Net Change in Fund Balance	(1,489,702)	(1,489,702)	130,272	1,619,974
Beginning Fund Balance	2,247,491	2,247,491	2,198,599	(48,892)
Ending Fund Balance	$ 757,789	$ 757,789	$ 2,328,871	$ 1,571,082

(1) Appropriation Level

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CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2017

MISC. RESTRICTED FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
Taxes	$ 685,210	$ 685,210		$ 685,045	$ (165)
Licenses and Permits	1,160,665	1,160,665		1,061,951	(98,714)
Intergovernmental	11,250	11,250		-	(11,250)
Charges for Services	848,000	745,143		871,171	126,028
Fines and Forfeitures	402,271	402,271		420,557	18,286
Interest	800	800		7,087	6,287
Miscellaneous	3,000	3,000		3,062	62
Total Revenue	3,111,196	3,008,339		3,048,873	40,534
EXPENDITURES:					
Emergency Medical Services	670,534	670,534	(1)	670,052	482
Building	408,818	408,818	(1)	297,581	111,237
Engineering	89,930	99,930	(1)	100,224	(294)
Municipal Court	121,434	121,434	(1)	111,232	10,202
Parking	558,901	558,901	(1)	367,236	191,665
Fire G.O. Bond	150	150	(1)	-	150
Expenditures Not Allocated:					
Debt Service	660,000	660,000	(1)	658,850	1,150
Contingency	166,188	76,018	(1)	-	76,018
Total Expenditures	2,675,955	2,595,785		2,205,175	390,610
Excess of Revenues Over, (Under) Expenditures	435,241	412,554		843,698	431,144
Other Financing Sources, (Uses)					
Transfers In	124,983	227,840		138,795	(89,045)
Transfers Out	(400,000)	(480,170)	(1)	(480,170)	-
Total Other Financing Sources, (Uses)	(275,017)	(252,330)		(341,375)	(89,045)
Net Change in Fund Balance	160,224	160,224		502,323	342,099
Beginning Fund Balance	527,480	527,480		487,244	(40,236)
Ending Fund Balance	$ 687,704	$ 687,704		$ 989,567	$ 301,863

(1) Appropriation Level

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2017

	RESERVES FUND	URA GENERAL FUND	URA COLUMBIA CASCADE DISTRICT FUND	URA WATERFRONT DISTRICT FUND
ASSETS:				
Cash and Investments	$ 2,243,985	$ -	$ -	$ -
Receivables				
Taxes	-	-	52,844	17,224
Assessments Receivable	137,664	-	-	-
Due from Other Funds	-	-	21,481	-
Restricted Cash and Investments	-	11,654	1,547,339	137,456
Total Assets	$ 2,381,649	$ 11,654	$ 1,621,664	$ 154,680
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	$ -	$ 138	$ 594	$ 759
Due to Other Funds	21,481	-	-	-
Total Liabilities	21,481	138	594	759
Deferred Inflows of Resources:				
Unavailable Revenue - Taxes	-	-	45,697	14,403
Unavailable Revenue - Assessments	116,184	-	-	-
Total Deferred Inflows of Resources	116,184	-	45,697	14,403
Fund Balances:				
Restricted	-	11,516	1,575,373	139,518
Committed	-	-	-	-
Assigned	2,243,984	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	2,243,984	11,516	1,575,373	139,518
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,381,649	$ 11,654	$ 1,621,664	$ 154,680

URA HEIGHTS DISTRICT FUND	TOTAL
$ -	$ 2,243,985
5,938	76,006
-	137,664
-	21,481
371,026	2,067,475
$ 376,964	$ 4,546,611
$ 594	$ 2,085
-	21,481
594	23,566
4,945	65,045
-	116,184
4,945	181,229
371,425	2,097,832
-	-
-	2,243,984
-	-
371,425	- 4,341,816
$ 376,964	$ 4,546,611

