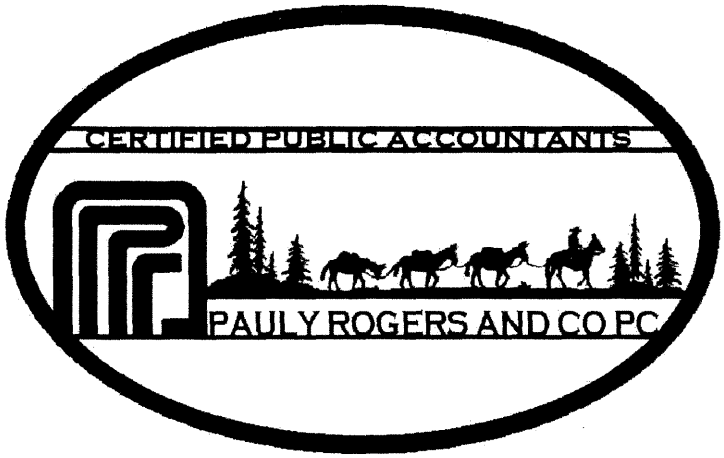
CITY OF HOOD RIVER

HOOD RIVER COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018



12700 SW 72nd Ave.
Tigard, OR 97223

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

For the Year Ended June 30, 2018

ANNUAL FINANCIAL REPORT

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CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

City Council as of June 30, 2018

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

Rachael Fuller, 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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HOOD RIVER COUNTY, OREGON

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12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
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December 17, 2018

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, 2018, 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, 2018, 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.

Emphasis of a Matter

The City adopted the provisions of GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions for the year ended June 30, 2018. Our opinion is not modified with respect to this matter.

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 December 17, 2018, 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, 2018

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 $4.34 million, of which $2.57 million is an increase in governmental activities net position and $1.77 million is an increase in business type activities net position. Increases in property tax revenues (5.0%) and interest income were substantial contributors to the increase in governmental activities net position. Total revenues from governmental activities rose $629 thousand or 6.7%.

Thanks to substantial infrastructure projects financed primarily with internal resources, the City's net investment in capital assets, which represents the carrying value of capital assets in excess of related debt balances, increased by $4.3 million (7.8%) to $59.0 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	
	2018	2017	2018	2017	2017	2017
Current Assets	$ 14.0	$ 11.3	$ 8.3	$ 9.2	$ 22.3	$ 20.5
Noncurrent Assets	30.3	30.5	52.7	50.4	83.0	80.9
Total Assets	44.3	41.8	61.0	59.6	105.3	101.4
Deferred Outflows of Resources	2.2	3.6	0.4	0.6	2.6	4.2
Current Liabilities	2.3	1.9	1.4	0.9	3.7	2.8
Noncurent Liabilities	9.7	11.9	20.3	21.5	30.0	33.4
Total Liabilities	12.0	13.8	21.7	22.4	33.7	36.2
Deferred Inflows of Resources	0.3	0.0	0.0	0.0	0.3	0.0
Net Investment in Capital Assets	26.8	25.1	32.2	29.6	59.0	54.7
Restricted	4.9	4.5	2.8	2.7	7.7	7.2
Unrestricted	2.5	2.0	4.7	5.5	7.2	7.5
Total Net Position - restated	34.2	31.6	39.7	37.8	73.9	69.4
Program Revenues	3.3	3.1	7.9	6.8	11.2	9.9
Program Expenses	10.2	9.6	6.3	5.7	16.5	15.3
General Revenues - Taxes	7.1	6.6	0.0	0.0	7.1	6.6
General Revenues - Other	2.4	2.2	0.3	0.1	2.7	2.3
Change in Net Position	$ 2.6	$ 2.3	$ 1.9	$ 1.2	$ 4.5	$ 3.5

FINANCIAL ANALYSIS

Financial Position and Results of Operations

Net position increased by $4.34 million, of which $2.57 million is an increase in governmental activities net position and $1.77 million is an increase in business type activities net position. Increases in property

tax revenues (5.0%) and interest income were substantial contributors to the increase in governmental activities net position.
Assets increased by $3.89 million (3.8%), primarily related to acquisition of capital assets and increase in cash and investment balances.

Program Revenues increased by $1.3 million or 13.1%. Most of this increase is related to an increase in utility charges by $1.0 million or 15.3% as the City moves into year four 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 (5.0%) were related to increases in taxable assessed value, particularly in the urban renewal districts. Although a much smaller revenue source, interest on investments increased significantly on a percentage basis. Interest revenue increased 52.5% 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 $449 thousand (17.1%). The General Fund has enjoyed a healthy operating surplus during the latter half of the current economic cycle. Exceptional growth in transient room taxes as well with broad based growth in other General Fund revenue sources have allowed the City to grow General Fund Balance while transferring to Reserves. The General Fund is well prepared to withstand a moderate recession with limited impact to current service levels.

Road Fund – The Road Fund's total fund balance increased by $111 thousand (4.8%). Going forward, Oregon House Bill 2017 (2017) is anticipated to generate a large increase in State transportation revenue. Two major upcoming projects for the Road Fund include the signalization of 2nd and Oak (Est. $650,000) and the realignment of Cascade & Rand ($3,200,000). The Road Fund has accumulated balance in anticipation of these long planned intersection improvements.

Other Restricted Fund - The Other Restricted Fund includes Emergency Medical Services (EMS), Building Services, Engineering, Municipal Court, Parking, Construction Excise Taxes, 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 $343 thousand (34.6%) 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 $377 thousand (16.8%) due to annual transfers from the General Fund and other governmental funds 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 decreased by $621 thousand (13%) as increased utility rates continue to be outpaced by planned capital projects and increases in operations costs. The Sewer Fund also loaned $469 thousand to the Urban Renewal Agencies Waterfront District to partially fund capital improvements.

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 shrunk by $359 thousand (11.8%) as increased utility rates continue to be outpaced by operational expenditure increases and capital outlay expenses.

Storm Water Fund – The Storm Water Fund includes Storm Water Operations, Storm Water System Development Charges, and Storm Water Capital Reserve for Equipment Replacement. The balance of the fund decreased by $209 thousand (27.2%) as increased utility rates continue to be outpaced by operational expenditure increases and capital outlay expenses.

CAPITAL ASSETS AND DEBT ACTIVITY

Capital Assets

As of June 30, 2018, the City had invested $82.5 million in capital assets as reflected in the following table.

Table 2
Capital Asset Balances
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Non-depreciable Assets	$ 4,533	$ 3,819	$ 1,806	$ 815	$ 6,339	$ 4,634
Depreciable Assets, Net	25,743	26,615	50,397	49,586	76,140	76,201
Total	$ 30,276	$ 30,434	$ 52,203	$ 50,401	$ 82,479	$ 80,835

Governmental Activities capital assets were mostly unchanged though FY2017-18 as depreciation expense offset several projects and vehicle purchases. Business-type Activities capital assets increased $1.8 million (3.6%), primarily related to construction costs for a waste water treatment plant odor control project, East Marina Way Lift Station, and water pipe replacements in the neighborhood surrounding serpentine street, 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	
	2018	2017	2018	2017	2018	2016
Capital Leases	$ -	$ -	$ -	$ 37	$ -	$ 37
Loans	-	-	16,470	16,878	16,470	16,878
Intergovernmental	395	728	-	-	395	728
Bonds	3,098	4,068	3,407	3,631	6,505	7,699
Total	$ 3,493	$ 4,796	$ 19,877	$ 20,546	$ 23,370	$ 25,343

Governmental debt decreased by $1.3 million (27.2%). The large decrease is due primarily to the Fire G/O Bonds nearing retirement in 2020 and 2022. Business-type debt decreased by $669 thousand (3.3%), the net impact of refinancing $2.9 million of water utility debt, 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. 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 other charges for services the correlate with the economy. A strong economy also facilitates a community's capacity to invest in public infrastructure through utility charges. As unemployment rates signal the region may be at full employment, the exceptional growth rates experienced over the last several years are anticipated to moderate over the next several years, but continue to keep pace with City expenses. The City anticipates its operating surplus will persist as least until the next recession. Accumulated reserves are sufficient to weather a moderate recession without significant impact to current service levels.

The total budget for FY 2018-19 is $43.6 million. Rate increases for water and sewer utility services were increased in July, 2018. Capital spending is expected to remain a substantial portion of the City budget at about 18% of total expenditures.

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

- Pavement Management ($63,000)
- Cottonwood Storm Pipe
- Belmont Storm Pipe extension
- 4th & 7th, Serp & Sherman – STP6

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

- May Street Elevated Sidewalk
- Pavement Management/School District May Street School Frontage Improvements
- Traffic Signal Cascade and Rand
- 2nd and Oak Traffic Signal
- Digester Structure Improvements
- UV System
- WWTP-4 Digester Gas Mixing
- Sherman Improvements STP 7 & 8

Property taxes remain the single largest revenue for the General Fund, providing approximately 29% 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.

