

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020



12700 SW 72nd Ave.
Tigard, OR 97223

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

For the Year Ended June 30, 2020

ANNUAL FINANCIAL REPORT

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CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

City Council as of June 30, 2020

<u>NAME</u>	<u>TERM EXPIRES</u>
Kate McBride, Mayor	December 31, 2020
Mark Zanmiller, Council President	December 31, 2020
Megan Saunders	December 31, 2020
Gladys Rivera	December 31, 2020
Tim Counihan	December 31, 2022
Erick Haynie	December 31, 2022
Jessica Metta	December 31, 2022

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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(503) 620-2632 (503) 684-7523 FAX
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November 24, 2020

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, 2020, 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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

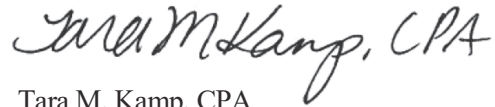
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 24, 2020, 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.

A handwritten signature in black ink that reads "Tara M. Kamp, CPA". The signature is written in a cursive, flowing style.

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2020

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 \$2.9 million, of which \$1.2 million is an increase in governmental activities net position and \$1.7 million is an increase in business type activities net position. Tax revenues were substantially flat as increases in property tax revenue were offset by losses to Transient Lodging Taxes due to the COVID-19 pandemic. Total revenues from governmental activities decreased by \$2.6 million or 16% due in part to COVID-19 impacts as well as non-reoccurring revenue received in the prior fiscal year.

The City's net investment in capital assets, which represents the carrying value of capital assets in excess of related debt balances, increased by \$47 thousand (0.1%) to \$81.73 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	
	2020	2019	2020	2019	2020	2019
Current Assets	\$ 19.4	\$ 18.1	\$ 10.1	\$ 8.1	\$ 29.5	\$ 26.2
Noncurrent Assets	31.6	30.7	50.6	51.4	82.2	82.1
Total Assets	51.0	48.8	60.6	59.5	111.7	108.3
Deferred Outflows of Resources	3.1	2.7	0.5	0.5	3.7	3.2
Current Liabilities	1.9	2.0	1.3	1.3	3.3	3.3
Noncurrent Liabilities	11.2	9.7	19.0	19.5	30.2	29.2
Total Liabilities	13.2	11.7	20.3	20.8	33.4	32.5
Deferred Inflows of Resources	0.5	0.6	0.1	0.1	0.6	0.7
Net Investment in Capital Assets	28.7	28.1	31.9	32.0	60.6	60.1
Restricted	4.6	7.1	3.3	3.0	7.9	10.1
Unrestricted	7.2	4.0	5.6	4.1	12.7	8.1
Total Net Position - restated	40.5	39.2	40.8	39.1	81.3	78.3
Program Revenues	3.1	3.4	8.0	8.0	11.1	11.4
Program Expenses	12.0	10.9	6.8	6.5	18.8	17.4
General Revenues - Taxes	7.6	7.6	0.0	0.0	7.6	7.6
General Revenues - Other	2.5	4.8	0.5	-1.9	3.0	2.9
Change in Net Position	\$ 1.2	\$ 4.9	\$ 1.7	\$ (0.4)	\$ 2.9	\$ 4.5

FINANCIAL ANALYSIS

Financial Position and Results of Operations

Net position increased by \$2.9 million, of which \$1.2 million is an increase in governmental activities net position and \$1.7 million is an increase in business type activities net position. Tax revenues were essentially flat as losses in Transient Lodging Tax were offset by Property Tax growth. Assets increased by \$3.4 million (3.1%). A significant contributor to asset growth was the acquisition of 7 acres for future affordable housing development. Program Revenues decreased by \$0.3 million or 2.6%.

General Revenues include property taxes, transient room taxes, franchise fees, general intergovernmental revenues, and other revenues. Tax revenues were mostly unchanged as increases in taxable assessed value, particularly in the urban renewal districts, was offset by losses to transient lodging tax revenues due to the COVID-19 pandemic. The COVID-19 pandemic also negatively impacted parking and municipal court revenues.

Individual Funds

General Fund – The General Fund’s total fund balance decreased by \$64 thousand (1.78%). This is due in large part to the COVID-19 pandemic’s on transient lodging taxes which are the General Fund’s second largest revenue source. The pandemic also negatively impacted parking revenues and municipal court revenues. Each of these conditions are anticipated to reverse once the pandemic is controlled. Prolonged operating surpluses have contributed to a fund balance equal to 43% of annual revenues. This provides sufficient capital to withstand a severe downturn without major programmatic changes. The long-term outlook for the General Fund is a return to operating surpluses within the next two years.

Road Fund – The Road Fund’s total fund balance decreased by \$160 thousand (6.4%). The Fund Balance decrease is due to planned capital project investments of \$543 thousand as well as lower than anticipated gas tax receipts associated with COVID-19. Major upcoming and in-process projects for the Road Fund include the signalization of 2nd and Oak (Est. \$700,000) and the realignment of Cascade & Rand (\$3,060,000) and May Street Elevated Sidewalk (Est. \$2,450,000). These projects will occur over several years. The Road Fund has accumulated balance in anticipation of these long-planned improvements.

Other Restricted Fund - The Other Restricted Fund includes the Building Department, Construction Excise Taxes, Tourist Promotion Program, Small Grants, Assistance to Fire Fighters Grant, 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 increased by \$57 thousand (6.6%). The growth is primarily due to the accumulation of Construction Excise Tax monies dedicated to Affordable Housing programs.

Reserves Fund – The Reserve Fund houses dollars set aside for PERS stabilization, accrued compensated absences, affordable housing initiatives, and parks capital equipment. The Fund Balance declined by \$42 thousand (4%) as compensated absence liabilities were paid down as staff retired.

Sewer Fund – The Sewer Fund includes Sewer Operations, Waste Water Treatment Plant, System Development Charges, and Debt Reserves related to two USDA Loans and one DEQ loan. The balance of the consolidated fund increased 1.03 (20%) due to the timing of planned capital projects.

Water Fund – The Water Fund includes Water Operations, Water System Development Charges, and Water Debt Reserve Requirements. The balance of the fund increased by \$263 thousand (25%).

Storm Water Fund – The Storm Water Fund includes Storm Water Operations and Storm Water System Development Charges. The balance of the fund increased by \$50 thousand (22%).

CAPITAL ASSETS AND DEBT ACTIVITY

Capital Assets

As of June 30, 2020, the City had invested \$81.7 million in capital assets as reflected in the following table.

Table 2
Capital Asset Balances
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Non-depreciable Assets	\$ 5,944	\$ 4,264	\$ 1,105	\$ 838	\$ 7,049	\$ 5,102
Depreciable Assets, Net	25,507	26,322	49,176	50,262	74,683	76,583
Total	<u>\$ 31,451</u>	<u>\$ 30,585</u>	<u>\$ 50,281</u>	<u>\$ 51,100</u>	<u>\$ 81,732</u>	<u>\$ 81,685</u>

Governmental Activities capital assets were mostly unchanged though FY2019-20 as depreciation expense is offset by capital projects, vehicle purchases, and property acquisition of affordable housing. Business-type Activities capital assets decreased \$0.82 million (1.6%) as depreciation slightly outpaced new construction. Capital projects included Cascade & Rand realignment, WWTP UV disinfection system, Riverside Dr. stormwater line relocation, and scheduled vehicle replacements.

Debt Outstanding

Table 3
Debt Balances
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Capital Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loans	933	-	15,302	15,890	16,235	15,890
Intergovernmental	377	395	-	-	377	395
Bonds	1,424	2,074	2,948	3,182	4,371	5,256
Total	<u>\$ 2,734</u>	<u>\$ 2,469</u>	<u>\$ 18,249</u>	<u>\$ 19,072</u>	<u>\$ 20,983</u>	<u>\$ 21,541</u>

Governmental debt increased by \$0.3 million (10%) as repayment of Fire G/O bonds were offset by borrowing for the acquisition of 7 acres for future affordable housing development. The property acquisition was partially funded by a \$400 thousand State of Oregon grant. The loan that financed the balance of the property acquisition will be repaid with Construction Excise Tax revenues as available but guaranteed by the City's full faith and credit. Business-type debt decreased by \$823 thousand (4.3%) as the City continues to pay off existing debt while funding current capital projects internally. For more detailed information on the City's debt and amortization terms refer to pages 31-37 of the notes.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Hood River remains economically resilient with a varied industry base that includes high-tech manufacturing, agriculture, and tourism. The COVID-19 pandemic has been a stress test that has further highlighted the City's diversified revenue streams and ability to withstand even major economic shocks. Transient Lodging Taxes are the City's second largest discretionary revenue source and were almost brought to zero during the early months of the pandemic. Even with the near elimination of one of the City's primary revenues, General Fund balances only decreased by \$64 thousand (1.78%). Going into the first quarter of FY2020-21 the City has experienced a steady recovery in lodging receipts with October 2020, receipts only 5% below the same month in the prior year.

Long-term growth prospects remain strong. Unemployment rates in Hood River County, even while elevated during the pandemic, have remained below the state average as they have 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.

The City anticipates a limited deficit through FY2020-21 that will not significantly threaten accumulated reserves even while maintaining current service levels. The long-term outlooks for a return to operating surpluses in FY2021-22 and continuing into the foreseeable future.