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

	RESERVES FUND	URA GENERAL FUND	URA COLUMBIA CASCADE DISTRICT FUND	URA WATERFRONT DISTRICT FUND
REVENUES:				
Property Taxes	$ -	$ -	$ 981,705	$ 420,370
Intergovernmental	-	-	-	5,038
Assessments	141,522	-	-	-
Capital Contributions - Assessments	-	-	122,926	-
Interest	14,179	80	11,015	1,679
Miscellaneous	1,305	-	1,388	-
Total Revenue	157,006	80	1,117,034	427,087
EXPENDITURES:				
General Government	278,973	-	-	-
Economic and Physical Development	-	6,385	71,878	63,232
Debt Service	-	-	420,106	252,523
Total Expenditures	278,973	6,385	491,984	315,755
Excess of Revenues Over, (Under) Expenditures	(121,967)	(6,305)	625,050	111,332
Other Financing Sources, (Uses)				
Transfers In	1,092,813	11,100	-	-
Transfers Out	(6,250)	-	(4,440)	(4,440)
Total Other Financing Sources, (Uses)	1,086,563	11,100	(4,440)	(4,440)
Net Change in Fund Balance	964,596	4,795	620,610	106,892
Beginning Fund Balance	1,279,388	6,721	954,763	32,626
Ending Fund Balance	$ 2,243,984	$ 11,516	$ 1,575,373	$ 139,518

URA HEIGHTS DISTRICT FUND	TOTAL
$ 150,414	$ 1,552,489
	5,038
	141,522
	122,926
2,897	29,850
	2,693
153,311	1,854,518
-	278,973
29,959	171,454
-	672,629
29,959	1,123,056
123,352	731,462
-	1,103,913
(2,220)	(17,350)
(2,220)	1,086,563
121,132	1,818,025
250,293	2,523,791
$ 371,425	$ 4,341,816

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2017

RESERVES FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Assessments	$ 254,369	$ 254,369	$ 141,522	$ (112,847)
Interest	850	850	14,179	13,329
Miscellaneous	-	-	1,305	1,305
Total Revenue	255,219	255,219	157,006	(98,213)
EXPENDITURES:				
Personnel Services (not allocated)	-	154,090 (1)	154,090	-
Materials and Services (not allocated)	248,119	252,119 (1)	124,883	127,236
Contingency	170,671	12,581 (1)	-	12,581
Total Expenditures	418,790	418,790	278,973	139,817
Excess of Revenues Over, (Under) Expenditures	(163,571)	(163,571)	(121,967)	41,604
Other Financing Sources, (Uses)				
Transfer In	908,369	992,814	1,092,813	99,999
Transfers Out	(245,594)	(245,594) (1)	(6,250)	239,344
Total Other Financing Sources, (Uses)	662,775	747,220	1,086,563	339,343
Net Change in Fund Balance	499,204	583,649	964,596	380,947
Beginning Fund Balance	1,383,471	1,383,471	1,279,388	(104,083)
Ending Fund Balance	$ 1,882,675	$ 1,967,120	$ 2,243,984	$ 276,864

(1) Appropriation Level

CITY OF HOOD RIVER
HOOD RIVER, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2017

URA GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:					
Interest	$ -	$ -		$ 80	$ 80
Total Revenues	-	-		80	80
EXPENDITURES:					
Materials and Services	6,600	6,600	(1)	6,385	215
Contingency	4,500	4,500	(1)	-	4,500
Total Expenditures	11,100	11,100		6,385	4,715
Excess of Revenues, Over (Under) Expenditures	(11,100)	(11,100)		(6,305)	4,795
Other Financing Sources, (Uses)					
Transfers In	11,100	11,100		11,100	-
Total Other Financing Sources, (Uses)	11,100	11,100		11,100	-
Net Change in Fund Balance	-	-		4,795	4,795
Beginning Fund Balance	-	-		6,721	6,721
Ending Fund Balance	$ -	$ -		$ 11,516	$ 11,516

(1) Appropriation Level

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2017

URA COLUMBIA CASCADE DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:					
Taxes	$ 1,003,000	$ 1,003,000		$ 981,705	$ (21,295)
Interest	5,350	5,350		11,015	5,665
Capital Contributions - Assessments	307,389	307,389		122,926	(184,463)
Miscellaneous	500	500		1,388	888
Total Revenues	1,316,239	1,316,239		1,117,034	(21,295)
EXPENDITURES:					
Development Program	136,400	136,400	(1)	71,878	64,522
Expenditures Not Allocated:					
Debt Service	421,000	421,000	(1)	420,106	894
Contingency	1,547,634	1,547,634	(1)	-	1,547,634
Total Expenditures	2,105,034	2,105,034		491,984	1,613,050
Excess of Revenues, Over (Under) Expenditures	(788,795)	(788,795)		625,050	1,591,755
Other Financing Sources, (Uses)					
Transfers Out	(4,440)	(4,440)	(1)	(4,440)	-
Total Other Financing Sources (Uses)	(4,440)	(4,440)		(4,440)	-
Net Change in Fund Balance	(793,235)	(793,235)		620,610	1,413,845
Beginning Fund Balance	793,235	793,235		954,763	161,528
Ending Fund Balance	$ -	$ -		$ 1,575,373	$ 1,575,373