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, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	$ 7,368,954	$ 4,432,550	$ 11,801,504
Receivables:			
Accounts, Net	533,210	775,191	1,308,401
Property Taxes	239,700	-	239,700
Other	322,380	-	322,380
Prepaid Expenses	129,039	4,136	133,175
Supply Inventory	-	252,738	252,738
Due from Governmental Activities	-	34,019	34,019
Restricted Cash and Investments	5,364,528	2,801,811	8,166,339
Total Current Assets	13,957,811	8,300,445	22,258,256
Noncurrent Assets:			
Assessments Receivable	46,954	-	46,954
Interfund Loan Receivable	-	469,000	469,000
Capital Assets:			
Land and Construction in Progress, Not Depreciated	4,533,108	1,805,784	6,338,892
Other Capital Assets, Net of Depreciation	25,743,172	50,396,776	76,139,948
Total Noncurrent Assets	30,323,234	52,671,560	82,994,794
Total Assets	44,281,045	60,972,005	105,253,050
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related Deferral	2,251,207	381,513	2,632,720
Other Benefit-related Deferral	9,891	1,836	11,727
Total Deferred Outflows of Resources	2,261,098	383,349	2,644,447
LIABILITIES			
Current Liabilities			
Accounts Payable	548,323	439,232	987,555
Retainage Payable	-	117,303	117,303
Payroll and Taxes Payable	239,281	-	239,281
Accrued Interest Payable	17,781	84,543	102,324
Deposits Held	26,000	-	26,000
Due to Business-type Activities	34,019	-	34,019
Interfund Loan Payable	469,000	-	469,000
Unearned Revenue	10,529	-	10,529
Loan Payable, Due Within One Year	-	580,937	580,937
Bonds Payable, Due Within One Year	1,000,111	221,479	1,221,590
Total Current Liabilities	2,345,044	1,443,494	3,788,538
Noncurrent Liabilities:			
Accrued Compensated Absences	970,735	71,922	1,042,657
Net Proportion of Pension Liability	5,821,968	997,741	6,819,709
Other Post-employment Benefits Liability	387,979	72,008	459,987
Loan Payable, Due After One Year	395,000	15,889,468	16,284,468
Bonds Payable, Due After One Year	2,098,390	3,185,681	5,284,071
Total Noncurrent Liabilities	9,674,072	20,216,820	29,890,892
Total Liabilities	12,019,116	21,660,314	33,679,430
DEFERRED INFLOWS OF RESOURCES			
Net Deferred Pension Asset	256,460	39,624	296,084
Other Benefit-related Deferral	26,864	4,987	31,851
Total Deferred Inflows of Resources	283,324	44,611	327,935
NET POSITION			
Net Investment in Capital Assets	26,782,779	32,207,692	58,990,471
Restricted for:			
Roads	2,342,879	-	2,342,879
Debt Service	132,736	1,049,399	1,182,135
System Development Charges	-	1,752,412	1,752,412
Urban Renewal	2,738,184	-	2,738,184
Unrestricted	2,243,125	4,640,926	6,884,051
Total Net Position	$ 34,239,703	$ 39,650,429	$ 73,890,132

See accompanying notes to basic financial statements

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
General Government	$ 1,772,190	$ 1,827,557	$ -	$ -
Public Safety	5,145,829	816,794	-	-
Streets	974,636	30,534	-	199,233
Economic and Physical Development	1,222,201	95,742	-	-
Culture and Recreation	952,552	170,647	-	160,153
Interest Expense on Long-Term Debt	117,228	-	-	-
Total Governmental Activities	10,184,636	2,941,274	-	359,386
Business- Type Activities				
Sewer	3,395,448	4,268,341	-	123,704
Water	2,494,614	2,784,089	-	147,718
Storm Water	452,837	495,666	-	43,072
Total Business-Type Activities	6,342,899	7,548,096	-	314,494
Total Government	$ 16,527,535	$ 10,489,370	$ -	$ 673,880
General Revenues				
Property Taxes				
Transient Room Taxes				
Other Taxes				
Franchise & Utility Fees				
Intergovernmental Revenues				
Interest				
Elimination of profit on internal service funds				
Sale of Capital Asset				
Miscellaneous				
Total General Revenues				
Change in Net Position				
Net Position - Beginning - Restated				
Net Position - Ending				

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
$ 55,367	$ -	$ 55,367
(4,329,035)	-	(4,329,035)
(744,869)	-	(744,869)
(1,126,459)	-	(1,126,459)
(621,752)	-	(621,752)
(117,228)	-	(117,228)
(6,883,976)	-	(6,883,976)
-	996,597	996,597
-	437,193	437,193
-	85,901	85,901
-	1,519,691	1,519,691
(6,883,976)	1,519,691	(5,364,285)
4,623,654	-	4,623,654
1,894,382	-	1,894,382
537,199	-	537,199
1,366,315	-	1,366,315
773,506	-	773,506
202,813	120,070	322,883
-	34,019	34,019
(49,484)	100,000	50,516
103,162	-	103,162
9,451,547	254,089	9,705,636
2,567,571	1,773,780	4,341,351
31,672,132	37,876,649	69,548,781
$ 34,239,703	$ 39,650,429	$ 73,890,132

See accompanying notes to basic financial statements.

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	GENERAL FUND	ROAD FUND	MISC. RESTRICTED FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and Investments	$ 3,144,592	$ 181,912	$ 1,208,952	$ 2,620,943	$ 7,156,399
Receivables:					
Property Taxes	119,554	-	34,948	85,198	239,700
Transient Room Taxes	226,209	-	-	-	226,209
Franchise Fees	96,171	-	-	-	96,171
Accounts, Net	229,255	82,769	221,186	-	533,210
Assessments Receivable	-	-	-	46,954	46,954
Prepaid Items	118,611	-	8,311	1,760	128,682
Restricted Cash and Investments	-	2,295,746	134,733	2,934,049	5,364,528
Total Assets	$ 3,934,392	$ 2,560,427	$ 1,608,130	$ 5,688,904	$ 13,791,853
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
Liabilities:					
Accounts Payable	$ 312,756	$ 97,602	$ 123,449	$ 1,257	$ 535,064
Payroll and Taxes Payable	239,281	-	-	-	239,281
Deposits Held	3,260	21,360	1,380	-	26,000
Interfund Loan Payable	-	-	-	469,000	469,000
Unearned Revenue	-	-	10,529	-	10,529
Total Liabilities	555,297	118,962	135,358	470,257	1,279,874
Deferred Inflows of Resources:					
Unavailable Revenue - Taxes	113,399	-	33,112	80,644	227,155
Unavailable Revenue - Franchise Fees	14,400	-	-	-	14,400
Unavailable Revenue - Assessments	-	-	-	45,505	45,505
Unavailable Revenue - Other	182,702	1,593	107,542	-	291,837
Total Deferred Inflows of Resources	310,501	1,593	140,654	126,149	578,897
Fund Balances:					
Nonspendable	118,611	-	8,311	1,760	128,682
Restricted	-	2,342,879	132,736	2,736,424	5,212,039
Assigned	-	96,993	1,191,071	2,620,943	3,909,007
Unassigned	2,949,983	-	-	(266,629)	2,683,354
Total Fund Balances	3,068,594	2,439,872	1,332,118	5,092,498	11,933,082
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 3,934,392	$ 2,560,427	$ 1,608,130	$ 5,688,904	$ 13,791,853

See accompanying notes to basic financial statements.

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION

June 30, 2018

Total Fund Balances		$ 11,933,082
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	$ 38,151,881	
Less Accumulated Depreciation	(7,875,601)	30,276,280
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.		227,155
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.		351,742
Activities of the Internal Service Fund are allocated to Governmental Functions and reported in the Government Wide Statements		199,653
Net profit/loss of the Internal Service Fund is eliminated from Governmental revenues and activities. The net profit/loss related to Business-type activities is reported as an amount due to/from.		(34,019)
Net Pension Liability		(5,821,968)
Pension related deferral - outflow		2,251,207
Pension related deferral - inflow		(256,460)
Other Post-employment Benefits Liability		(387,979)
Other Benefit-related deferral - outflow		9,891
Other benefit-related deferral - inflow		(26,864)
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		(17,781)
Accrued Compensated Absences		(970,735)
Bonds Payable		(3,010,111)
Bond Premium		(88,390)
Loans Payable		(395,000)
Total Net Position		$ 34,239,703

See accompanying notes to 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, 2018

	GENERAL FUND	ROAD FUND	MISC. RESTRICTED FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Property Taxes	$ 2,234,502	$ -	$ 672,164	$ 1,677,206	$ 4,583,872
Transient Room Taxes	1,894,382	-	-	-	1,894,382
Other Taxes	98,721	348,573	89,905	-	537,199
Franchise and Utility Fees	1,351,915	-	-	-	1,351,915
Licenses and Permits	48,249	30,534	1,278,902	-	1,357,685
Intergovernmental	265,481	508,025	-	-	773,506
Grants and Donations	152,500	-	-	-	152,500
Charges for Services	129,310	197,916	845,378	-	1,172,604
Fines and Forfeitures	7,296	-	452,467	-	459,763
Assessments	-	-	-	68,634	68,634
Capital Contribution - Assessments	-	-	-	69,179	69,179
Interest	64,960	34,964	22,831	80,058	202,813
Miscellaneous	92,840	4,610	6,917	1,105	105,472
Total Revenues	6,340,156	1,124,622	3,368,564	1,896,182	12,729,524
EXPENDITURES:					
Current:					
General Government	645,028	-	956,153	114,415	1,715,596
Public Safety	3,532,594	-	833,266	-	4,365,860
Streets	-	846,462	-	-	846,462
Culture and recreation	857,883	-	-	-	857,883
Economic and Physical Development	439,990	-	9,092	653,535	1,102,617
Capital Outlay	468,839	167,159	35,662	93,048	764,708
Debt Service	-	-	668,443	761,536	1,429,979
Total Expenditures	5,944,334	1,013,621	2,502,616	1,622,534	11,083,105
Excess of Revenues Over, (Under) Expenditures	395,822	111,001	865,948	273,648	1,646,419
Other Financing Sources, (Uses)					
Transfers In	550,000	-	80,000	477,034	1,107,034
Transfers Out	(496,718)	-	(603,397)	-	(1,100,115)
Total Other Financing Sources, (Uses)	53,282	-	(523,397)	477,034	6,919
Net Change in Fund Balance	449,104	111,001	342,551	750,682	1,653,338
Fund Balance - Beginning of Year	2,619,490	2,328,871	989,567	4,341,816	10,279,744
Fund Balance - End of Year	$ 3,068,594	$ 2,439,872	$ 1,332,118	$ 5,092,498	$ 11,933,082

See accompanying notes to 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, 2018

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

Net Change in Fund Balance		$ 1,653,338
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	$ 987,850	
Loss on Capital Asset	(109,584)	
Current Year Depreciation	(1,036,031)	(157,765)
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).		201,446
Activities of the Internal Service Fund are allocated to Governmental Functions and reported in the Government Wide Statements		64,417
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.		7,579
Interest expenditures are recorded when due in governmental funds. In the Statement of Activities, interest is accrued.		6,223
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		336,648
Payments on Bonds		945,651
Bond Premiums		24,228
Pension and Other Post-employment Benefits Expense		(482,516)
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.		(31,678)
Changes in net position of governmental activities		$ 2,567,571

See accompanying notes to basic financial statements.