The total budget for FY 2020-21 is \$47.1 million. Rate increases for water and sewer utility services were increased in July, 2020. Capital spending is expected to remain a substantial portion of the City budget at about 30% of total budgeted expenditures.

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

- Digester Building Maintenance
- Country Club Forcemain
- Cascade and Rand Intersection Realignment
- 2nd and Oak Signalization

Property taxes remain the single largest revenue for the General Fund, providing roughly a third of total revenue. Real-estate values continue to appreciate even during the current pandemic caused recession. The

City of Hood River has a permanent property tax rate is \$2.8112 per \$1,000 of Assessed Value, 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. While these limitations have limited tax growth, they have also made property tax growth extremely stable and predictable.

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, 2020**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 9,250,585	\$ 5,666,554	\$ 14,917,139
Receivables:			
Accounts, Net	342,766	767,322	1,110,088
Property Taxes	341,772	-	341,772
Assessments	18,185	-	18,185
Other	199,464	-	199,464
Prepaid Expenses	154,464	-	154,464
Supply Inventory	56,402	153,759	210,161
Due from Governmental Activities	-	137,804	137,804
Restricted Cash and Investments	9,040,757	3,341,229	12,381,986
Total Current Assets	19,404,395	10,066,668	29,471,063
Noncurrent Assets:			
Interfund Loan Receivable	109,200	283,566	392,766
Net Other Post-employment Benefits Asset - PERS RHIA	73,644	13,154	86,798
Capital Assets:			
Land and Construction in Progress, Not Depreciated	5,943,772	1,104,895	7,048,667
Other Capital Assets, Net of Depreciation	25,507,035	49,176,356	74,683,391
Total Noncurrent Assets	31,633,651	50,577,971	82,211,622
Total Assets	51,038,046	60,644,639	111,682,685
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related Deferral	3,023,557	520,093	3,543,650
Other Benefit-related Deferral - RHI Plan	93,454	16,887	110,341
Other Benefit-related Deferral - PERS RHIA	1,060	189	1,249
Total Deferred Outflows of Resources	3,118,071	537,169	3,655,240
LIABILITIES			
Current Liabilities			
Accounts Payable	343,308	314,321	657,629
Payroll and Taxes Payable	301,217	-	301,217
Accrued Interest Payable	15,988	59,638	75,626
Deposits Held	19,642	-	19,642
Due to Business-type Activities	137,804	-	137,804
Interfund Loan Payable	283,566	109,200	392,766
Unearned Revenue	14,108	-	14,108
Loan Payable, Due Within One Year	154,278	627,748	782,026
Bonds Payable, Due Within One Year	675,000	210,000	885,000
Total Current Liabilities	1,944,911	1,320,907	3,265,818
Noncurrent Liabilities:			
Accrued Compensated Absences	933,340	81,029	1,014,369
Net Proportion of Pension Liability	7,908,098	1,371,194	9,279,292
Net Other Post-employment Benefits Liability - RHI Plan	482,590	89,004	571,594
Loan Payable, Due After One Year	1,155,705	16,469,545	17,625,250
Bonds Payable, Due After One Year	749,933	941,913	1,691,846
Total Noncurrent Liabilities	11,229,666	18,952,685	30,182,351
Total Liabilities	13,174,577	20,273,592	33,448,169
DEFERRED INFLOWS OF RESOURCES			
Net Deferred Pension Asset	439,381	72,763	512,144
Other Benefit-related Deferral - RHI Plan	51,834	9,495	61,329
Other Benefit-related Deferral - PERS RHIA	15,566	2,780	18,346
Total Deferred Inflows of Resources	506,781	85,038	591,819
NET POSITION			
Net Investment in Capital Assets	28,715,891	31,922,845	60,638,736
Restricted for:			
Roads	2,344,972	-	2,344,972
Debt Service	70,062	1,353,111	1,423,173
System Development Charges	-	1,988,118	1,988,118
Urban Renewal	1,336,958	-	1,336,958
Construction Excise Programs & Incentives	458,536	-	458,536
Other	390,548	-	390,548
Unrestricted	7,157,792	5,559,104	12,716,896
Total Net Position	\$ 40,474,759	\$ 40,823,178	\$ 81,297,937

See accompanying notes to basic financial statements

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 1,255,264	\$ 999,551	\$ -	\$ 410,000
Public Safety	6,978,775	902,809	22,046	-
Streets	1,034,689	64,450	-	179,464
Economic and Physical Development	2,399,905	485,041	-	6,073
Culture and Recreation	483,393	6,137	-	3,250
Interest Expense on Long-Term Debt	69,388	-	-	-
Total Governmental Activities	12,221,414	2,457,988	22,046	598,787
Business-Type Activities:				
Sewer	3,527,228	4,268,709	-	86,668
Water	2,712,167	2,957,535	6,785	123,311
Storm Water	560,996	798,053	-	33,780
Total Business-Type Activities	6,800,391	8,024,297	6,785	243,759
Total Government	\$ 19,021,805	\$ 10,482,285	\$ 28,831	\$ 842,546

General Revenues

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

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

See accompanying notes to basic financial statements

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ 154,287	\$ -	\$ 154,287
(6,053,920)	-	(6,053,920)
(790,775)	-	(790,775)
(1,908,791)	-	(1,908,791)
(474,006)	-	(474,006)
(69,388)	-	(69,388)
(9,142,593)	-	(9,142,593)
-	828,149	828,149
-	375,464	375,464
-	270,837	270,837
-	1,474,450	1,474,450
(9,142,593)	1,474,450	(7,668,143)
5,309,642	-	5,309,642
1,634,035	-	1,634,035
627,466	-	627,466
1,386,636	-	1,386,636
1,016,388	-	1,016,388
293,315	175,268	468,583
-	-	-
-	40,589	40,589
102,725	-	102,725
10,370,207	215,857	10,586,064
1,227,614	1,690,307	2,917,921
39,247,145	39,132,871	78,380,016
\$ 40,474,759	\$ 40,823,178	\$ 81,297,937

See accompanying notes to basic financial statements

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

**COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2020

	GENERAL FUND	ROAD FUND	RESTRICTED REVENUE FUND	RESERVES FUND
ASSETS:				
Cash and Investments	\$ 3,511,858	\$ -	\$ -	\$ 942,999
Receivables:				
Property Taxes	164,887	-	47,576	-
Transient Room Taxes	106,942	-	-	-
Franchise Fees	92,522	-	-	-
Accounts, Net	282,595	60,171	-	-
Assessments Receivable	-	-	18,185	-
Prepaid Items	154,464	-	-	-
Supply Inventory	-	56,402	-	-
Interfund Loan Receivable	109,200	-	-	-
Restricted Cash and Investments	-	2,318,456	1,002,595	-
	<u>4,422,468</u>	<u>2,435,029</u>	<u>1,068,356</u>	<u>942,999</u>
Total Assets	<u>\$ 4,422,468</u>	<u>\$ 2,435,029</u>	<u>\$ 1,068,356</u>	<u>\$ 942,999</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 156,543	\$ 22,690	\$ 88,930	\$ 15,028
Payroll and Taxes Payable	301,217	-	-	-
Deposits Held	8,677	10,965	-	-
Interfund Loan Payable	-	-	-	-
Unearned Revenue	14,108	-	-	-
	<u>480,545</u>	<u>33,655</u>	<u>88,930</u>	<u>15,028</u>
Total Liabilities	<u>480,545</u>	<u>33,655</u>	<u>88,930</u>	<u>15,028</u>
Deferred Inflows of Resources:				
Unavailable Revenue - Taxes	145,679	-	42,095	-
Unavailable Revenue - Ambulance Services	48,724	-	-	-
Unavailable Revenue - Assessments	-	-	18,185	-
Unavailable Revenue - Other	93,843	-	-	-
	<u>288,246</u>	<u>-</u>	<u>60,280</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>288,246</u>	<u>-</u>	<u>60,280</u>	<u>-</u>
Fund Balances:				
Nonspendable	154,464	56,402	-	-
Restricted	-	2,344,972	919,146	-
Assigned	-	-	-	927,971
Unassigned	3,499,213	-	-	-
	<u>3,653,677</u>	<u>2,401,374</u>	<u>919,146</u>	<u>927,971</u>
Total Fund Balances	<u>3,653,677</u>	<u>2,401,374</u>	<u>919,146</u>	<u>927,971</u>
	<u>\$ 4,422,468</u>	<u>\$ 2,435,029</u>	<u>\$ 1,068,356</u>	<u>\$ 942,999</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,422,468</u>	<u>\$ 2,435,029</u>	<u>\$ 1,068,356</u>	<u>\$ 942,999</u>

See accompanying notes to basic financial statements

URA COLUMBIA CASCADE DISTRICT FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ -	\$ 4,454,857
78,281	51,028	341,772
-	-	106,942
-	-	92,522
-	-	342,766
-	-	18,185
-	-	154,464
-	-	56,402
-	-	109,200
<u>4,106,090</u>	<u>1,613,616</u>	<u>9,040,757</u>
<u>\$ 4,184,371</u>	<u>\$ 1,664,644</u>	<u>\$ 14,717,867</u>
\$ -	\$ -	\$ 283,191
-	-	301,217
-	-	19,642
-	283,566	283,566
-	-	14,108
<u>-</u>	<u>283,566</u>	<u>901,724</u>
69,166	44,120	301,060
-	-	48,724
-	-	18,185
-	-	93,843
<u>69,166</u>	<u>44,120</u>	<u>461,812</u>
-	-	210,866
4,115,205	1,336,958	8,716,281
-	-	927,971
-	-	3,499,213
<u>4,115,205</u>	<u>1,336,958</u>	<u>13,354,331</u>
<u>\$ 4,184,371</u>	<u>\$ 1,664,644</u>	<u>\$ 14,717,867</u>