(1) Appropriation Level

CITY OF HOOD RIVER
HOOD RIVER, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2017

URA WATERFRONT DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:					
Property Taxes	$ 346,500	$ 346,500		$ 420,370	$ 73,870
Intergovernmental	-	-		5,038	
Interest	1,500	1,500		1,679	179
Total Revenues	348,000	348,000		427,087	74,049
EXPENDITURES:					
Development Program	73,500	73,500	(1)	63,232	10,268
Expenditures Not Allocated:					
Debt Service	263,300	263,300	(1)	254,996	8,304
Contingency	72,454	72,454	(1)	-	72,454
Total Expenditures	409,254	409,254		318,228	91,026
Excess of Revenues, Over (Under) Expenditures	(61,254)	(61,254)		108,859	165,075
Other Financing Sources, (Uses)					
Transfers Out	(4,440)	(4,440)	(1)	(4,440)	-
Total Other Financing Sources, (Uses)	(4,440)	(4,440)		(4,440)	-
Net Change in Fund Balance	(65,694)	(65,694)		104,419	170,113
Beginning Fund Balance	65,694	65,694		35,099	(30,595)
Ending Fund Balance	$ -	$ -		$ 139,518	$ 139,518

(1) Appropriation Level

CITY OF HOOD RIVER
HOOD RIVER, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2017

URA HEIGHTS DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:					
Property Taxes	$ 138,800	$ 138,800		$ 150,414	$ 11,614
Interest	1,100	1,100		2,897	1,797
Total Revenues	139,900	139,900		153,311	13,411
EXPENDITURES:					
Development Program	58,200	58,200	(1)	29,959	28,241
Expenditures Not Allocated:					
Contingency	314,711	314,711	(1)	-	314,711
Total Expenditures	372,911	372,911		29,959	342,952
Excess of Revenues, Over (Under) Expenditures	(233,011)	(233,011)		123,352	356,363
Other Financing Sources, (Uses)					
Transfers Out	(2,220)	(2,220)	(1)	(2,220)	-
Total Other Financing Sources, (Uses)	(2,220)	(2,220)		(2,220)	-
Net Change in Fund Balance	(235,231)	(235,231)		121,132	356,363
Beginning Fund Balance	235,231	235,231		250,293	15,062
Ending Fund Balance	$ -	$ -		$ 371,425	$ 371,425

(1) Appropriation Level

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2017

SEWER FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Intergovernmental	$ -	$ -	$ 30,000	$ 30,000
Charges for Services	3,391,000	3,391,000	3,423,763	32,763
System Development Charges	95,000	95,000	114,431	19,431
Interest	3,800	3,800	30,226	26,426
Miscellaneous	6,685	6,685	201,821	195,136
Total Revenues	3,496,485	3,496,485	3,800,241	303,756
EXPENDITURES:				
Sewer Operations	3,212,320	3,212,320 (1)	1,871,392	1,340,928
Sewer WWTP	2,578,456	2,578,456 (1)	1,540,214	1,038,242
Sewer SDC	-	- (1)	-	-
Sewer Reserve - Debt Requirements	15,000	15,000 (1)	-	15,000
Expenditures Not Allocated:				
Debt Service	477,232	477,232 (1)	322,528	154,704
Contingency	397,649	397,649 (1)	-	397,649
Total Expenditures	6,680,657	6,680,657	3,734,134	(2,946,523)
Excess of Revenues Over, (Under) Expenditures	(3,184,172)	(3,184,172)	66,107	3,250,279
Other Financing Sources (Uses):				
Transfers In	1,937	1,937	1,937	-
Total Other Financing Sources (Uses)	1,937	1,937	1,937	-
Net Change in Fund Balance	(3,182,235)	(3,182,235)	68,044	3,250,279
Beginning Fund Balance	4,395,944	4,395,944	4,698,479	302,535
Ending Fund Balance	$ 1,213,709	$ 1,213,709	$ 4,766,523	$ 3,552,814