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	SEWER FUND	WATER FUND	STORM WATER FUND	TOTAL	INTERNAL SERVICE FUND
ASSETS:					
Current Assets:					
Cash and Investments	$ 2,661,552	$ 1,556,773	$ 214,225	$ 4,432,550	$ 212,555
Accounts Receivable, Net	431,502	296,478	47,211	775,191	-
Supply Inventories	10,773	241,965	-	252,738	-
Prepaid Items	1,988	2,148	-	4,136	357
Restricted Cash and Investments	1,222,206	1,256,315	323,290	2,801,811	-
Total Current Assets	4,328,021	3,353,679	584,726	8,266,426	212,912
Noncurrent Assets:					
Interfund Loan Receivable	469,000	-	-	469,000	-
Capital Assets:					
Capital Assets Not Being Depreciated	176,602	1,348,459	280,723	1,805,784	-
Other Capital assets, Net	16,643,303	32,853,037	900,436	50,396,776	-
Total Noncurrent Assets	17,288,905	34,201,496	1,181,159	52,671,560	-
Total Assets	21,616,926	37,555,175	1,765,885	60,937,986	212,912
DEFERRED OUTFLOWS OF RESOURCES:					
Pension Related Deferral	133,578	182,059	65,876	381,513	-
Other Benefits Related Deferral	659	872	305	1,836	-
Total Deferred Outflows of Resources	134,237	182,931	66,181	383,349	-
LIABILITIES:					
Current Liabilities					
Accounts Payable	59,806	358,856	20,570	439,232	13,259
Retainage Payable	62,743	54,560	-	117,303	-
Accrued Interest Payable	13,531	71,012	-	84,543	-
Loan Payable, Due Within One Year	76,214	504,723	-	580,937	-
Bonds Payable, Due Within One Year	221,479	-	-	221,479	-
Total Current Liabilities	433,773	989,151	20,570	1,443,494	13,259
Noncurrent Liabilities:					
Accrued Compensated Absences	21,943	34,132	15,847	71,922	-
Proportionate Share of Pension Liability	345,882	475,763	176,096	997,741	-
Other Post-employment Benefits Liability	25,831	34,194	11,983	72,008	-
Loan Payable, Due After One Year	1,619,888	14,269,580	-	15,889,468	-
Bonds Payable, Due After One Year	3,185,681	-	-	3,185,681	-
Total Noncurrent Liabilities	5,199,225	14,813,669	203,926	20,216,820	-
Total Liabilities	5,632,998	15,802,820	224,496	21,660,314	13,259
DEFERRED INFLOWS OF RESOURCES:					
Pension Related Deferral	11,308	18,981	9,335	39,624	-
Other Benefits Related Deferral	1,789	2,368	830	4,987	-
Total Deferred Outflows of Resources	13,097	21,349	10,165	44,611	-
Net Position:					
Net Investment in Capital Assets	11,653,900	19,372,633	1,181,159	32,207,692	-
Restricted					
System Development Charges	658,148	770,974	323,290	1,752,412	-
Debt Service Reserves	564,058	485,341	-	1,049,399	-
Unrestricted	3,228,962	1,284,989	92,956	4,606,907	199,653
Total Net Position	$ 16,105,068	$ 21,913,937	$ 1,597,405	$ 39,616,410	$ 199,653

See accompanying notes to 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, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities
	SEWER FUND	WATER FUND	STORM WATER FUND	TOTAL	INTERNAL SERVICE FUND
OPERATING REVENUES:					
Charges for Services	$ 4,264,000	$ 2,736,849	$ 493,888	$ 7,494,737	$ 1,280,694
Taxes	-	-	-	-	6,796
Miscellaneous	4,341	47,240	1,778	53,359	-
Total Operating Revenues	4,268,341	2,784,089	495,666	7,548,096	1,287,490
OPERATING EXPENSES:					
Salaries, Wages and Benefits	432,827	572,980	200,799	1,206,606	767,494
Operating Supplies and Services	2,165,714	630,655	179,397	2,975,766	451,356
Depreciation	654,241	850,272	72,129	1,576,642	-
Total Operating Expenses	3,252,782	2,053,907	452,325	5,759,014	1,218,850
Operating Income (Loss)	1,015,559	730,182	43,341	1,789,082	68,640
Nonoperating Revenues (Expenses):					
System Development Fees	123,704	147,718	43,072	314,494	-
Sale of Capital Assets	15,000	15,000	70,000	100,000	-
Interest Earnings	59,182	49,824	11,064	120,070	2,696
Interest Expense	(142,666)	(440,707)	(512)	(583,885)	-
Total Nonoperating Revenues (Expenses)	55,220	(228,165)	123,624	(49,321)	2,696
Income Before Contributions and Transfers	1,070,779	502,017	166,965	1,739,761	71,336
Transfers Out	-	-	-	-	(6,919)
Change in Net Position	1,070,779	502,017	166,965	1,739,761	64,417
Net Position - Beginning - Restated	15,034,289	21,411,920	1,430,440	37,876,649	135,236
Ending Net Position	$ 16,105,068	$ 21,913,937	$ 1,597,405	$ 39,616,410	$ 199,653

See accompanying notes to basic financial statements.

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities
	SEWER FUND	WATER FUND	STORM WATER	TOTAL	INTERNAL
Cash Flows from Operating Activities:					
Receipts From Customers	$ 3,692,129	$ 2,753,725	$ 494,062	$ 6,939,916	$ 1,287,490
Payments to Suppliers	(2,271,002)	(280,493)	(163,912)	(2,715,407)	(459,950)
Payments to Employees	(400,564)	(530,242)	(185,799)	(1,116,605)	(767,494)
Net Cash Provided (Used) by Operating Activities	1,020,563	1,942,990	144,351	3,107,904	60,046
Cash Flows From Investing Activities					
Interest Earned	59,182	49,824	11,064	120,070	2,696
Net Cash Flows From Investing Activities	59,182	49,824	11,064	120,070	2,696
Cash Flows From Noncapital Financing Activities					
Transfer To Other Funds	-	-	-	-	(6,919)
Net Cash Flows From Noncapital Financing Activities	-	-	-	-	(6,919)
Cash Flows from Capital and Related Financing Activities:					
Purchases of Capital Assets, net of Sales	(1,624,535)	(1,300,957)	(352,564)	(3,278,056)	-
Debt Payments	(220,786)	(3,348,856)	(37,220)	(3,606,862)	-
Debt Proceeds	-	2,940,936	-	2,940,936	-
Interest	(144,137)	(439,674)	(997)	(584,808)	-
System Development Fees	123,704	147,718	43,072	314,494	-
Net Cash Flows From Capital and Related Financing Activities	(1,865,754)	(2,000,833)	(347,709)	(4,214,296)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(786,009)	(8,019)	(192,294)	(986,322)	55,823
Balances - Beginning of the Year	4,669,767	2,821,107	729,809	8,220,683	156,732
Balances - End of the Year	$ 3,883,758	$ 2,813,088	$ 537,515	$ 7,234,361	$ 212,555
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	$ 1,015,559	$ 730,182	$ 43,341	$ 1,789,082	$ 68,640
Cash Flow Reported in Other Activities:					
Depreciation Expense	654,241	850,272	72,129	1,576,642	-
Changes in Assets and Liabilities:					
Receivables	(576,212)	(30,364)	(1,604)	(608,180)	-
Payables	(103,951)	361,791	15,485	273,325	(8,237)
Prepaid Expenses	(1,988)	(2,148)	-	(4,136)	(357)
Inventory	651	(9,481)	-	(8,830)	-
Pension related items	32,125	42,526	14,902	89,553	-
Compensated Absences	138	212	98	448	-
Net Cash Provided (Used) by Operating Activities	$ 1,020,563	$ 1,942,990	$ 144,351	$ 3,107,904	$ 60,046

See accompanying notes to basic financial statements.

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND
June 30, 2018

	AGENCY FUND
ASSETS:	
Cash	$ -
Accounts Receivable, Net	-
Total Assets	-
LIABILITIES	
Current Liabilities:	
Due to Others	-
Total Liabilities	$ -

See accompanying notes to basic financial statements.

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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, parking, municipal court, 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 one (1) month 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 is 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 (Agency) 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, 2018, except for the following: General Fund – City Council by $4,769.

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 of 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 and the other post-employment benefit 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 two types of items that arise only under a full accrual basis of accounting called pension-related deferral and other post-employment benefit 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		1,083,978
Investments		18,881,965
Total Cash and Investments	$	19,967,843

Reconciliation to the Statement of Net Position:		
Unrestricted Cash and Investments	$	11,801,504
Restricted Cash and Investments		8,166,339
Total Cash and Investments	$	19,967,843

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, 2018, the bank balance was $1,805,384, 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, 2018.