See accompanying notes to basic financial statements

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CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION**

June 30, 2020

Total Fund Balances	\$	13,354,331
<p>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.</p>		
Capital Assets Cost	\$	36,590,162
Less Accumulated Depreciation		<u>(6,493,950)</u>
		30,096,212
<p>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.</p>		
		301,060
<p>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.</p>		
		160,752
<p>Activities of the Internal Service Fund are allocated to Governmental Functions and reported in the Government Wide Statements</p>		
		6,090,206
<p>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.</p>		
		(137,804)
<p>Net Pension Liability</p>		
		(7,908,098)
<p>Pension related deferral - outflow</p>		
		3,023,557
<p>Pension related deferral - inflow</p>		
		(439,381)
<p>Net Other Post-employment Benefits Liability - RHI Plan, PERS RHIA</p>		
		(408,946)
<p>Other Benefit-related deferral - outflow - - RHI Plan, PERS RHIA</p>		
		94,514
<p>Other benefit-related deferral - inflow - - RHI Plan, PERS RHIA</p>		
		(67,400)
<p>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.</p>		
Interest Payable		(15,988)
Accrued Compensated Absences		(933,340)
Bonds Payable		(1,385,000)
Bond Premium		(39,933)
Loans Payable		(1,309,983)
		<u>40,474,759</u>
Total Net Position	\$	<u>40,474,759</u>

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, 2020**

	GENERAL FUND	ROAD FUND	RESTRICTED REVENUE FUND	RESERVES FUND
REVENUES:				
Property Taxes	\$ 2,473,646	\$ -	\$ 700,091	\$ -
Transient Room Taxes	1,225,526	-	408,509	-
Other Taxes	117,983	345,955	200,994	-
Franchise and Utility Fees	1,386,636	-	-	-
Licenses and Permits	647,787	64,450	304,129	-
Intergovernmental	406,853	609,535	-	-
Charges for Services	1,192,322	-	5,075	-
Fines and Forfeitures	422,363	-	-	-
Assessments	-	-	14,980	-
Capital Contribution - Assessments	-	-	-	-
Capital Contribution - Affordable Housing	-	-	-	410,000
Capital Contribution - System Development	-	179,464	-	-
Interest	89,819	53,421	26,266	14,072
Miscellaneous	90,442	9,773	1,452	1,058
	<u>8,078,673</u>	<u>1,262,598</u>	<u>1,661,496</u>	<u>425,130</u>
Total Revenues				
EXPENDITURES:				
Current:				
General Government	700,169	-	1,573	283,692
Public Safety	6,050,847	-	-	-
Streets	-	871,753	-	-
Culture and recreation	417,524	-	-	-
Economic and Physical Development	874,969	-	893,398	-
Capital Outlay	42,012	543,034	-	1,203,159
Debt Service	-	-	709,988	-
	<u>8,085,521</u>	<u>1,414,787</u>	<u>1,604,959</u>	<u>1,486,851</u>
Total Expenditures				
Excess of Revenues Over, (Under) Expenditures	<u>(6,848)</u>	<u>(152,189)</u>	<u>56,537</u>	<u>(1,061,721)</u>
Other Financing Sources, (Uses)				
Transfers In	-	-	-	86,195
Transfers Out	(83,169)	-	-	-
Loan Proceeds	-	-	-	933,300
	<u>(83,169)</u>	<u>-</u>	<u>-</u>	<u>1,019,495</u>
Total Other Financing Sources, (Uses)				
Net Change in Fund Balance	(90,017)	(152,189)	56,537	(42,226)
Fund Balance - Beginning of Year	<u>3,743,694</u>	<u>2,553,563</u>	<u>862,609</u>	<u>970,197</u>
Fund Balance - End of Year	<u>\$ 3,653,677</u>	<u>\$ 2,401,374</u>	<u>\$ 919,146</u>	<u>\$ 927,971</u>

See accompanying notes to basic financial statements

URA COLUMBIA CASCADE DISTRICT FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 1,179,108	\$ 915,086	\$ 5,267,931
-	-	1,634,035
-	-	664,932
-	-	1,386,636
-	-	1,016,366
-	-	1,016,388
-	-	1,197,397
-	-	422,363
-	-	14,980
15,080	-	15,080
-	-	410,000
-	-	179,464
76,967	32,770	293,315
-	-	102,725
<u>1,271,155</u>	<u>947,856</u>	<u>13,646,908</u>
-	-	985,434
55,753	-	6,106,600
-	-	871,753
-	-	417,524
-	405,587	2,173,954
-	-	1,788,205
-	24,134	734,122
<u>55,753</u>	<u>429,721</u>	<u>13,077,592</u>
<u>1,215,402</u>	<u>518,135</u>	<u>569,316</u>
-	-	86,195
(2,000)	2,000	(83,169)
-	-	933,300
<u>(2,000)</u>	<u>2,000</u>	<u>936,326</u>
1,213,402	520,135	1,505,642
2,901,803	816,823	11,848,689
<u>\$ 4,115,205</u>	<u>\$ 1,336,958</u>	<u>\$ 13,354,331</u>

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, 2020**

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

Net Change in Fund Balance	\$	1,505,642
<p>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.</p>		
Capital Asset Additions, net of Disposals	\$	1,748,252
Current Year Depreciation		(717,651)
		1,030,601
<p>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).</p>		
		(182,800)
<p>Activities of the Internal Service Fund are allocated to Governmental Functions and reported in the Government Wide Statements</p>		
		99,531
<p>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.</p>		
		(40,589)
<p>Interest expenditures are recorded when due in governmental funds. In the Statement of Activities, interest is accrued.</p>		
		(2,811)
<p>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.</p>		
Loan Proceeds, net of expenses		(933,300)
Payments on Loans		18,317
Payments on Bonds		625,000
Bond Premiums		24,228
<p>Changes in the net pension liability, net other postemployment benefit obligation, and related deferred outflows and deferred inflows, are reported as personnel services expense on the Statement of Activities</p>		
		(1,021,877)
<p>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.</p>		
		105,672
		1,227,614
Changes in net position of governmental activities	\$	1,227,614

See accompanying notes to basic financial statements

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2020

	Business-Type Activities - Enterprise Funds				Governmental
	SEWER FUND	WATER FUND	STORM WATER FUND	TOTAL	INTERNAL SERVICE FUND
ASSETS:					
Current Assets:					
Cash and Investments	\$ 3,518,828	\$ 1,884,011	\$ 263,715	\$ 5,666,554	\$ 4,795,728
Accounts Receivable, Net	414,464	301,588	51,270	767,322	-
Supply Inventories	19,242	134,517	-	153,759	-
Restricted Cash and Investments	1,594,681	1,600,849	145,699	3,341,229	-
Total Current Assets	<u>5,547,215</u>	<u>3,920,965</u>	<u>460,684</u>	<u>9,928,864</u>	<u>4,795,728</u>
Noncurrent Assets:					
Due from Other Funds	283,566	-	-	283,566	-
Other Post-employment Benefits Asset - PERS RHIA	4,392	6,392	2,370	13,154	-
Capital Assets:					
Capital Assets Not Being Depreciated	693,057	88,854	322,984	1,104,895	-
Other Capital assets, Net	15,222,319	32,787,678	1,166,359	49,176,356	1,354,595
Total Noncurrent Assets	<u>16,203,334</u>	<u>32,882,924</u>	<u>1,491,713</u>	<u>50,577,971</u>	<u>1,354,595</u>
Total Assets	<u>21,750,549</u>	<u>36,803,889</u>	<u>1,952,397</u>	<u>60,506,835</u>	<u>6,150,323</u>
DEFERRED OUTFLOWS OF RESOURCES:					
Pension Related Deferral	180,012	249,391	90,690	520,093	-
Other Benefits Related Deferral - RHI Plan	5,717	8,184	2,986	16,887	-
Other Benefits Related Deferral - PERS RHIA	63	92	34	189	-
Total Deferred Outflows of Resources	<u>185,792</u>	<u>257,667</u>	<u>93,710</u>	<u>537,169</u>	<u>-</u>
LIABILITIES:					
Current Liabilities					
Accounts Payable	60,371	78,349	175,601	314,321	60,117
Accrued Interest Payable	11,260	48,378	-	59,638	-
Loan Payable, Due Within One Year	111,282	516,466	-	627,748	-
Bonds Payable, Due Within One Year	210,000	-	-	210,000	-
Total Current Liabilities	<u>392,913</u>	<u>643,193</u>	<u>175,601</u>	<u>1,211,707</u>	<u>60,117</u>
Noncurrent Liabilities:					
Accrued Compensated Absences	24,720	38,455	17,854	81,029	-
Proportionate Share of Pension Liability	470,795	657,226	243,173	1,371,194	-
Other Post-employment Benefits Liability	31,531	42,452	15,021	89,004	-
Due to Other Funds	-	-	109,200	109,200	-
Loan Payable, Due After One Year	3,226,946	13,242,599	-	16,469,545	-
Bonds Payable, Due After One Year	941,913	-	-	941,913	-
Total Noncurrent Liabilities	<u>4,695,905</u>	<u>13,980,732</u>	<u>385,248</u>	<u>19,061,885</u>	<u>-</u>
Total Liabilities	<u>5,088,818</u>	<u>14,623,925</u>	<u>560,849</u>	<u>20,273,592</u>	<u>60,117</u>
DEFERRED INFLOWS OF RESOURCES:					
Pension Related Deferral	22,493	35,078	15,192	72,763	-
Other Benefits Related Deferral - RHI Plan	3,307	4,557	1,631	9,495	-
Other Benefits Related Deferral - PERS RHIA	928	1,351	501	2,780	-
Total Deferred Outflows of Resources	<u>26,728</u>	<u>40,986</u>	<u>17,324</u>	<u>85,038</u>	<u>-</u>
Net Position:					
Net Investment in Capital Assets	11,425,235	19,117,467	1,380,143	31,922,845	-
Restricted					
System Development Charges	784,115	1,058,304	145,699	1,988,118	-
Debt Service Reserves	810,566	542,545	-	1,353,111	-
Unrestricted	3,800,879	1,678,329	(57,908)	5,421,300	6,090,206
Total Net Position	<u>\$ 16,820,795</u>	<u>\$ 22,396,645</u>	<u>\$ 1,467,934</u>	<u>\$ 40,685,374</u>	<u>\$ 6,090,206</u>