Reconciliation to Net Position:	
Capital Assets, Net	15,834,611
Inventory	11,424
Due from URA	(2,473)
Net Pension Liability	(417,589)
Pension related deferrals, net	228,455
Unavailable Revenue	3,505
Accrued Compensated Absences	(21,805)
Accrued Interest	(12,024)
Long Term Debt	(5,327,027)
Statement of Net Position	$ 15,063,600

(1) Appropriation Level

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2017

WATER FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
Charges for Services	$ 2,665,000	$ 2,665,000		$ 2,531,041	$ (133,959)
System Development Charges	152,000	152,000		182,785	30,785
Interest	2,300	2,300		19,736	17,436
Miscellaneous	28,000	28,000		46,462	18,462
Total Revenues	2,847,300	2,847,300		2,780,024	(67,276)
EXPENDITURES:					
Water Operations	2,450,676	2,450,676	(1)	1,379,554	1,071,122
Water SDC	907,000	907,000	(1)	563,039	343,961
Water Reserve - Debt Requirements	25,000	25,000	(1)	17,625	7,375
Expenditures Not Allocated:					
Debt Service	707,500	707,500	(1)	704,111	3,389
Contingency	178,494	178,494	(1)	-	178,494
Total Expenditures	4,268,670	4,268,670		2,664,329	1,604,341
Excess of Revenues Over, (Under) Expenditures	(1,421,370)	(1,421,370)		115,695	1,537,065
Other Financing Sources (Uses):					
Transfers In	1,875	1,875		1,875	-
Total Other Financing Sources (Uses)	1,875	1,875		1,875	-
Net Change in Fund Balance	(1,419,495)	(1,419,495)		117,570	1,537,065
Beginning Fund Balance	2,702,695	2,702,695		2,918,026	215,331
Ending Fund Balance	$ 1,283,200	$ 1,283,200		3,035,596	$ 1,752,396

Reconciliation to Net Position:	
Capital Assets, Net	33,735,806
Net Pension Liability	(570,685)
Pension related deferrals, net	303,640
Inventory	232,484
Unavailable Revenue	-
Bonds Payable	(15,182,223)
Accrued Interest Payable	(69,980)
Accrued compensated absences	(33,920)
Statement of Net Position	$ 21,450,718

(1) Appropriation Level

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2017

STORM WATER FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
Charges for Services	$ 553,700	$ 553,700		$ 489,846	$ (63,854)
System Development Charges	34,000	34,000		35,450	1,450
Interest	450	450		4,976	4,526
Miscellaneous	-	-		1,035	1,035
Total Revenues	588,150	588,150		531,307	(56,843)
EXPENDITURES:					
Storm Water Operations	761,049	761,049	(1)	348,663	412,386
Storm Water SDC	120,000	120,000	(1)	15,873	104,127
Expenditures Not Allocated:					
Debt Service	68,500	68,500	(1)	38,124	30,376
Contingency	131,235	131,235	(1)	-	131,235
Total Expenditures	1,080,784	1,080,784		402,660	265,738
Net Change in Fund Balance	(492,634)	(492,634)		128,647	621,281
Beginning Fund Balance	580,381	580,381		641,684	61,303
Ending Fund Balance	$ 87,747	$ 87,747		770,331	$ 682,584
		Reconciliation to Net Position:			
		Capital Assets, Net		830,633	
		Net Pension Liability		(209,357)	
		Pension related deferrals, net		105,794	
		Unavailable Revenue		-	
		Accrued Compensated Absences		(15,749)	
		Interest Payable		(392)	
		Capital Lease		(37,220)	
		Statement of Net Position		$ 1,444,040	

(1) Appropriation Level

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2017

INTERNAL SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Interdepartmental Charges	$ 1,252,169	$ 1,277,169	$ 1,222,564	$ (54,605)
Interest	4,000	4,000	850	(3,150)
Total Revenues	1,256,169	1,281,169	1,223,414	(57,755)
EXPENDITURES:				
Administration	1,016,307	1,026,307 (1)	921,064	105,243
Equipment Maintenance	158,578	183,578 (1)	184,425	(847)
Contingency	95,000	80,725 (1)	-	80,725
Total Expenditures	1,269,885	1,290,610	1,105,489	185,121
Excess of Revenues Over, (Under) Expenditures	(13,716)	(9,441)	117,925	(242,876)
Other Financing Sources, (Uses)				
Transfer In	8,559	8,559	-	(8,559)
Transfers Out	-	(4,275) (1)	(4,275)	-
Total Other Financing Sources, (Uses)	8,559	4,284	(4,275)	(8,559)
Net Change in Fund Balance	(5,157)	(5,157)	113,650	118,807
Beginning Fund Balance	19,085	19,085	21,586	2,501
Ending Fund Balance	$ 13,928	$ 13,928	$ 135,236	$ 121,308