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, 2018, the position in the LGIP approximates the fair 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, 2018, 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	$ 10,412,983	$ 10,412,983	-	-
Hood River County Investment Pool	8,468,982	8,468,982	-	-
Total Cash and Investments	$ 18,881,965	$ 18,881,965	-	-

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, 2018 were as follows:

	Beginning	Additions	Deletions	Ending
Governmental	939,057	$ 266,442	$ (234,764)	$ 970,735
Business-type	71,474	18,317	(17,869)	71,922
	$ 1,010,531	$ 284,759	$ (252,633)	$ 1,042,657

4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2018 was as follows:

	GOVERNMENTAL ACTIVITIES CAPITAL ASSETS				
Description	June 30, 2017	Adjustments	Additions	Disposals	June 30, 2018
Capital Assets Not being Depreciated					
Land	$ 3,699,495	$ 223,081	$ -	$ (53,784)	$ 3,868,792
Intangibles	6,750	-	-	-	6,750
Construction in Progress	112,921	-	544,645	-	657,566
Total Capital Assets no being Depreciated	3,819,166	223,081	544,645	(53,784)	4,533,108
Other Capital Assets					
Land and Improvements	9,740,793	-	8,686	(60,000)	9,689,479
Buildings & Improvements	6,100,405	-	-	-	6,100,405
Infrastructure	13,710,867	-	-	-	13,710,867
Equipment	638,259	(108,601)	211,438	-	741,096
Vehicles	3,376,927	-	-	-	3,376,927
Total other Capital Assets	33,567,251	(108,601)	220,124	(60,000)	33,618,774
Less Accumulated Depreciation					
Land and Improvements	1,820,862	-	245,528	(4,200)	2,062,190
Buildings & Improvements	858,661	-	151,082	-	1,009,743
Infrastructure	1,248,063	-	302,004	-	1,550,067
Equipment	519,942	(108,601)	49,521	-	460,862
Vehicles	2,504,844	-	287,896	-	2,792,740
Total Accumulated Depreciation	6,952,372	(108,601)	1,036,031	(4,200)	7,875,602
Total Capital Assets being Depreciated, Net	26,614,879	-	(815,907)	(55,800)	25,743,172
Total Governmental Type Activities	$ 30,434,045	$ 223,081	$ (271,262)	$ (109,584)	$ 30,276,280

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

Function	Governmental Funds
General Government	$ 295,954
Public Safety	541,533
Street	85,576
Economic and Physical Development	65,746
Culture and Recreation	47,222
Total	$ 1,036,031

4. CAPITAL ASSETS (CONTINUED)

Capital asset activity for business type activities for the year ended June 30, 2018 was as follows:

	BUSINESS TYPE ACTIVITIES CAPITAL ASSETS				
Description	June 30, 2017	Adjustments	Additions	Disposals	June 30, 2018
Capital Assets Not being Depreciated					
Land	$ 39,150	$ -	$ -	$ -	$ 39,150
Intangibles	88,332	-	-	-	88,332
Construction in Progress	687,530	-	2,974,425	(1,983,653)	1,678,302
Total Capital Assets no being Depreciated	815,012	-	2,974,425	(1,983,653)	1,805,784
Other Capital Assets					
Land and Improvements	45,093,906	-	-	-	45,093,906
Buildings & Improvements	2,169,558	-	-	-	2,169,558
Infrastructure	13,699,661	-	1,983,653	-	15,683,314
Equipment	1,683,097	(108,601)	403,728	(308,496)	1,669,728
Vehicles	1,297,735	-	-	-	1,297,735
Total other Capital Assets	63,943,957	(108,601)	2,387,381	(308,496)	65,914,241
Less Accumulated Depreciation					
Land and Improvements	10,696,235	-	906,569	-	11,602,804
Buildings & Improvements	1,491,436	-	73,893	-	1,565,329
Infrastructure	425,294	-	308,221	-	733,515
Equipment	1,016,384	(108,601)	150,663	(308,496)	749,950
Vehicles	728,570	-	137,297	-	865,867
Total Accumulated Depreciation	14,357,919	(108,601)	1,576,643	(308,496)	15,517,465
Total Capital Assets being Depreciated, Net	49,586,038	-	810,738	-	50,396,776
Total Business Type Activities	$ 50,401,050	$ -	$ 3,785,163	$(1,983,653)	$52,202,560

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

Function	Business Type Funds
Sewer	$ 654,242
Water	850,272
Stormwater	72,129
Total	$ 1,576,643

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 ACTIVITES				
	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
Loans					
Upland Property (Naito)	$ 395,000	$ -	$ -	$ 395,000	$ -
Bond					
General Obligation Fire - 2009	770,000	-	(170,000)	600,000	185,000
General Obligation Fire - 2010	2,365,000	-	(370,000)	1,995,000	400,000
Urban Renewal Agency Bond	820,762	-	(405,650)	415,112	415,111
Intergovernmental Agreements	332,949	-	(332,949)	-	-
Bond Premiums	112,618	-	(24,228)	88,389	-
Total Governmental Debt Payable	$ 4,796,329	$ -	$ (1,302,827)	$ 3,493,501	$ 1,000,111

	BUSINESS TYPE ACTIVITIES				
	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Capital Leases					
Street Sweeper	$ 37,220	$ -	$ (37,220)	$ -	$ -
Loans					
USDA Loan 91-01	2,849,772	-	(2,849,772)	-	-
USDA Waterline Phase I Refinance FFC	-	2,940,935	(294,094)	2,646,842	294,094
USDA Loan 91-03	4,707,401	-	(78,247)	4,629,154	80,399
USDA Loan 91-04	7,625,050	-	(126,744)	7,498,306	130,230
DEQ Sewer Outfall Project No. R45761	1,696,103	-	-	1,696,103	76,214
Bond					
Full Faith & Credit 2010	1,720,000	-	(190,000)	1,530,000	190,000
Sewer Rev Bond No. 1 Indian Creek	1,890,077	-	(30,786)	1,859,291	31,479
Bond Premiums	20,847	-	(2,978)	17,869	-
Total Governmental Debt Payable	$ 20,546,470	$ 2,940,935	$ (3,609,841)	$ 19,877,565	$ 802,416

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. The final lease payment of $36,947 was made in the current year.

Loans Payable – Governmental Activities

On May 1, 2015, the Urban Renewal Agency entered into an agreement to borrow $395,000 from the development company NBW Hood River LLC to purchase a parcel for a passive park owned by the development company. The loan will be repaid from tax increment generated by the company's adjacent development. The development is currently operating under an enterprise zone agreement and therefore is not year generating tax-increment revenue to begin to repay the loan. The loan bears no interest.

Loans Payable – Business Type Activities

On March 24, 2011, a loan was financed for the USDA Waterline Project (Loan 91-01) in the amount of $3,051,857. On November 1, 2017, this loan was refinanced with a USDA Full Faith and Credit Loan in the amount of $2,940,935, inclusive of bond counsel and other issuance fees. The debt service will be repaid in semi-annual installments until the year 2027. Interest is due semi-annually at a rate of 2.300%. Total debt service payable on the refinanced bond, including principal and interest, was $5,438,717. Total debt service after the refunding was $3,272,191 for a total reduction of debt service amounting to $2,166,526. The net present value of the savings was $843,829 based on a discount rate of 2.300%, which was the City's cost of capital at the time of refinancing.

On June 20, 2013, two loans were financed for the USDA Waterline Project (Loan 91-04 and Loan 91-03) in the amounts of $8,099,000 and $5,000,000, respectively. 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, 2018, 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%.

5. LONG TERM DEBT (CONTINUED)

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

Fiscal Year	Principle	Interest	Total
2018-19	$ 580,937	$ 426,343	$ 1,007,280
2019-20	587,800	412,334	1,000,134
2020-21	594,837	398,146	992,983
2021-22	602,054	383,774	985,827
2022-23	609,454	369,212	978,665
2023-28	2,870,943	1,620,673	4,491,616
2028-33	1,910,056	1,326,737	3,236,793
2033-38	2,104,781	1,070,580	3,175,361
2038-43	1,914,286	806,381	2,720,667
2043-48	2,192,379	528,288	2,720,667
2048-53	2,502,880	209,792	2,712,672
	$ 16,470,405	**$ 7,552,260**	**$ 24,022,665**

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 on $190,000 to $710,000 on June 1st. Interest is payable semi-annually on December 1st and June 1st. Interest is payable semi-annually on December 1st and June 1st.. Interest rates range from 2.000% to 4.500%. 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%.

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)

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

Fiscal Year	Principle	Interest	Total
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	710,001	29,675	739,676
	$ 3,010,112	**$ 286,917**	**$ 3,297,029**

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	Principle	Interest	Total
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
2022-23	264,409	64,264	328,673
2023-28	664,013	203,532	867,545
2028-33	205,667	160,898	366,565
2033-38	229,870	136,695	366,565
2038-43	256,920	109,645	366,565
2043-48	287,154	79,411	366,565
2048-53	320,946	45,619	366,565
2053-56	210,083	9,516	219,599
	$ 3,389,291	**$1,158,095**	**$ 4,547,386**

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. All remaining debts outstanding were retired by the Urban Renewal Agency in FY2017-18 from tax-increment revenues.

	Interest Rate	Original Issue	Oustanding 7/1/2017	Issued	Matured and Redeemed	Outstanding 6/30/2018
Consolidated IGA Loan	0%	$375,000	$ 332,949	$ -	$ (332,949)	$ -

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/Pages/section/financial_reports/financials.aspx.

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, 2015 actuarial valuation, which became effective July 1, 2017. 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, 2018 were $808,917, excluding amounts to fund employer specific liabilities. In addition approximately $266,404 in employee contributions were paid or picked up by the City in fiscal year 2018.

At June 30, 2018, the City reported a net pension liability of $6,819,709 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015.

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 June 30, 2017, the City's proportion was 0.051 percent. Pension expense for the year ended June 30, 2018 was $613,916.