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, 2020**

	Business-Type Activities - Enterprise Funds			Governmental Activities	
	SEWER FUND	WATER FUND	STORM WATER FUND	TOTAL	INTERNAL SERVICE FUND
OPERATING REVENUES:					
Charges for Services	\$ 4,213,181	\$ 2,925,762	\$ 548,053	\$ 7,686,996	\$ 1,863,080
Operating Grants and Donations	-	6,785	-	6,785	-
Miscellaneous	55,528	31,773	250,000	337,301	238
Total Operating Revenues	4,268,709	2,964,320	798,053	8,031,082	1,863,318
OPERATING EXPENSES:					
Salaries, Wages and Benefits	485,653	706,683	261,854	1,454,190	918,358
Operating Supplies and Services	2,397,131	763,698	263,466	3,424,295	504,610
Depreciation	534,438	862,407	32,607	1,429,452	433,844
Total Operating Expenses	3,417,222	2,332,788	557,927	6,307,937	1,856,812
Operating Income (Loss)	851,487	631,532	240,126	1,723,145	6,506
Nonoperating Revenues (Expenses):					
Interest Earnings	99,380	72,265	3,623	175,268	96,051
Interest Expense	(110,006)	(379,379)	(3,069)	(492,454)	-
Total Nonoperating Revenues (Expenses)	(10,626)	(307,114)	554	(317,186)	96,051
Income Before Contributions and Transfers	840,861	324,418	240,680	1,405,959	102,557
Capital Contributions - System Development Charges	86,668	123,311	33,780	243,759	-
Transfers Out	-	-	-	-	(3,026)
Change in Net Position	927,529	447,729	274,460	1,649,718	99,531
Net Position - Beginning	15,893,266	21,948,916	1,193,474	39,035,656	5,990,675
Ending Net Position	\$ 16,820,795	\$ 22,396,645	\$ 1,467,934	\$ 40,685,374	\$ 6,090,206

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, 2020**

	Business-Type Activities - Enterprise Funds				Governmental
	SEWER FUND	WATER FUND	STORM WATER	TOTAL	INTERNAL
Cash Flows from Operating Activities:					
Receipts From Customers	\$ 4,349,989	\$ 2,994,552	\$ 795,158	\$ 8,139,699	\$ 1,863,318
Payments to Suppliers	(2,437,839)	(773,873)	(128,980)	(3,340,692)	(448,141)
Payments to Employees	(425,595)	(619,368)	(229,614)	(1,274,577)	(918,358)
Net Cash Provided (Used) by Operating Activities	1,486,555	1,601,311	436,564	3,524,430	496,819
Cash Flows From Investing Activities					
Interest Earned	99,380	72,265	3,623	175,268	96,051
Net Cash Flows From Investing Activities	99,380	72,265	3,623	175,268	96,051
Cash Flows From Noncapital Financing Activities					
Transfer From Other Funds	-	-	-	-	-
Transfer To Other Funds	-	-	-	-	(3,026)
Net Cash Flows From Noncapital Financing Activities	-	-	-	-	(3,026)
Cash Flows from Capital and Related Financing Activities:					
Purchases of Capital Assets, net of Sales	(250,453)	(98,435)	(261,780)	(610,668)	(268,656)
Debt Payments	(309,472)	(510,515)	-	(819,987)	-
Repayment of Interfund Loans	-	-	(25,800)	(25,800)	-
Interest	(114,145)	(381,844)	(3,069)	(499,058)	-
System Development Fees	86,668	123,311	33,780	243,759	-
Net Cash Flows From Capital and Related Financing Activities	(587,402)	(867,483)	(256,869)	(1,711,754)	(268,656)
Net Increase (Decrease) in Cash and Cash Equivalents	998,533	806,093	183,318	1,987,944	321,188
Balances - Beginning of the Year	4,114,976	2,678,767	226,096	7,019,839	4,474,540
Balances - End of the Year	\$ 5,113,509	\$ 3,484,860	\$ 409,414	\$ 9,007,783	\$ 4,795,728
Reconciliation of Operating Income					
to Net Cash Provided by Operating Activities:					
Operating Income	\$ 851,487	\$ 631,532	\$ 240,126	\$ 1,723,145	\$ 6,506
Cash Flow Reported in Other Activities:					
Depreciation Expense	534,438	862,407	32,607	1,429,452	433,844
Changes in Assets and Liabilities:					
Receivables	81,280	30,232	(2,895)	108,617	-
Payables	(51,739)	1,885	134,486	84,632	29,119
Prepaid Expenses	19,992	2,874	-	22,866	27,350
Inventory	(8,961)	(14,934)	-	(23,895)	-
Pension related items	60,949	88,699	32,883	182,531	-
Compensated Absences	(891)	(1,384)	(643)	(2,918)	-
Net Cash Provided (Used) by Operating Activities	\$ 1,486,555	\$ 1,601,311	\$ 436,564	\$ 3,524,430	\$ 496,819

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**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

THE FINANCIAL REPORTING ENTITY

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

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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.

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

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, emergency medical services (EMS), engineering, municipal court, parking, planning, and parks.

Road Fund

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

Restricted Revenue Fund

This fund accounts for 8 programs whose resources are dedicated or otherwise restricted for a specific purpose. These programs include Building Services, Small Grants, Fire General Obligation (G.O.) Bond, Tourist Promotion, CET-Local Programs, CET-Development Incentives, and CET-State OHCS Distribution.

Reserves Fund

This funds account for resources set aside for future expenditures, including parking, pension funding, affordable housing projects, parks facilities replacement, and compensated absences.

URA Columbia Cascade District Fund

This fund account for revenues derived from specific taxes or other earmarked revenue sources attributable to the Columbia Cascade District within the Urban Renewal Agency of the City of Hood River (URA), a component unit of the City of Hood River.

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.

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.

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the following fund type is reported:

Internal Service Fund

Internal Service Fund

Accounts for equipment maintenance, equipment replacement, 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.

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.

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

LEVEL OF CONTROL

Personnel Services

Materials and Services

Capital Outlay

Interfund Transfers

Debt Service

Operating Contingency

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020, except for the following: General Fund – Engineering by \$93,055; General Fund – Non-Departmental by \$29,427; Restricted Revenue Fund – CET State OHCS Distribution by \$24,025; URA Waterfront Fund – Operations by \$219,538; and Water Fund – Debt Service by \$18.

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 expensed 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.

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.

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 one (1) month 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.

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The inventory amounts presented for materials and supplies are based on estimated quantities and costs.

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.

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exhaustible capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	
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.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, 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.

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and inventory.
- 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.
- 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.

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 several sources: property taxes, ambulance services, 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	\$ 3,525
Demand Deposits	1,271,570
Investments	26,024,030
Total Cash and Investments	<u>\$ 27,299,125</u>

Reconciliation to the Statement of Net Position:	
Unrestricted Cash and Investments	\$ 14,917,139
Restricted Cash and Investments	12,381,986
Total Cash and Investments	<u>\$ 27,299,125</u>

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.

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

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, 2020, the bank balance was \$1,513,929, 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), among others.

Investments in 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.

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, 2020.

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, 2020, 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.

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2020, there were the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
Local Government Investment Pool	\$ 26,024,030	\$ 26,024,030	-	-
Total Investments	<u>\$ 26,024,030</u>	<u>\$ 26,024,030</u>	<u>-</u>	<u>-</u>

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

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Local Government Investment Pool is not rated.

Concentration of Credit Risk

There is no limit placed on the amount invested in any one issuer. 100% of the investments are in the Local Government Investment Pool. The amount of pooled investments that can be placed in the Oregon Local Government Investment Pool is not limited by the State.