(1) Appropriation Level

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF PROPERTY TAX COLLECTIONS AND UNPAID BALANCES

For the Year Ended June 30, 2017

GENERAL FUND

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/16	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/17
Current:						
2016-17	$ 2,178,097	$ 48,546	$ 4,942	$ 963	$ 2,088,427	$ 47,029
Prior years						
2015-16	39,417	-	(1,685)	1,075	15,035	23,772
2014-15	22,138	-	67	1,289	8,444	15,050
2013-14	13,276	-	(795)	1,336	5,064	8,753
2012-13	8,138	-	(1,606)	1,216	3,104	4,644
Prior	11,653	-	3,350	309	4,445	10,867
Total Prior	94,622	-	(669)	5,225	36,092	63,086
Total	$ 2,272,719	$ 48,546	$ 4,273	$ 6,188	$ 2,124,519	$ 110,115

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	$ 2,124,519
Unavailable - June 30, 2016	(88,636)
Unavailable - June 30, 2017	94,715
Miscellaneous	3,209
Total per budgetary statement	$ 2,133,807

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF PROPERTY TAX COLLECTIONS AND UNPAID BALANCES

For the Year Ended June 30, 2017

FIRE G/O BOND DEBT SERVICE FUND

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/16	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/17
Current:						
2016-17	$ 701,562	$ 16,140	$ 1,298	$ 310	$ 671,888	$ 15,142
Prior years						
2015-16	11,516	-	(298)	314	4,587	6,945
2014-15	4,402	-	961	338	1,753	3,948
2013-14	4,206	-	(181)	423	1,675	2,773
2012-13	2,519	-	(455)	376	1,003	1,437
Prior	3,732	-	(163)	96	1,487	2,178
Total Prior	26,375	-	(136)	1,547	10,505	17,281
Total	$ 727,937	$ 16,140	$ 1,162	$ 1,857	$ 682,393	$ 32,423

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	$ 682,393
Unavailable - June 30, 2016	(24,640)
Unavailable - June 30, 2017	27,613
Miscellaneous	(321)
Total per budgetary statement	$ 685,045

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF TAX PROPERTY COLLECTIONS AND UNPAID BALANCES

For the Year Ended June 30, 2017

URA COLUMBIA CASCADE PLAN FUND

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/16	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/17
Current:						
2016-17	$ 1,011,423	$ 22,128	$ (473)	$ 473	$ 967,516	$ 21,779
Prior years						
2015-16	19,821	-	(883)	541	7,525	11,954
2014-15	8,596	-	915	585	3,264	6,832
2013-14	5,794	-	(357)	583	2,200	3,820
2012-13	3,489	-	(694)	521	1,325	1,991
Prior	7,017	-	1,986	129	2,664	6,468
Total Prior	44,717	-	967	2,359	16,978	31,065
Total	$ 1,056,140	$ 22,128	$ 494	$ 2,832	$ 984,494	$ 52,844

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	$ 984,494
Unavailable - June 30, 2016	(37,326)
Unavailable - June 30, 2017	45,697
Miscellaneous	(11,160)
Total per budgetary statement	$ 981,705

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF PROPERTY TAX COLLECTIONS AND UNPAID BALANCES

For the Year Ended June 30, 2017

URA WATERFRONT PLAN FUND

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/16	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/17
Current:						
2016-17	$ 432,760	$ 10,005	$ (215)	$ 215	$ 413,436	$ 9,319
Prior years						
2015-16	6,736	-	(192)	184	2,666	4,062
2014-15	3,308	-	98	196	1,309	2,293
2013-14	1,437	-	(66)	145	569	947
2012-13	492	-	(90)	74	195	281
Prior	389	-	69	18	154	322
Total Prior	12,362	-	(181)	617	4,893	7,905
Total	$ 445,122	$ 10,005	$ (396)	$ 832	$ 418,329	$ 17,224

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	$ 418,329
Unavailable - June 30, 2016	(11,505)
Unavailable - June 30, 2017	14,403
Miscellaneous	(857)
Total per budgetary statement	$ 420,370