The rates in effect for the year ended June 30, 2018 were:

(1) – Tier1/Tier 2 – 23.21%

(2) OPSRP general services – 17.75%

6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 329,804	$ -
Changes in assumptions	1,243,111	-
Net difference between projected and actual earnings on pension plan investments	70,259	-
Changes in proportionate share	20,276	271,420
Changes in proportion and differences between City contributions and proportionate share of contributions	160,353	24,664
Net deferred outflow (inflow) of resources	1,823,803	296,084
Contributions subsequent to measurement date	808,917	-
Total Deferred outflows/inflows	$ 2,632,720	$ 296,084

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	$ 288,124	$ -	$ 288,124
2nd Fiscal Year	842,573	-	842,573
3rd Fiscal Year	576,604	-	576,604
4th Fiscal Year	(181,514)	-	(181,514)
5th Fiscal Year	1,932	808,917	810,849
Thereafter	-	-	-
Total	$ 1,527,719	$ 808,917	$ 2,336,636

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, 2017. Oregon PERS produces an independently audited CAFR which can be found at: https://www.oregon.gov/pers/EMP/Pages/GASB.aspx

Actuarial Valuations – The employer contribution rates effective July 1, 2017, through June 30, 2019, 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, 2015 rolled forward to June 30, 2017
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	2.50 percent
Investment rate of return	7.50 percent
Projected salary increase	3.50 percent overall payroll growth; salaries for individuals are assumed to grow at 3.50 percent plus assumed rates of merit/longevity increases based on service. For COLA, a blend of 2% COLA and graded COLA (1.25%/0.15%) 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 2015 Experience Study that was reviewed for the four-year period ending December 31, 2015.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100%

(Source: June 30, 2017 PERS CAFR; p. 92)

6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Market Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Assumed Inflation - Mean		*2.50%*

(Source: June 30, 2017 PERS CAFR; p. 69)

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 7.50 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 (6.50 percent) or 1-perentage-point higher (8.50) percent than the current rate.

	Decrease (6.50%)	Actual (7.50%)	Increase (8.50%)
City's proportionate share of the net pension liability	$ 11,622,029	$ 6,819,709	$ 2,804,080

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the City 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 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 City.

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.

OPSRP Individual Account Program - Employees of the City are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

Pension Benefits:
Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member 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, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover

6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a $200 minimum distribution limit.

Death Benefits:
Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions:
Employees of the City pay six (6) percent of their covered payroll. The City did not make any optional contributions to member IAP accounts for the year ended June 30, 2018.

Other Post Employment Benefits – RHIA Plan Description:
As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy:
Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to $60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of $60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating Cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the City currently contributes 0.43% of annual covered OPERF payroll and 0.45% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to RHIA for the years ended June 30, 2016, 2017 and 2018

6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

were $18,823, $21,148 million and $20,086 million, respectively, which equaled the required contributions each year.

At June 30, 2018, the City's OPEB liability/(asset) and deferred inflows and outflows were not considered significant by management and were not accrued on the government wide statements.

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.

Other 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. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description - Retirees and their dependents under age 65 are allowed to continue the health care coverages received prior to retirement. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the Employer.

Funding Policy - The benefits from this program are paid by the District on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

Actuarial Methods and Assumptions - The implicit employer subsidy is measured as the expected health care cost per retiree and dependent, less the gross premiums charged by the insurance carrier for that coverage. The subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare.

The District engaged an actuary to perform an evaluation as of June 30, 2016 using Entry Age Actuarial Cost Method with service cost expressed as a level percent of pay.

Economic Assumptions
Discount Rate: Based on a 20-year general obligation bond yield index published by The Bond Buyer.

7. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Health Care Cost Trend Medical and vision:

Year	Pre-65 Trend
2016	7.00%
2017	7.50
2018	6.00
2019	5.50
2020-2025	5.25
2026	5.00
2027-2029	5.25
2030	5.75
2031-2035	6.25
2036-2040	6.00
2041-2043	5.75
2044-2052	5.50
2053-2063	5.25
2064+	5.00

The above trend assumptions are based on a model circulated by the Society of Actuaries. The model considers current trends in health care costs, the potential impacts of the Affordable Care Act (including an excise tax scheduled to apply to high-cost plans beginning in 2020), and long-term constraints on trend such as growth in per capita income. Health care cost trend affects both the projected health care costs as well as the projected health care premiums.

General Inflation: 2.50% per year
Annual Pay Increases: 3.50%

Mortality: RP-2000 healthy white collar male and female mortality tables, set back one year for males. Mortality is projected on a generational basis using Scale BB for males and females.

Disability: Not Used

Retirement: Based on Oregon PERS assumptions. Annual rates are based on age, Tier / OPSRP, duration of service, and employment classification.

The projection of benefits for financial reporting purpose does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Changes in Medical Benefit OPEB Liability -

Balance at June 30, 2017	$	457,813
Changes for the Year:		
Service Cost		31,348
Interest		13,830
Changes of Assumptions or Other Input		(35,134)
Benefit Payments		(7,870)
Net Changes for the Year		2,174
Total OPEB Liability at June 30, 2018	$	459,987

7. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Sensitivity of the Net Other Post-Employment Benefit Liability to Changes in Discount and Trend Rates - The following presents the net other post-employment benefit liability (NOL), calculated using the discount rate of 3.58 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

June 30, 2018	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 510,357	$ 459,987	$ 413,906

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	$ 397,022	$ 459,987	$ 534,752

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ -	$ -
Changes in assumptions	(31,851)	-
Benefit payments	-	11,727
Deferred outflow (inflow) of resources as of June 30, 2018	$ (31,851)	$ 11,727

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows

Year ending June 30,	Amount
2019	$ (3,284)
2020	(3,284)
2021	(3,284)
2022	(3,284)
2023	(3,284)
Thereafter	(15,430)
Total	$ (31,850)

8. INTERFUND TRANSFERS / LOANS

	Transfer from other funds	Transfer to other funds
GOVERNMENTAL FUNDS		
General Fund	$ 550,000	$ 496,718
Misc. Restricted Fund	80,000	603,397
Non-Major Funds	477,034	-
PROPRIETARY FUNDS		
Internal Service Fund	-	6,919
	$ 1,107,034	$ 1,107,034

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.

The Sewer Fund loaned the URA Waterfront District Fund $469,000 in January of 2018 for odor control of the wastewater treatment plant. The loan bears an interest rate of 1.55% and the repayment period ending no later than 5 years after project completion date.

9. RESTRICTED ASSETS

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

RESTRICTED CASH & INVESTMENT BALANCES

	Governmental Activities	Business-type Activities
Road Fund	$ 2,295,746	$ -
Misc. Restricted Fund	134,733	-
URA - General Fund	51,794	-
URA - Columbia Cascade Plan Fund	2,199,153	-
URA - Waterfront Plan Fund	201,146	-
URA - Heights Plan Fund	481,956	-
Sewer Fund	-	1,222,206
Water Fund	-	1,256,315
Storm Water Fund	-	323,290
Total	$ 5,364,528	$ 2,801,811

10. OPERATING LEASES

There were two (2) operating leases in effect during the fiscal year ended June 30, 2018. Approximate future minimum rental commitments under these lease agreements are as follows:

Year Ending	Amount
June 30, 2019	$ 10,910
June 30, 2020	10,910
June 30, 2021	9,484
	$ 31,304

The total rental expense under these leases was approximately $10,910 for the year ended June 30, 2018.

11. 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.

12. 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.

13. SUBSEQUENT EVENTS

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

- Ordinance 2045 was adopted annexing approximately 4 acres of land into the City. The property is private and anticipated to develop into housing. The City expects an additional $930 per year in property tax receipts from the annexation.
- On July 9th, the City Council awarded a $262,402 contract to extend a stormwater line along a section of Belmont Drive.
- On July 23rd, the City Council approved awarded at $123,825 contract to enlarge a stormwater line near the intersection of 13th and Oak Street.
- On August 27th, the City Council awarded a $89,527.50 contract to purchase a new sodium hypochlorite generation system

14. 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 $954,562 was recorded for services performed under this agreement for the 2017-18 fiscal years.

As of June 30, 2018, the City has remaining construction and design/engineering contract obligations as follows:

- East Port Marina Lift Station, $51,576
- WWTP Odor Control, $26,664
- STP6 Sherman & Serpentine Area Waterline Improvements, $437,145
- STP6 Sherman & Serpentine Area Waterline Improvements, $25, 537
- Children's Park, $49,507

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.

15. 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.

16. RESTATEMENT OF NET POSITION

Beginning net position was restated by ($567,292) for the implementation of GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits other than Pensions.

17. FUND BALANCE CONSTRAINTS

The specific purposes for each of the categories of fund balance as of June 30, 2018 are as follows:

FUND BALANCES	General	Road Fund	Misc. Restricted Fund	Non-Major Funds	Total Governmental
Non-spendable	$ 118,611	$ -	$ 8,311	$ 1,760	$ 128,682
Restricted:					
Roads	-	2,342,879	-	-	2,342,879
Debt Service	-	-	55,756	-	55,756
Construction Excise Taxes	-	-	76,980	-	76,980
Urban Renewal	-	-	-	2,736,424	2,736,424
Total Restricted	-	2,342,879	132,736	2,736,424	5,212,039
Assigned to:					
Emergency Medical Services	-	-	122,188	-	122,188
Engineering	-	-	128,863	-	128,863
Municipal Court	-	-	192,326	-	192,326
Parking	-	-	358,246	-	358,246
Building	-	-	389,448	-	389,448
Reserves - PERS	-	-	-	509,956	509,956
Reserves - Compensated Absences	-	-	-	223,870	223,870
Reserves - Equipment Replacement	-	96,993	-	1,760,801	1,857,794
Reserves - Other	-	-	-	126,316	126,316
Total Assigned	-	96,993	1,191,071	2,620,943	3,909,007
Unassigned	2,949,983	-	-	(266,629)	2,683,354
Total Fund Balances	$ 3,068,594	$ 2,439,872	$ 1,332,118	$ 5,092,498	$ 11,933,082

18. FUND BALANCE CONSTRAINTS

The URA Waterfront District Fund reported a negative fund balance of $266,629 due to the effects of an interfund loan. The fund balance will cease to be negative when the interfund loan is paid off.