3. ACCRUED COMPENSATED ABSENCES

The compensated absences balances at June 30, 2020 were as follows:

	Beginning	Additions	Deletions	Ending
Governmental	\$ 1,039,012	\$ 154,081	\$ (259,753)	\$ 933,340
Business-type	83,947	18,069	(20,987)	81,029
	<u>\$ 1,122,959</u>	<u>\$ 172,150</u>	<u>\$ (280,740)</u>	<u>\$ 1,014,369</u>

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2020 was as follows:

GOVERNMENTAL ACTIVITIES CAPITAL ASSETS				
<u>Description</u>	<u>June 30, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2020</u>
Capital Assets Not being Depreciated				
Land	\$ 3,868,792	\$ 1,203,160	\$ -	\$ 5,071,952
Intangibles	6,750	-	-	6,750
Construction in Progress	388,163	659,315	(182,408)	865,070
Total Capital Assets not being Depreciated	<u>4,263,705</u>	<u>1,862,475</u>	<u>(182,408)</u>	<u>5,943,772</u>
Other Capital Assets				
Land and Improvements	9,689,479	-	-	9,689,479
Buildings & Improvements	6,613,568	-	-	6,613,568
Infrastructure	13,710,867	-	-	13,710,867
Equipment	633,270	42,012	-	675,282
Vehicles	5,925,533	294,831	-	6,220,364
Total other Capital Assets	36,572,717	336,843	-	36,909,560
Less Accumulated Depreciation				
Land and Improvements	2,269,373	202,542	-	2,471,915
Buildings & Improvements	1,173,654	176,740	-	1,350,394
Infrastructure	1,852,071	302,004	-	2,154,075
Equipment	484,393	42,747	-	527,140
Vehicles	4,471,537	427,463	-	4,899,000
Total Accumulated Depreciation	<u>10,251,028</u>	<u>1,151,495</u>	<u>-</u>	<u>11,402,523</u>
Total Capital Assets being Depreciated, Net	<u>26,321,689</u>	<u>(814,652)</u>	<u>-</u>	<u>25,507,037</u>
Total Governmental Type Activities	<u>\$ 30,585,394</u>	<u>\$ 1,047,823</u>	<u>\$ (182,408)</u>	<u>\$ 31,450,809</u>

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

<u>Function</u>	<u>Governmental Funds</u>
General Government	\$ 205,005
Public Safety	375,116
Street	59,278
Economic and Physical Development	45,542
Culture and Recreation	32,710
Internal Service Funds	433,844
Total	<u>\$ 1,151,495</u>

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS (CONTINUED)

Capital asset activity for business type activities for the year ended June 30, 2020 was as follows:

Description	BUSINESS TYPE ACTIVITIES CAPITAL ASSETS			
June 30, 2019	Additions	Disposals	June 30, 2020	
Capital Assets Not being Depreciated				
Land	\$ 39,150	\$ -	\$ -	\$ 39,150
Intangibles	88,332	-	-	88,332
Construction in Progress	710,873	266,540	-	977,413
Total Capital Assets not being Depreciated	838,355	266,540	-	1,104,895
Other Capital Assets				
Land Improvements	45,093,906	-	-	45,093,906
Buildings & Improvements	2,169,558	-	-	2,169,558
Infrastructure	18,027,424	256,432	-	18,283,856
Equipment	667,645	87,900	-	755,545
Total other Capital Assets	65,958,533	344,332	-	66,302,865
Less Accumulated Depreciation				
Land Improvements	12,509,364	892,903	-	13,402,267
Buildings & Improvements	1,639,221	71,190	-	1,710,411
Infrastructure	1,098,229	403,443	-	1,501,672
Equipment	450,039	62,120	-	512,159
Total Accumulated Depreciation	15,696,853	1,429,656	-	17,126,509
Total Capital Assets being Depreciated, Net	50,261,680	(1,085,324)	-	49,176,356
Total Business Type Activities	\$ 51,100,035	\$ (818,784)	\$ -	\$50,281,251

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

Function	Business Type Funds
Sewer	534,438
Water	862,611
Stormwater	32,607
Total	1,429,656

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. LONG TERM OBLIGATIONS

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

	GOVERNMENTAL ACTIVITIES				
	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct Borrowings and Placements:					
Loan - Upland Property (Naito)	\$ 395,000	\$ -	\$ (18,317)	\$ 376,683	\$ 99,987
Loan - Rand Road Financing	-	933,300	-	933,300	54,291
Public Bond Issuances:					
General Obligation Fire - 2009	415,000	-	(200,000)	215,000	215,000
General Obligation Fire - 2010	1,595,000	-	(425,000)	1,170,000	460,000
Bond Premiums	64,161	-	(24,228)	39,932	-
Total Governmental Debt Payable	<u>\$ 2,469,161</u>	<u>\$ 933,300</u>	<u>\$ (667,546)</u>	<u>\$ 2,734,915</u>	<u>\$ 829,278</u>

	BUSINESS TYPE ACTIVITIES				
	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct Borrowing and Placements:					
USDA Waterline Phase I Refinance FFC	2,352,748	-	(294,094)	2,058,655	294,094
USDA Loan 91-03	4,548,755	-	(82,610)	4,466,145	84,881
USDA Loan 91-04	7,368,076	-	(133,811)	7,234,265	137,491
DEQ Sewer Outfall Project No. R45761	1,619,889	-	(77,285)	1,542,604	78,371
Sewer Rev Bond No. 1 Indian Creek	1,827,812	-	(32,187)	1,795,624	32,911
Public Bond Issuances:					
Full Faith & Credit 2010	1,340,000	-	(200,000)	1,140,000	210,000
Bond Premiums	14,891	-	(2,978)	11,913	-
Total Governmental Debt Payable	<u>\$ 19,072,171</u>	<u>\$ -</u>	<u>\$ (822,965)</u>	<u>\$ 18,249,206</u>	<u>\$ 837,748</u>

Direct Borrowings and Placements – Governmental Activities

Loan – Upland Property (Naito)

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. There are no provisions in the agreement for collateral, event of default, or termination.

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. LONG TERM OBLIGATIONS (CONTINUED)

Direct Borrowings and Placements – Governmental Activities (Continued)

Loan – Rand Road Financing

On April 3, 2020, the City of Hood River borrowed \$933,300 to purchase 7 acres of property on Rand Road for future development of affordable housing and other public amenities. The loan will be repaid from Construction Excise Tax revenues and guaranteed by the full faith and credit of the City of Hood River. The loan bears 3.25% interest on a taxable basis. There are no provisions in the agreement for collateral or termination. Upon occurrence and continuance of event of default, the Lender may, in addition to pursuing any other remedies available at law or in equity, at its election increase the interest rate by 5.00% until such Event of Default is cured. However, the amounts due from the City under this Financing Agreement shall not be subject to acceleration.

Future annual debt service payments on direct borrowings and placements for business type activities are as follows:

<u>Fiscal Year</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2020-21	\$ 54,291	\$ 33,916	\$ 88,207
2021-22	85,647	27,176	112,823
2022-23	88,430	24,347	112,777
2023-24	91,304	21,427	112,731
2024-29	503,009	59,890	562,899
2029-30	110,619	1,798	112,417
	<u>\$ 933,300</u>	<u>\$ 168,554</u>	<u>\$ 1,101,854</u>

Public Bond Issuances – Governmental Activities

General Obligation Fire - 2009

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%. Upon the occurrence and continuance of any Event of Default, bond owners of ten percent or more of the principal amount of Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Bond Declaration or in aid of the exercise of any power granted in this Bond Declaration. No assets are pledged as collateral.

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. LONG TERM OBLIGATIONS (CONTINUED)

General Obligation Fire - 2010

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. Upon the occurrence and continuance of any Event of Default, bond owners of ten percent or more of the principal amount of Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Bond Declaration or in aid of the exercise of any power granted in this Bond Declaration. No assets are pledged as collateral.

Future Minimum Annual Debt Service

Future annual debt service payments on public bond issuances for governmental activities are as follows:

<u>Fiscal Year</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2020-21	\$ 675,000	\$ 60,050	\$ 735,050
2021-22	710,000	29,675	739,675
	<u>\$ 1,385,000</u>	<u>\$ 89,725</u>	<u>\$ 1,474,725</u>

Direct Borrowings & Placements – Business Type Activities

USDA Waterline Phase I Refinance FFC

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. Upon the occurrence of any Event of Default the amounts due from the Borrower under this Financing Agreement shall not be subject to acceleration, but the Outstanding Balance shall bear interest at the Default Rate (addition 5%) until such Event of Default is remedied. No assets are pledged as collateral.

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. LONG TERM OBLIGATIONS (CONTINUED)

Direct Borrowings & Placements – Business Type Activities (Continued)

USDA Loan 91-03 and Loan 91-04

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%. The City's waterline infrastructure is placed as collateral for this loan. Upon default, the Federal Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it.