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF PROPERTY TAX COLLECTIONS AND UNPAID BALANCES

For the Year Ended June 30, 2017

URA THE HEIGHTS PLAN FUND

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/16	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/17
Current:						
2016-17	$ 154,884	$ 3,572	$ (81)	$ 81	$ 147,977	$ 3,335
Prior years						
2015-16	2,455	-	(40)	67	1,001	1,481
2014-15	586	-	300	50	239	697
2013-14	754	-	(191)	44	307	300
2012-13	353	-	(243)	36	144	2
Prior	-	-	123	-	-	123
Total Prior	4,148	-	(51)	197	1,691	2,603
Total	$ 159,032	$ 3,572	$ (132)	$ 278	$ 149,668	$ 5,938

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	$ 149,668
Unavailable - June 30, 2016	(3,844)
Unavailable - June 30, 2017	4,945
Miscellaneous	(355)
Total per budgetary statement	$ 150,414

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CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

OTHER INFORMATION

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CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF PROPERTY VALUES AND TAX RATES
June 30, 2017

Taxable Property Values Fiscal Year	RMV*	Total AV	UR Excess	AV Used to Calculate Rates**	
2016/17	1,328,302,208	916,476,146	141,758,812	774,717,334	0.1547
2015/16	1,272,413,130	869,507,527	128,526,148	740,981,379	0.1478
2014/15	1,210,603,538	822,033,400	107,584,348	714,449,052	0.1309
2013/14	1,131,510,850	776,681,597	91,352,004	685,329,593	0.1176
2012/13	1,112,924,837	744,162,680	78,996,042	665,166,638	0.1062
2011/12	1,075,736,920	708,516,957	70,013,527	638,503,430	0.0988
2010/11	1,067,353,943	663,759,874	55,742,193	608,017,681	0.084
2009/10	1,084,288,212	639,658,532	53,593,129	586,065,403	0.0838
2008/09	1,046,860,378	597,617,548	46,739,338	550,878,210	0.0782
2007/08	952,829,914	550,334,434	43,662,138	506,672,296	0.0793
2006/07	851,755,961	512,388,960	41,821,466	470,567,494	0.0816
2005/06	727,406,304	463,663,241	32,584,718	431,078,523	0.0703
2004/05	610,049,549	435,282,821	29,143,866	406,138,955	0.067

* Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.

** Assessed value of property in the City on which the permanent rate is applied to derive *ad valorem* property taxes, excluding urban renewal and any other offsets.

Fiscal Year 2015-16 Representative Levy Rate
Rates per $1,000 of Assessed Value

General Government	**Billing Rate**	**Bond/UR Special Levy Rate**	**Local Option Rate***	**Consolidated Rate**	**Urban Renewal Portion of the Consolidated Rate****
Hood River County	1.4171	0.0000	0.0000	1.4171	0.2192
911 Communications District	0.5644	0.0000		0.5644	0.0871
City of Hood River	2.8112	0.7003		3.5115	0.4155
Port of Hood River	0.0332	0.0000		0.0332	0.0050
NORCOR	0.0000	0.2487		0.2487	0.0383
Hood River Parks & Recreation Distric	0.3498	0.0700		0.4198	0.0648
HRC Transportation District	0.0723	0.0000		0.0723	0.0110
Library District	0.3900	0.0000		0.3900	0.0601
Total General Government	5.6380	1.0190	0.0000	6.6570	0.9010
Education					
Columbia Gorge Community College	0.2703	0.3361		0.6064	0.0417
Columbia Gorge ESD	0.4678	0.0000		0.4678	0.0722
Hood River County School District	4.8119	1.7280	1.2500	7.7899	0.8197
Total Education	5.5500	2.0641	1.2500	8.8641	0.9336
Total Tax Rate	11.1880	3.0831	1.2500	15.5211	1.8346

* Local Option Levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local Option Levy rates compress to zero before there is any compression of district billing rates.

** A portion of a taxing district's consolidated rate is contributed to the City of Hood River Urban Renewal Agency through tax increment financing.

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CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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November 28, 2017

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Hood River, Oregon as of and for the year ended June 30, 2017, and have issued our report thereon dated November 28, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statues as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. 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:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the City of Hood River, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for the following:

1. Budget overexpenditures as noted on page 20.
2. We noted that a supplemental budget should have had a hearing associated with it.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

This report is intended solely for the information and use of the Council, management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Tara M. Kamp, CPA

Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.