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, 2018

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
2018	0.05 %	$ 6,819,709	$ 4,574,713	149.07%	83.1 %
2017	0.05 %	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

Year Ended June 30,	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
2018	$ 808,917	$ 808,917	$ -	$ 4,656,307	17.37 %
2017	654,568	654,568	-	4,574,713	14.31 %
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 CHANGES IN OTHER POST-EMPLOYMENT BENEFITS (OPEB) LIABILITY
For the Year Ended June 30, 2018

Total OPEB Liability at June 30, 2017			$ 457,813
Changes for the year:			
Service Cost	$	31,348	
Interest		13,830	
Changes of Benefit Terms		-	
Differences Between Expected and Actual Experience		-	
Changes of Assumptions or Other Input		(35,134)	
Benefit Payments		(7,870)	
Net Changes for the Year			2,174
Total OPEB Liability at June 30, 2018			$ 459,987
Covered Payroll			4,656,307
Total OPEB Plan as a Percentage of Covered Payroll			9.88%

Note: This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full year trend has been compiled, information is presented for the years for which the required supplementary schedule information is available. The City implemented GASB 75 in the fiscal year ending June 30, 2018.

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, 2018

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Taxes	$ 4,197,530	$ 4,257,530	$ 4,227,605	$ (29,925)
Licenses and Permits	1,336,955	1,336,955	1,400,164	63,209
Intergovernmental	298,049	298,049	265,481	(32,568)
Charges for Services	95,981	106,187	129,310	23,123
Fines and Forfeitures	4,000	4,000	7,296	3,296
Grants and Donations	-	265,000	152,500	(112,500)
Interest	74,871	74,871	64,960	(9,911)
Miscellaneous	53,854	53,854	92,840	38,986
Total Revenue	6,061,240	6,396,446	6,340,156	(56,290)
EXPENDITURES:				
Public Safety - Police	2,055,103	2,107,838 (1)	1,981,930	125,908
Public Safety - Fire	2,063,015	2,073,221 (1)	2,019,503	53,718
Parks	681,529	953,341 (1)	857,883	95,458
Planning	518,105	518,105 (1)	439,990	78,115
City Council	34,256	62,606 (1)	67,375	(4,769)
Expenditures Not Allocated:				
Materials and Services	572,562	587,562 (1)	577,653	9,909
Contingency	589,045	501,148 (1)	-	501,148
Total Expenditures	6,513,615	6,803,821	5,944,334	859,487
Excess of Revenues Over, (Under) Expenditures	(452,375)	(407,375)	395,822	803,197
Other Financing Sources, (Uses)				
Transfers In	550,000	550,000	550,000	-
Transfers Out	(496,718)	(496,718) (1)	(496,718)	-
Total Other Financing Sources, (Uses)	53,282	53,282	53,282	-
Net Change in Fund Balance	(399,093)	(354,093)	449,104	803,197
Beginning Fund Balance	1,992,098	2,619,490	2,619,490	-
Ending Fund Balance	$ 1,593,005	$ 2,265,397	$ 3,068,594	$ 803,197

(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, 2018

ROAD FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Taxes	$ 325,000	$ 325,000	$ 348,573	$ 23,573
Licenses and Permits	15,700	15,700	30,534	14,834
Intergovernmental	1,048,000	1,048,000	508,025	(539,975)
System Development Charges	191,480	191,480	197,916	6,436
Interest	11,845	11,845	34,964	23,119
Miscellaneous	1,500	1,500	4,610	3,110
Total Revenues	1,593,525	1,593,525	1,124,622	(468,903)
EXPENDITURES:				
Road Operations	1,489,016	1,506,522 (1)	845,984	660,538
Road SDC	1,050,000	1,050,000 (1)	82,718	967,282
Road Equipment Replacement	113,447	113,447 (1)	84,919	28,528
Contingency	393,871	376,365 (1)	-	376,365
Total Expenditures	3,046,334	3,046,334	1,013,621	2,032,713
Excess of Revenues Over, (Under) Expenditures	(1,452,809)	(1,452,809)	111,001	1,563,810
Other Financing Sources, (Uses)				
Transfer In	7,446	7,446	7,446	-
Transfer Out	(7,446)	(7,446) (1)	(7,446)	
Total Other Financing Sources, (Uses)	-	-	-	-
Net Change in Fund Balance	(1,452,809)	(1,452,809)	111,001	1,563,810
Beginning Fund Balance	2,434,621	2,434,621	2,328,871	(105,750)
Ending Fund Balance	$ 981,812	$ 981,812	$ 2,439,872	$ 1,458,060

(1) Appropriation Level

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, 2018

MISC. RESTRICTED FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
Taxes	$ 692,993	$ 849,007		$ 762,069	$ (86,938)
Licenses and Permits	1,111,129	1,299,129		1,278,902	(20,227)
Charges for Services	921,750	960,850		845,378	(115,472)
Fines and Forfeitures	441,134	441,134		452,467	11,333
Interest	3,415	7,257		22,831	15,574
Miscellaneous	200	-		6,917	6,917
Total Revenue	3,170,621	3,557,377		3,368,564	(188,813)
EXPENDITURES:					
Public Safety - EMS	723,557	729,657	(1)	711,045	18,612
Building	355,614	518,981	(1)	500,370	18,611
Engineering	76,869	112,128	(1)	92,892	19,236
Municipal Court	121,648	123,828	(1)	122,221	1,607
Parking	618,039	627,005	(1)	398,553	228,452
Fire G.O. Bond	150	150	(1)	-	150
CET State OHCS Distribution	-	17,226	(1)	9,092	8,134
Expenditures Not Allocated:					
Debt Service	668,451	668,451	(1)	668,443	8
Contingency	201,308	326,766	(1)	-	326,766
Total Expenditures	2,765,636	3,124,192		2,502,616	621,576
Excess of Revenues Over, (Under) Expenditures	404,985	433,185		865,948	432,763
Other Financing Sources, (Uses)					
Transfers In	80,000	80,000		80,000	-
Transfers Out	(603,397)	(603,397)	(1)	(603,397)	-
Total Other Financing Sources, (Uses)	(523,397)	(523,397)		(523,397)	0
Net Change in Fund Balance	(118,412)	(90,212)		342,551	432,763
Beginning Fund Balance	684,073	996,178		989,567	(6,611)
Ending Fund Balance	$ 565,661	$ 905,966		$ 1,332,118	$ 426,152

(1) Appropriation Level

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2018

	RESERVES FUND	URA GENERAL FUND	URA COLUMBIA CASCADE DISTRICT FUND	URA WATERFRONT DISTRICT FUND
ASSETS:				
Cash and Investments	$ 2,620,943	$ -	$ -	$ -
Receivables				
Taxes	-	-	57,099	20,674
Assessments Receivable	46,954	-	-	-
Prepaid Items	-	1,760	-	-
Due from Other Funds	-	-	1,449	-
Restricted Cash and Investments	-	51,794	2,199,153	201,146
Total Assets	$ 2,667,897	$ 53,554	$ 2,257,701	$ 221,820
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	$ -	$ 1,257	$ -	$ -
Interfund Loan Payable	-	-	-	469,000
Due to Other Funds	1,449	-	-	-
Total Liabilities	1,449	1,257	-	469,000
Deferred Inflows of Resources:				
Unavailable Revenue - Taxes	-	-	54,221	19,449
Unavailable Revenue - Assessments	45,505	-	-	-
Total Deferred Inflows of Resources	45,505	-	54,221	19,449
Fund Balances:				
Restricted	-	52,297	2,203,480	-
Assigned	2,620,943	-	-	-
Unassigned	-	-	-	(266,629)
Total Fund Balances	2,620,943	52,297	2,203,480	(266,629)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,667,897	$ 53,554	$ 2,257,701	$ 221,820

URA HEIGHTS DISTRICT FUND	TOTAL
$ -	$ 2,620,943
7,425	85,198
-	46,954
-	1,760
-	1,449
481,956	2,934,049
$ 489,381	$ 5,690,353
$ -	$ 1,257
-	469,000
-	1,449
-	471,706
6,974	80,644
-	45,505
6,974	126,149
482,407	2,738,184
-	2,620,943
-	(266,629)
482,407	- 5,092,498
$ 489,381	$ 5,690,353

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, 2018

	RESERVES FUND	URA GENERAL FUND	URA COLUMBIA CASCADE DISTRICT FUND	URA WATERFRONT DISTRICT FUND
REVENUES:				
Property Taxes	$ -	$ -	$ 1,033,810	$ 467,759
Assessments	68,634	-	-	-
Capital Contributions - Assessments	-	-	69,179	-
Interest	37,649	592	31,374	3,108
Miscellaneous	1,105	-	-	-
Total Revenue	107,388	592	1,134,363	470,867
EXPENDITURES:				
General Government	207,463	-	-	-
Economic and Physical Development	-	7,271	70,362	519,732
Debt Service	-	-	420,074	341,462
Total Expenditures	207,463	7,271	490,436	861,194
Excess of Revenues Over, (Under) Expenditures	(100,075)	(6,679)	643,927	(390,327)
Other Financing Sources, (Uses)				
Transfers In	477,034	47,460	-	-
Transfers Out	-	-	(15,820)	(15,820)
Total Other Financing Sources, (Uses)	477,034	47,460	(15,820)	(15,820)
Net Change in Fund Balance	376,959	40,781	628,107	(406,147)
Beginning Fund Balance	2,243,984	11,516	1,575,373	139,518
Prior Period Adjustment	-	-	-	-
Ending Fund Balance	$ 2,620,943	$ 52,297	$ 2,203,480	$ (266,629)

URA HEIGHTS DISTRICT FUND	TOTAL
$ 175,637	$ 1,677,206
	68,634
	69,179
7,335	80,058
	1,105
182,972	1,896,182
-	207,463
56,170	653,535
-	761,536
56,170	1,622,534
126,802	273,648
-	524,494
(15,820)	(47,460)
(15,820)	477,034
110,982	750,682
371,425	4,341,816
-	-
$ 482,407	$ 5,092,498