DEQ Sewer Outfall Project No. R45761

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 of which \$1,696,103 was drawn down. The debt service will be repaid in semi-annual installments upon project completion. Interest is also due annually at 1.40%. The DEQ may take control of the Sewer Outfall in the event of a default. If DEQ determines that an Event of Default has occurred, DEQ may, without further notice: 1. Declare the Outstanding Loan Amount plus any unpaid accrued interest, fees and any other amounts due hereunder immediately due and payable; 2. Cease making disbursement of Loan proceeds or make some disbursements of Loan proceeds and withhold or refuse to make other disbursements; 3. Appoint a receiver, at the City's expense, to operate the Facility that produces the pledged revenues and collect the Gross Revenues; 4. Set and collect utility rates and charges; 5. Pay, compromise or settle any liens on the Facility or the Project or pay other sums required to be paid by the City in connection with the Project, at DEQ's discretion, using the Loan proceeds and such additional money as may be required; 6. Direct the State Treasurer to withhold any amounts otherwise due to the City from the State of Oregon; and 7. Pursue any other legal or equitable remedy it may have.

Sewer Rev Bond No. 1 Indian Creek

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%. Upon default the Federal Government, at its option, may declare all or any part of the indebtedness immediately due and payable. There are no termination events defined for this issuance and no assets are pledged as collateral.

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. LONG TERM OBLIGATIONS (CONTINUED)

Direct Borrowings & Placements – Business Type Activities (Continued)

Future Minimum Annual Debt Service

Future annual debt service payments on direct borrowings and placements for business type activities are as follows:

<u>Fiscal Year</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2020-21	\$ 627,748	\$ 438,548	\$ 1,066,296
2021-22	635,705	423,435	1,059,140
2022-23	643,863	408,116	1,051,978
2023-24	652,225	392,587	1,044,812
2024-29	2,805,951	1,728,978	4,534,928
2029-34	2,166,816	1,434,290	3,601,106
2034-39	2,291,833	1,148,231	3,440,064
2039-44	2,229,630	857,603	3,087,233
2044-49	2,546,284	540,948	3,087,232
2049-54	2,355,742	179,360	2,535,102
2055-56	141,497	4,789	146,287
	<u>\$ 17,097,293</u>	<u>\$ 7,556,885</u>	<u>\$ 24,654,179</u>

Public Bond Issuances – Business Type Activities

Full Faith & Credit 2010

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 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 was \$281,946.

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. LONG TERM DEBT (CONTINUED)

Public Bond Issuances – Business Type Activities (Continued)

Full Faith & Credit 2010 (Continued)

Upon the occurrence and continuance of any Escrow Default, the Escrow Agent may proceed, and upon written request of the Owners of not less than a majority in aggregate principal amount of Obligations then Outstanding, shall take whatever action at law or in equity may appear necessary or desirable to enforce the Financing Agreement or to protect any of the rights vested in the Escrow Agent or the Owners of Obligations by this Escrow Agreement or by the Obligations, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Escrow Agreement or in aid of the exercise of any power granted in this Escrow Agreement or for the enforcement of any other legal or equitable right vested in the Escrow Agent by this Escrow Agreement or by law. However, the Financing Amount and the Financing Payments shall not be subject to acceleration. The Escrow Agent may exercise such one or more of several rights and powers as the Escrow Agent in its discretion being advised by its counsel shall deem most expedient and in the interests of the Owners.

Termination events include: a) A material disruption in commercial banking or securities settlement or clearance services; or b) The United States shall have become engaged in hostilities or existing hostilities shall have escalated or a national emergency or other national or international calamity, including but not limited to terrorist attack(s) or other event; or c) A general suspension of trading or other material restrictions not in force as of the date of this Purchase Agreement on the New York Stock Exchange or other national securities exchange; or d) Declaration of a general banking moratorium by the United States, New York State or the State of Oregon authorities; or e) Legislation with respect to eliminating or reducing the exemption from federal or state taxation for interest income received on obligations of the general character of the Obligations shall be introduced or enacted by the legislature of the State of Oregon or by Congress of the United States or adopted by either the US House of Representatives or the United States Senate or shall have been recommended to the Congress or otherwise endorsed for passage (by press release, public statement or other form of notice) by the President of the United States, by the Treasury Department of the United States, the Internal Revenue Service or by the chairman of the Senate Finance Committee or a decision or an order or ruling with respect to eliminating or reducing such exemption, shall have been issued by a court of the United States, including the United States Tax Court, or by or on behalf of the Treasury Department of the United States or the Internal Revenue Service; or f) Legislation shall hereafter be enacted, or actively considered for enactment, or a decision by a court of the United States shall hereafter be rendered, or a ruling, stop order or regulation by the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall hereafter be made, the effect of which is or would be that the offering and sale of the Obligations would be illegal; g) Any litigation, except as described in the Final Official Statement, shall be instituted or pending at Closing to restrain or enjoin the authorization, issuance, execution, sale or delivery of the Obligations or the execution and delivery of any of the Financing Documents, or in any way contesting or affecting any authority for or the validity or enforceability of the Obligations, the Resolution or any of the other Financing Documents, any moneys or securities provided for the payment of the Obligations or the existence or powers of the Issuer; or h) Any legislation, ordinance, rule or regulation shall be introduced in or enacted by any governmental body, board, department or agency of the State of Oregon or of the United States, or a decision by any court of competent jurisdiction within the State of Oregon or any court of the United States shall be rendered materially adversely affecting the Issuer or the Obligations; or i) There shall have been established any new restrictions on transactions in securities materially affecting the free market for securities or the extension of credit by, or the charge to the net capital requirements of the Underwriter, including without limitation, the fixing of minimum or maximum prices for trading or maximum ranges of

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. LONG TERM DEBT (CONTINUED)

Public Bond Issuances – Business Type Activities (Continued)

prices, by any exchange, the Securities and Exchange Commission, any other federal or state agency or the Congress of the United States, or by Executive Order; or j) Except for such changes to the Final Official

Full Faith & Credit 2010 (Continued)

Statement as provided in Section 6(b) of this Purchase Agreement, there shall have been a material adverse change in the affairs of the Issuer or there shall exist any event or fact or set of facts that either (a) makes untrue or incorrect in any material respect any statement or information contained in the Final Official Statement or (b) is not reflected in the Final Official Statement but should be reflected therein to make the statements and information contained therein under the circumstances in which made not misleading in any material respect.

Future Minimum Annual Debt Service

Future annual debt service payments on public bond issuances for business type activities are as follows:

<u>Fiscal Year</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2020-21	\$ 210,000	\$ 42,917	\$ 252,917
2021-22	220,000	34,475	254,475
2022-23	230,000	25,360	255,360
2023-24	235,000	15,651	250,651
2024-25	245,000	5,329	250,329
	<u>\$ 1,140,000</u>	<u>\$ 123,732</u>	<u>\$ 1,263,732</u>

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.

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

- 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.
 - 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.

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

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, 2017 actuarial valuation, which became effective July 1, 2019. 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, 2020 were \$1,199,362, excluding amounts to fund employer specific liabilities. In addition approximately \$314,096 in employee contributions were paid or picked up by the City in fiscal year 2020.

At June 30, 2020, the City reported a net pension liability of \$9,279,292 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017.

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, 2019 and 2018, the City’s proportion was 0.054 and 0.049 percent, respectively. Pension expense for the year ended June 30, 2020 was \$2,361,756.

The rates in effect for the year ended June 30, 2020 were:

- (1) – Tier1/Tier 2 – 27.86%
- (2) OPSRP general services – 17.56%
- (3) OPSRP police and fire – 22.19%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 511,726	\$ -
Changes in assumptions	1,258,842	-
Net difference between projected and actual earnings on pension plan investments	-	(263,058)
Changes in proportionate share	427,595	(213,895)
Changes in proportion and differences between City contributions and proportionate share of contributions	152,979	(35,191)
Net deferred outflow/inflow of resources	2,351,142	(512,144)
Contributions subsequent to measurement date	1,192,508	-
Total Deferred Outflows / Inflows	\$ 3,543,650	\$ (512,144)

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2021.

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

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	\$ 967,224	\$ 1,192,508	\$ 2,159,732
2nd Fiscal Year	163,603	-	163,603
3rd Fiscal Year	357,364	-	357,364
4th Fiscal Year	315,751	-	315,751
5th Fiscal Year	35,056	-	35,056
Thereafter	-	-	-
Total	\$ 1,838,998	\$ 1,192,508	\$ 3,031,506

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 4, 2020. 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, 2019, through June 30, 2021, 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 necessary 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.

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Valuation date	December 31, 2017 rolled forward to June 30, 2019
Experience Study Report	2016, Published July 26, 2017
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
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Cost-of-living adjustments (COLA)	For COLA, a blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service.
Mortality	<u>Healthy retirees and beneficiaries</u> : RP-2014 Health annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. <u>Active members</u> : RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. <u>Disabled retirees</u> : RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

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 2016 Experience Study that was reviewed for the four-year period ending December 31, 2016.

Assumed Asset Allocation:

OIC Target and Actual Investment Allocation as of June 30, 2019*

Asset Class/Strategy	OIC Policy Range	OIC Target Allocation	Asset Class/Strategy	Actual Allocation
Debt Securities	15.0 - 25.0 %	20.0 %	Debt Securities	20.1 %
Public Equity	32.5 - 42.5	37.5	Public Equity	36.4
Real Estate	9.5 - 15.5	12.5	Real Estate	11.1
Private Equity	14.0 - 21.0	17.5	Private Equity	21.4
Alternatives Portfolio	0.0 - 12.5	12.5	Alternatives Portfolio	8.9
Opportunity Portfolio ¹	0.0 - 3.0	0.0	Opportunity Portfolio	2.1
Total		100.0 %	Total	100.0 %

¹Opportunity Portfolio is an investment strategy and it may be invested up to 3% of total plan net position.