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, 2018

RESERVES FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
Assessments	$ 163,109	$ 163,109		$ 68,634	$ (94,475)
Interest	7,737	7,737		37,649	29,912
Miscellaneous	-	125		1,105	980
Total Revenue	170,846	170,971		107,388	(63,583)
EXPENDITURES:					
LID Assessments	163,109	163,109	(1)	69,179	93,930
Reserve - Miscellaneous	-	125	(1)	125	-
Reserve - Equipment Replacment	92,000	93,050	(1)	93,048	2
Reserve - Compensated Absences	107,892	107,892	(1)	45,111	62,781
Expenditures Not Allocated:					
Contingency	270,824	269,774	(1)	-	269,774
Total Expenditures	633,825	633,950		207,463	426,487
Excess of Revenues Over, (Under) Expenditures	(462,979)	(462,979)		(100,075)	362,904
Other Financing Sources, (Uses)					
Transfer In	477,034	477,034		477,034	-
Total Other Financing Sources, (Uses)	477,034	477,034		477,034	-
Net Change in Fund Balance	14,055	14,055		376,959	362,904
Beginning Fund Balance	2,175,640	2,175,640		2,243,984	68,344
Ending Fund Balance	$ 2,189,695	$ 2,189,695		$ 2,620,943	$ 431,248

(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, 2018

URA GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:					
Interest	$ 59	$ 59		$ 592	$ 533
Total Revenues	59	59		592	533
EXPENDITURES:					
Non-Dept. Materials & Services	42,060	42,060	(1)	7,271	34,789
Contingency	4,500	4,500	(1)	-	4,500
Total Expenditures	46,560	46,560		7,271	39,289
Excess of Revenues, Over (Under) Expenditures	(46,501)	(46,501)		(6,679)	39,822
Other Financing Sources, (Uses)					
Transfers In	47,460	47,460		47,460	-
Total Other Financing Sources, (Uses)	47,460	47,460		47,460	-
Net Change in Fund Balance	959	959		40,781	39,822
Beginning Fund Balance	7,044	7,044		11,516	4,472
Ending Fund Balance	$ 8,003	$ 8,003		$ 52,297	$ 44,294

(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, 2018

URA COLUMBIA CASCADE DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:					
Taxes	$ 994,970	$ 994,970		$ 1,033,810	$ 38,840
Interest	8,795	8,795		31,374	22,579
Capital Contributions - Assessments	163,109	163,109		69,179	(93,930)
Total Revenues	1,166,874	1,166,874		1,134,363	38,840
EXPENDITURES:					
Development Program	157,240	157,240	(1)	70,362	86,878
Expenditures Not Allocated:					
Debt Service	420,074	420,074	(1)	420,074	-
Contingency	2,057,076	2,057,076	(1)	-	2,057,076
Total Expenditures	2,634,390	2,634,390		490,436	2,143,954
Excess of Revenues, Over (Under) Expenditures	(1,467,516)	(1,467,516)		643,927	2,182,794
Other Financing Sources, (Uses)					
Transfers Out	(15,820)	(15,820)	(1)	(15,820)	-
Total Other Financing Sources (Uses)	(15,820)	(15,820)		(15,820)	-
Net Change in Fund Balance	(1,483,336)	(1,483,336)		628,107	2,111,443
Beginning Fund Balance	1,483,336	1,483,336		1,575,373	92,037
Ending Fund Balance	$ -	$ -		$ 2,203,480	$ 2,203,480

(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, 2018

URA WATERFRONT DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:					
Property Taxes	$ 469,362	$ 469,362		$ 467,759	$ (1,603)
Interest	2,827	2,827		3,108	281
Total Revenues	472,189	472,189		470,867	(1,322)
EXPENDITURES:					
Development Program	100,000	569,000	(1)	519,732	49,268
Expenditures Not Allocated:					
Debt Service	343,381	343,381	(1)	341,462	1,919
Contingency	138,026	138,026	(1)	-	138,026
Total Expenditures	581,407	1,050,407		861,194	189,213
Excess of Revenues, Over (Under) Expenditures	(109,218)	(578,218)		(390,327)	187,891
Other Financing Sources, (Uses)					
Transfers Out	(15,820)	(15,820)	(1)	(15,820)	-
Loan Proceeds	-	469,000		469,000	-
Total Other Financing Sources, (Uses)	(15,820)	453,180		453,180	-
Net Change in Fund Balance	(125,038)	(125,038)		62,853	187,891
Beginning Fund Balance	125,038	125,038		139,518	14,480
Ending Fund Balance	$ -	$ -		$ 202,371	$ 202,371
Reconciliation to Net Position:					
Interfund Loan				(469,000)	
GAAP Basis Fund Balance				$ (266,629)	

(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, 2018

URA HEIGHTS DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:					
Property Taxes	$ 170,712	$ 170,712		$ 175,637	$ 4,925
Interest	2,659	2,659		7,335	4,676
Total Revenues	173,371	173,371		182,972	9,601
EXPENDITURES:					
Operations	78,000	78,000	(1)	56,170	21,830
Expenditures Not Allocated:					
Contingency	451,708	451,708	(1)	-	451,708
Total Expenditures	529,708	529,708		56,170	473,538
Excess of Revenues, Over (Under) Expenditures	(356,337)	(356,337)		126,802	483,139
Other Financing Sources, (Uses)					
Transfers Out	(15,820)	(15,820)	(1)	(15,820)	-
Total Other Financing Sources, (Uses)	(15,820)	(15,820)		(15,820)	-
Net Change in Fund Balance	(372,157)	(372,157)		110,982	483,139
Beginning Fund Balance	372,157	372,157		371,425	(732)
Ending Fund Balance	$ -	$ -		$ 482,407	$ 482,407

(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, 2018

	SEWER FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Charges for Services	$ 3,624,934	$ 4,093,934	$ 4,214,956	$ 121,022
System Development Charges	90,000	90,000	123,704	33,704
Interest	21,296	21,296	59,182	37,886
Miscellaneous	2,473	2,473	4,341	1,868
Total Revenues	3,738,703	4,207,703	4,402,183	194,480
EXPENDITURES:				
Sewer Operations	1,786,459	1,816,525 (1)	1,218,283	598,242
Sewer WWTP	2,818,642	3,133,642 (1)	2,272,008	861,634
Sewer SDC	1,115,000	1,240,637 (1)	658,148	582,489
Sewer Reserve - Debt Requirements	25,000	25,000 (1)	-	25,000
Sewer Equipment Replacement	45,000	60,000 (1)	56,721	3,279
Expenditures Not Allocated:				
Debt Service	491,773	491,773 (1)	364,923	126,850
Contingency	309,543	294,477 (1)	-	294,477
Total Expenditures	6,591,417	7,062,054	4,570,083	(2,491,971)
Excess of Revenues Over, (Under) Expenditures	(2,852,714)	(2,854,351)	(167,900)	2,686,451
Other Financing Sources (Uses):				
Transfers In	455,170	549,869	300,170	(249,699)
Transfers Out	(455,170)	(549,869) (1)	(300,170)	249,699
Interfund Loan Disbursements	-	(469,000) (1)	(469,000)	-
Sale of Capital Assets	-	15,000	15,000	-
Total Other Financing Sources (Uses)	-	(454,000)	(454,000)	-
Net Change in Fund Balance	(2,852,714)	(3,308,351)	(621,900)	2,686,451
Beginning Fund Balance	4,287,783	4,743,420	4,766,523	23,103
Ending Fund Balance	$ 1,435,069	$ 1,435,069	$ 4,144,623	$ 2,709,554

Reconciliation to Net Position:	
Capital Assets, Net	16,819,905
Inventory	10,773
Due from Urban Renewal Agency	469,000
Net Pension Liability	(345,882)
Pension related deferrals, net	122,270
Post-employment Benefits Liability	(25,831)
Other benefits related deferrals, net	(1,130)
Unavailable Revenue	50,076
Accrued Compensated Absences	(21,943)
Accrued Interest	(13,531)
Long Term Debt	(5,103,262)
Statement of Net Position	$ 16,105,068

(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, 2018

WATER FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
Charges for Services	$ 2,615,068	$ 2,617,472		$ 2,715,248	$ 97,776
System Development Charges	127,404	125,000		147,718	22,718
Interest	15,601	15,601		49,824	34,223
Miscellaneous	40,000	40,000		47,240	7,240
Total Revenues	2,798,073	2,798,073		2,960,030	161,957
EXPENDITURES:					
Water Operations	2,921,233	3,292,179	(1)	2,429,615	862,564
Water SDC	310,000	310,000	(1)	-	310,000
Water Reserve - Debt Requirements	40,000	40,000	(1)	-	40,000
Water Equipment Replacement	45,000	60,000	(1)	56,720	3,280
Expenditures Not Allocated:					
Debt Service	704,112	3,814,112	(1)	3,788,531	25,581
Contingency	237,380	42,156	(1)	-	42,156
Total Expenditures	4,257,725	7,558,447		6,274,866	1,283,581
Excess of Revenues Over, (Under) Expenditures	(1,459,652)	(4,760,374)		(3,314,836)	1,445,538
Other Financing Sources (Uses):					
Transfers In	117,604	117,604		117,604	-
Transfers Out	(117,604)	(117,604)	(1)	(117,604)	-
Loan Proceeds	-	2,935,000		2,940,935	5,935
Sale of Capital Assets	-	15,000		15,000	-
Total Other Financing Sources (Uses)	-	2,950,000		2,955,935	5,935
Net Change in Fund Balance	(1,459,652)	(1,810,374)		(358,901)	1,451,473
Beginning Fund Balance	2,458,992	2,809,714		3,035,596	225,882
Ending Fund Balance	$ 999,340	$ 999,340		2,676,695	$ 1,677,355

Reconciliation to Net Position:	
Capital Assets, Net	34,201,496
Net Pension Liability	(475,763)
Pension related deferrals, net	163,078
Post-employment Benefits Liability	(34,194)
Other benefits related deferrals, net	(1,496)
Unavailable Revenue	21,603
Inventory	241,965
Loans Payable	(14,774,303)
Accrued Interest Payable	(71,012)
Accrued compensated absences	(34,132)
Statement of Net Position	$ 21,913,937