(Source: June 30, 2019 PERS CAFR; p. 100)

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

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, revised as of June 7, 2017, 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.

<u>Long-Term Expected Rate of Return</u> ¹				
Asset Class	Target Allocation*	Annual Arithmetic Return²	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	3.59 %	3.49 %	4.55 %
Short-Term Bonds	8.00	3.42	3.38	2.70
Bank/Leveraged Loans	3.00	5.34	5.09	7.50
High Yield Bonds	1.00	6.90	6.45	10.00
Large/Mid Cap US Equities	15.75	7.45	6.30	16.25
Small Cap US Equities	1.31	8.49	6.69	20.55
Micro Cap US Equities	1.31	9.01	6.80	22.90
Developed Foreign Equities	13.13	8.21	6.71	18.70
Emerging Market Equities	4.13	10.53	7.45	27.35
Non-US Small Cap Equities	1.88	8.67	7.01	19.75
Private Equity	17.50	11.45	7.82	30.00
Real Estate (Property)	10.00	6.15	5.51	12.00
Real Estate (REITS)	2.50	8.26	6.37	21.00
Hedge Fund of Funds - Diversified	2.50	4.36	4.09	7.80
Hedge Fund - Event-driven	0.63	6.21	5.86	8.90
Timber	1.88	6.37	5.62	13.00
Farmland	1.88	6.90	6.15	13.00
Infrastructure	3.75	7.54	6.60	14.65
Commodities	1.88	5.43	3.84	18.95
Assumed Inflation - Mean			2.50 %	1.85 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

(Source: June 30, 2019 PERS CAFR; p. 74)

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability was 7.20 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.

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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20) percent than the current rate.

	Decrease (6.20%)	Actual (7.20%)	Increase (8.20%)
City’s proportionate share of the net pension liability	\$ 14,859,962	\$ 9,279,292	\$ 4,609,039

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.

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.

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

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 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, 2020.

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)

a) Retiree Health Insurance Plan

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

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

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

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, 2019 using Entry Age Actuarial Cost Method with service cost expressed as a level percent of pay.

Economic Assumptions

Discount Rate: 3.50 based on a 20-year general obligation bond yield index published by The Bond Buyer.

The 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.

Health Care Cost Trend

Medical and vision:

Year	Pre-65 Trend
2018	6.75%
2019	7.00
2020	5.50
2021-2025	5.00
2026-2029	4.75
2030-2033	5.00
2034	5.25
2035	5.75
2036-2038	6.00
2039-2045	5.75
2046-2050	5.50
2051-2061	5.25
2062-2065	5.00
2066+	4.75

Dental: 4.50% per year

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, used to develop other economic assumptions

Annual Pay Increases

3.50% per year, based on general inflation and the likelihood of raises throughout participants' careers

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

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

Mortality	RP-2014 Healthy Annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on a generational basis using the Unisex Social Security Data Scale.
Disability	Not used
Withdrawal	Based on Oregon PERS assumptions. Annual rates are based on employment classification, gender, and duration from hire date.
Retirement	Based on Oregon PERS assumptions. Annual rates are based on age, Tier / OPSRP, duration of service, and employment classification.

NOTE: 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, 2019	\$ 535,524
Changes for the Year:	
Service Cost	27,625
Interest	21,191
Changes of Benefit Terms	-
Effect of economic/demographic gains or losses	-
Changes of Assumptions or Other Input	18,697
Benefit Payments	<u>(31,443)</u>
Net Changes for the Year	<u>36,070</u>
Total OPEB Liability at June 30, 2020	<u><u>\$ 571,594</u></u>

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 3.50 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

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

	1%	Current	1%
	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
Total OPEB Liability	\$ 625,029	\$ 571,594	\$ 522,519
	1%	Current	1%
	<u>Decrease</u>	<u>Trend Rate</u>	<u>Increase</u>
Total OPEB Liability	\$ 507,452	\$ 571,594	\$ 646,712
		Deferred	Deferred
		Inflow of	Outflow of
		<u>Resources</u>	<u>Resources</u>
Difference between expected and actual experience		\$ -	\$ 69,106
Changes in assumptions		(61,328)	16,933
Benefit payments		-	24,302
Deferred outflow (inflow) of resources as of June 30, 2020		<u>\$ (61,328)</u>	<u>\$ 110,341</u>

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

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 2,323
2022	2,323
2023	2,323
2024	2,323
2025	2,323
Thereafter	13,096
Total	<u>\$ 24,711</u>

b) RHIA Plan – Oregon PERS:

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

CITY OF HOOD RIVER
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NOTES TO BASIC FINANCIAL STATEMENTS

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

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 0.05% of annual covered OPERF payroll and 0% of OPSRP payroll under a contractual requirement in effect until June 30, 2020. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The City's contributions to RHIA for the years ended June 30, 2018, 2019 and 2020 were \$20,288, \$22,286, and \$1,215, respectively, which equaled the required contributions each year.

At June 30, 2020, the City reported a net OPEB liability/(asset) of (\$86,798) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2019, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2017. Consistent with GASB Statement No. 75, paragraph 59(a), the City's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2019 and 2018, the City's proportion was 0.045 percent and 0.042 percent, respectively.

Components of OPEB Expense/(Income)

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (11,288)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	(658)
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's Total OPEB Expense/(Income)	<u>\$ (11,946)</u>

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

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

Components of Deferred Outflows/Inflows of Resources

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 11,446
Changes in assumptions	-	90
Net difference between projected and actual earnings on pension plan investments	-	5,358
Net changes in proportionate share	34	1,452
Differences between City contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	34	18,346
City contributions subsequent to measuring date	1,215	-
Deferred outflow (inflow) of resources	\$ 1,249	\$ 18,346

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2021.

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
2021	\$ (9,347)
2022	(8,456)
2023	(1,061)
2024	552
2025	-
Thereafter	-
Total	\$ (18,312)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2019. That independently audited report was dated February 24, 2020 and can be found at:

<https://www.oregon.gov/pers/EMP/Documents/GASB/2019/PERS%20GASB%2075%20RHIA%20Report%20FY%206.30.19.pdf>

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

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

Actuarial Methods and Assumptions

Valuation Date	December 31, 2017
Experience Study Report	2016, Published July 26, 2017
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Retiree healthcare participation	Healthy retirees: 35%; Disabled retirees: 20%
Mortality	Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

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 2016 Experience Study which is reviewed for the four-year period ending December 31, 2016.

Discount Rate - The discount rate used to measure the total OPEB liability as of the measurement date of June 30, 2019 and 2018 was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA 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 OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

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 2017 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

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

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

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.13%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
<i>Assumed Inflation - Mean</i>		2.50%

(Source: June 30, 2019 PERS CAFR; p. 74)

Sensitivity of the City’s proportionate share of the net OPEB liability/(asset) to changes in the discount rate – The following presents the City’s proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net OPEB liability (asset)	\$ (67,290)	\$ (86,798)	\$ (103,419)

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2019 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

8. INTERFUND TRANSFERS / LOANS

	Transfer from other funds	Transfer to other funds
GOVERNMENTAL FUNDS		
General Fund	\$ -	\$ 83,169
Reserves Fund	86,195	-
URA Columbia Cascades District Fund	-	2,000
Non-Major Funds	-	248,000
PROPRIETARY FUNDS		
Stormwater Fund	250,000	-
Internal Service Fund	-	3,026
	\$ 336,195	\$ 336,195

Transfers are used to move resources 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.

Interfund loans include:

- \$469,000 issued in FY 2017-18 from the Sewer Fund to the URA-Waterfront Fund for odor control improvements at the wastewater treatment plant. The amount will be repaid over five years at 1.55% interest, with the final payment due in fiscal year 2022-23. The balance at June 30, 2020 is \$283,566.
- \$135,000 issued in the FY 2018-19 from the General Fund to the Stormwater Fund for improvements to the Cottonwood storm system. The amount will be repaid over five years at 2.25% interest, with the final payment due in fiscal year 2023-24. The balance at June 30, 2020 is \$109,200.

9. RESTRICTED ASSETS

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

	Governmental Activities	Business-type Activities
Road Fund	\$ 2,318,456	\$ -
Misc. Restricted Fund	1,002,595	-
URA - General Fund	59,558	-
URA - Columbia Cascade Plan Fund	4,106,090	-
URA - Waterfront Plan Fund	792,325	-
URA - Heights Plan Fund	761,733	-
Sewer Fund	-	1,594,681
Water Fund	-	1,600,849
Storm Water Fund	-	145,699
Total	\$ 9,040,757	\$ 3,341,229

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

10. OPERATING LEASES

There were two (2) operating leases in effect during the fiscal year ended June 30, 2020. Approximate future minimum rental commitments under these lease agreements are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2021	\$ 10,988
June 30, 2022	10,988
June 30, 2023	10,988
June 30, 2024	1,505
	<u>\$ 34,469</u>

The total rental expense under these leases was approximately \$10,988 for the year ended June 30, 2020.