(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, 2018

STORM WATER FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Charges for Services	$ 498,159	$ 498,159	$ 490,901	$ (7,258)
System Development Charges	26,000	26,000	43,072	17,072
Interest	3,566	3,566	11,064	7,498
Miscellaneous	-	-	1,778	1,778
Total Revenues	527,725	527,725	546,815	19,090
EXPENDITURES:				
Storm Water Operations	576,226	490,335 (1)	402,116	88,219
Storm Water SDC	50,000	350,000 (1)	121,041	228,959
Storm Water Equipment Replacement	210,000	280,000 (1)	264,696	15,304
Expenditures Not Allocated:				
Debt Service	38,396	38,396 (1)	38,124	272
Contingency	124,013	119,904 (1)	-	119,904
Total Expenditures	998,635	1,278,635	825,977	364,439
Excess of Revenues Over, (Under) Expenditures	(470,910)	(750,910)	(279,162)	(345,349)
Other Financing Sources, (Uses)				
Transfer In	136,164	384,164	384,164	-
Transfers Out	(136,164)	(384,164) (1)	(384,164)	-
Sale of Capital Assets	-	70,000	70,000 #	-
Total Other Financing Sources, (Uses)	-	70,000	70,000	-
Net Change in Fund Balance	(470,910)	(680,910)	(209,162)	(345,349)
Beginning Fund Balance	610,588	820,588	770,331	(50,257)
Ending Fund Balance	$ 139,678	$ 139,678	561,169	$ 421,491

Reconciliation to Net Position:	
Capital Assets, Net	1,181,159
Net Pension Liability	(176,096)
Pension related deferrals, net	56,541
Post-employment Benefits Liability	(11,983)
Other benefits related deferrals, net	(525) #
Unavailable Revenue	2,987
Accrued Compensated Absences	(15,847)
Statement of Net Position	$ 1,597,405

(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, 2018

INTERNAL SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
Interdepartmental Charges	$ 1,288,056	$ 1,303,056		$ 1,280,694	$ (22,362)
Taxes	-	-		6,796	(6,796)
Interest	440	440		2,696	2,256
Total Revenues	1,288,496	1,303,496		1,290,186	(26,902)
EXPENDITURES:					
Administration	1,016,117	1,040,625	(1)	1,036,960	3,665
Equipment Maintenance	171,759	189,007	(1)	181,890	7,117
Contingency	98,902	72,146	(1)	-	72,146
Total Expenditures	1,286,778	1,301,778		1,218,850	82,928
Excess of Revenues Over, (Under) Expenditures	1,718	1,718		71,336	(109,830)
Other Financing Sources, (Uses)					
Transfers Out	(6,919)	(6,919)	(1)	(6,919)	-
Total Other Financing Sources, (Uses)	(6,919)	(6,919)		(6,919)	-
Net Change in Fund Balance	(5,201)	(5,201)		64,417	69,618
Beginning Fund Balance	49,907	135,235		135,236	1
Ending Fund Balance	$ 44,706	$ 130,034		$ 199,653	$ 69,619

(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, 2018

GENERAL FUND

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/17	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/18
Current:					
2017-18	$ 2,315,966	$ 68,627	$ 6,774	$ 2,205,477	$ 48,636
Prior years					
2016-17	47,029	-	1,124	22,553	25,600
2015-16	23,772	-	802	7,085	17,489
2014-15	15,050	-	1,289	7,544	8,795
2013-14	8,753	-	1,040	5,050	4,743
Prior	15,511	-	605	1,825	14,291
Total Prior	110,115	-	4,860	44,057	70,918
Total	$ 2,426,081	$ 68,627	$ 11,634	$ 2,249,534	$ 119,554

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	$ 2,249,534
Unavailable - June 30, 2017	(94,715)
Unavailable - June 30, 2018	113,399
Miscellaneous	(33,716)
Total per budgetary statement	$ 2,234,502

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF PROPERTY TAX COLLECTIONS AND UNPAID BALANCES

For the Year Ended June 30, 2018

FIRE G/O BOND DEBT SERVICE FUND

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/17	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/18
Current:					
2017-18	$ 689,915	$ 20,443	$ 2,018	$ 657,001	$ 14,489
Prior years					
2016-17	15,142	-	361	7,261	8,242
2015-16	6,945	-	234	2,070	5,109
2014-15	3,948	-	338	1,979	2,307
2013-14	2,773	-	330	1,600	1,503
Prior	3,615	-	153	470	3,298
Total Prior	32,423	-	1,416	13,380	20,459
Total	$ 722,338	$ 20,443	$ 3,434	$ 670,381	$ 34,948

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	$ 670,381
Unavailable - June 30, 2017	(27,613)
Unavailable - June 30, 2018	33,112
Miscellaneous	(3,716)
Total per budgetary statement	$ 672,164

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF TAX PROPERTY COLLECTIONS AND UNPAID BALANCES

For the Year Ended June 30, 2018

URA COLUMBIA CASCADE PLAN FUND

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/17	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/18
Current:					
2017-18	$ 1,071,894	$ 31,762	$ 3,135	$ 1,020,757	$ 22,510
Prior years					
2016-17	21,779	-	522	10,445	11,856
2015-16	11,954	-	403	3,563	8,794
2014-15	6,832	-	585	3,425	3,992
2013-14	3,820	-	454	2,204	2,070
Prior	8,459	-	293	875	7,877
Total Prior	52,844	-	2,257	20,512	34,589
Total	$ 1,124,738	$ 31,762	$ 5,392	$ 1,041,269	$ 57,099

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	$ 1,041,269
Unavailable - June 30, 2017	(45,697)
Unavailable - June 30, 2018	54,221
Miscellaneous	(15,983)
Total per budgetary statement	$ 1,033,810

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF PROPERTY TAX COLLECTIONS AND UNPAID BALANCES

For the Year Ended June 30, 2018

URA WATERFRONT PLAN FUND

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/17	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/18
Current:					
2017-18	$ 486,443	$ 14,414	$ 1,423	$ 463,236	$ 10,216
Prior years					
2016-17	9,319	-	223	4,469	5,073
2015-16	4,062	-	138	1,211	2,989
2014-15	2,293	-	196	1,149	1,340
2013-14	947	-	113	547	513
Prior	603	-	27	87	543
Total Prior	17,224	-	697	7,463	10,458
Total	$ 503,667	$ 14,414	$ 2,120	$ 470,699	$ 20,674

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	$ 470,699
Unavailable - June 30, 2017	(14,403)
Unavailable - June 30, 2018	19,449
Miscellaneous	(7,986)
Total per budgetary statement	$ 467,759

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF PROPERTY TAX COLLECTIONS AND UNPAID BALANCES

For the Year Ended June 30, 2018

URA THE HEIGHTS PLAN FUND

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/17	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/18
Current:					
2017-18	$ 182,783	$ 5,416	$ 535	$ 174,063	$ 3,839
Prior years					
2016-17	3,335	-	80	1,599	1,816
2015-16	1,481	-	49	441	1,089
2014-15	697	-	61	350	408
2013-14	300	-	36	173	163
Prior	125	-	4	19	110
Total Prior	5,938	-	230	2,582	3,586
Total	$ 188,721	$ 5,416	$ 765	$ 176,645	$ 7,425

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	$ 176,645
Unavailable - June 30, 2017	(4,945)
Unavailable - June 30, 2018	6,974
Miscellaneous	(3,037)
Total per budgetary statement	$ 175,637

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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, 2018

Taxable Property Values Fiscal Year	RMV*	Total AV	UR Excess	AV Used to Calculate Rates**
2017/18	1,537,386,586	976,402,385	154,512,470	821,889,915
2016/17	1,328,302,208	916,476,146	141,758,812	774,717,334
2015/16	1,272,413,130	869,507,527	128,526,148	740,981,379
2014/15	1,210,603,538	822,033,400	107,584,348	714,449,052
2013/14	1,131,510,850	776,681,597	91,352,004	685,329,593
2012/13	1,112,924,837	744,162,680	78,996,042	665,166,638
2011/12	1,075,736,920	708,516,957	70,013,527	638,503,430
2010/11	1,067,353,943	663,759,874	55,742,193	608,017,681
2009/10	1,084,288,212	639,658,532	53,593,129	586,065,403
2008/09	1,046,860,378	597,617,548	46,739,338	550,878,210
2007/08	952,829,914	550,334,434	43,662,138	506,672,296
2006/07	851,755,961	512,388,960	41,821,466	470,567,494
2005/06	727,406,304	463,663,241	32,584,718	431,078,523

* 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	0.2352
911 Communications District	0.5644	0.0000	0.0000	0.5644	0.0935
City of Hood River	2.8112	0.7052	0.0000	3.5164	0.4448
Port of Hood River	0.0332	0.0000	0.0000	0.0332	0.0053
NORCOR	0.0000	0.0000	0.0000	0.0000	0.0000
Hood River Parks & Recreation District	0.3498	0.0920	0.0000	0.4418	0.0732
HRC Transportation District	0.0723	0.0000	0.0000	0.0723	0.0118
Library District	0.3900	0.0000	0.0000	0.3900	0.0646
Total General Government	5.6380	0.8708	0.0000	6.4352	0.9284
Education					
Columbia Gorge Community College	0.2703	0.3225	0.0000	0.5928	0.0448
Columbia Gorge ESD	0.4678	0	0.0000	0.4678	0.0775
Hood River County School District	4.8119	1.7241	1.2500	7.7860	0.7997
Total Education	5.5500	2.0466	1.2500	8.8466	0.8671
Total Tax Rate	11.1880	2.9174	1.2500	15.2818	1.7955

* 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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December 17, 2018

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, 2018, and have issued our report thereon dated December 17, 2018. 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. We noted one invoice that did not have evidence of competitive quotes received.
2. We noted budget overexpenditures as noted on page 20.

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.