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:

- On July 13th, the City Council adopted Resolution 2020-12 contributing \$1,638,738 to establish a PERS Side Account and draw State of Oregon matching funds in the amount of \$409,684 through the Employer Incentive Fund for a total Side Account deposit of \$2,048,422
- On August 24th, the City Council adopted Ordinance 2055 making transient booking intermediaries joint and severally liable for collection and remittance of transient lodging taxes.
- On September 28th, the City Council approved an updated multiyear collective bargaining agreement with the International Association of Fire Fighters, Local 3256
- On October 13th, the City Council adopted Resolution 2020-16, authorizing borrowing up to \$5,526,215 for construction of the Waterfront Stormwater Line.

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

14. COMMITMENTS & CONTINGENCIES

There is a contract with Jacobs (formerly CH2MHill - 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. Upon the expiration of that agreement, an amendment was signed agreeing to annual expense of \$1,154,462; and that amount was recorded for services performed under this agreement for the 2019-20 fiscal year.

As of June 30, 2020, the City has remaining construction and design/engineering contract obligations as follows:

- Jaymar & Wasco Sewer Line – \$38,312
- Country Club Sewer Forcemain Improvements – \$1,866
- WWTP UV Disinfection System Upgrade Preliminary Design – \$75,563
- WWTP Influent Pipe Project – \$32,058
- Mainline Hydropower Feasibility Study – \$8,661
- School District IGA for frontage improvements – \$185,145
- Olson Environmental - \$13,222

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.

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

16. FUND BALANCE CONSTRAINTS

The specific purposes for each of the categories of fund balance as of June 30, 2020 are as follows:

FUND BALANCES	General	Road Fund	Rest.	Reserves	URA CC		Total
			Revenue	Fund	District	Non-Major	
			Fund	Fund	Fund	Funds	
Non-spendable	\$ 154,464	\$ 56,402	\$ -	\$ -	\$ -	\$ -	\$ 210,866
Restricted:							
Roads	-	2,344,972	-	-	-	-	2,344,972
Debt Service	-	-	70,062	-	-	-	70,062
Building Services	-	-	378,142	-	-	-	378,142
Small Grants	-	-	12,406	-	-	-	12,406
CET-Local Housing Programs	-	-	288,082	-	-	-	288,082
CET-Development Incentives	-	-	170,454	-	-	-	170,454
Urban Renewal	-	-	-	-	4,115,205	1,336,958	5,452,163
Total Restricted	-	2,344,972	919,146	-	4,115,205	1,336,958	8,716,281
Assigned to:							
Reserves - PERS	-	-	-	533,236	-	-	533,236
Reserves - Compensated Absences	-	-	-	91,810	-	-	91,810
Reserves - Affordable Housing	-	-	-	186,203	-	-	186,203
Reserves - Parks Facilities	-	-	-	104,565	-	-	104,565
Reserves - Other	-	-	-	12,157	-	-	12,157
Total Assigned	-	-	-	927,971	-	-	927,971
Unassigned	3,499,213	-	-	-	-	-	3,499,213
Total Fund Balances	\$3,653,677	\$ 2,401,374	\$919,146	\$ 927,971	\$ 4,115,205	\$ 1,336,958	\$ 13,354,331

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**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
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
For the Year Ended June 30, 2020**

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
2020	0.05 %	\$ 9,279,292	\$ 5,016,367	184.98%	80.2 %
2019	0.05 %	7,458,654	4,656,307	199.28%	82.1 %
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
2020	\$ 1,192,508	\$ 1,192,508	\$ -	\$ 5,280,466	22.58 %
2019	895,598	895,598	-	5,016,367	17.85 %
2017	654,568	654,568	-	4,656,307	14.06 %
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**

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)
For the Year Ended June 30, 2020**

SCHEDULE OF CHANGES IN THE TOTAL OPEB - RHIA LIABILITY

Year Ended June 30,	Service Cost	Difference Between Expected and Actual Experience	Changes in Assumptions	Difference Between Projected and Actual Investment Earnings	Employer Actual Contributions	Changes in Employer Proportion	Employer Total Expense
2020	\$ -	\$ (11,446)	\$ (90)	\$ (5,358)	\$ (1,215)	\$ (1,420)	\$ 13,185

SCHEDULE OF TOTAL OPEB LIABILITY AND RELATED RATIOS

Year Ended June 30,	Total OPEB Liability Beginning (Asset)	Net Change in Total OPEB Liability (Asset)	Total OPEB Liability (Asset) Ending	Covered Payroll	Total OPEB Liability as a Percentage of Covered Payroll	Discount Rate
2020	\$ (56,516)	\$ (30,282)	\$ (86,798)	\$ 5,280,466	-1.64%	7.20%

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**

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
RETIREE HEALTH INSURANCE PLAN
For the Year Ended June 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability - Beginning of the year	\$ 535,524	\$ 459,986	\$ 457,813
<u>Changes for the year:</u>			
Service cost	27,625	29,214	31,348
Interest on total OPEB liability	21,191	17,305	13,830
Change of benefit terms	-	-	-
Effect of economic/demographic gains or losses	-	85,176	-
Effect of assumptions changes or inputs	18,697	(44,430)	(35,134)
Benefit payments	(31,443)	(11,727)	(7,870)
Net Changes for the Year	<u>36,070</u>	<u>75,538</u>	<u>2,174</u>
Total OPEB Liability - End of the year	<u>\$ 571,594</u>	<u>\$ 535,524</u>	<u>\$ 459,987</u>
Covered Payroll	5,280,466	5,016,367	4,656,307
Total OPEB Plan as a Percentage of Covered Payroll	10.8%	10.7%	9.9%

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, 2020**

	<u>GENERAL FUND</u>			VARIANCE TO FINAL BUDGET
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Taxes	\$ 4,251,044	\$ 4,251,044	\$ 3,817,155	\$ (433,889)
Licenses and Permits	2,202,549	2,202,549	2,034,423	(168,126)
Intergovernmental	312,442	312,442	406,853	94,411
Charges for Services	960,763	1,214,499	1,192,322	(22,177)
Fines and Forfeitures	488,469	488,469	422,363	(66,106)
Grants and Donations	-	-	25,296	25,296
Interest	92,933	92,933	89,819	(3,114)
Miscellaneous	105,069	105,069	116,242	11,173
Total Revenue	<u>8,413,269</u>	<u>8,667,005</u>	<u>8,104,473</u>	<u>(562,532)</u>
EXPENDITURES:				
Public Safety - Police	2,484,038	2,484,038 (1)	2,429,347	54,691
Public Safety - Fire	2,540,518	2,655,518 (1)	2,474,677	180,841
Public Safety - EMS	927,230	1,058,966 (1)	1,014,841	44,125
Parking	505,908	505,908 (1)	411,976	93,932
Municipal Court	133,037	140,537 (1)	131,982	8,555
Parks	599,363	599,363 (1)	459,536	139,827
Planning	587,645	587,645 (1)	529,150	58,495
City Council	25,376	25,376 (1)	9,836	15,540
Engineering	227,764	252,764 (1)	345,819	(93,055)
Non-Departmental	183,765	248,930 (1)	278,357	(29,427)
Expenditures Not Allocated:				
Contingency	244,233	44,936 (1)	-	44,936
Total Expenditures	<u>8,458,877</u>	<u>8,603,981</u>	<u>8,085,521</u>	<u>518,460</u>
Excess of Revenues Over, (Under) Expenditures	<u>(45,608)</u>	<u>63,024</u>	<u>18,952</u>	<u>(44,072)</u>
Other Financing Sources, (Uses)				
Transfers Out	(83,169)	(83,169) (1)	(83,169)	-
Total Other Financing Sources, (Uses)	<u>(83,169)</u>	<u>(83,169)</u>	<u>(83,169)</u>	<u>-</u>
Net Change in Fund Balance	(128,777)	(20,145)	(64,217)	(44,072)
Beginning Fund Balance	<u>3,717,326</u>	<u>3,608,694</u>	<u>3,608,694</u>	<u>-</u>
Ending Fund Balance	<u>\$ 3,588,549</u>	<u>\$ 3,588,549</u>	3,544,477	<u>\$ (44,072)</u>
Reconciliation to Governmental Fund Statements:				
Interfund Loan to Storm Water			<u>109,200</u>	
Governmental Fund Statements			<u>\$ 3,653,677</u>	

(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, 2020**

<u>ROAD FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Taxes	\$ 359,256	\$ 359,256	\$ 345,955	\$ (13,301)
Licenses and Permits	23,000	23,000	64,450	41,450
Intergovernmental	876,611	876,611	609,535	(267,076)
System Development Charges	215,000	215,000	179,464	(35,536)
Interest	57,732	57,732	53,421	(4,311)
Miscellaneous	200	200	9,773	9,573
Total Revenues	<u>1,531,799</u>	<u>1,531,799</u>	<u>1,262,598</u>	<u>(269,201)</u>
EXPENDITURES:				
Road Operations	1,808,389	1,808,389 (1)	919,725	888,664
Road SDC	1,175,000	1,175,000 (1)	503,081	671,919
Expenditures Not Allocated: Contingency	<u>188,826</u>	<u>188,826 (1)</u>	<u>-</u>	<u>188,826</u>
Total Expenditures	<u>3,172,215</u>	<u>3,172,215</u>	<u>1,422,806</u>	<u>1,749,409</u>
Net Change in Fund Balance	<u>(1,640,416)</u>	<u>(1,640,416)</u>	<u>(160,208)</u>	<u>1,480,208</u>
Beginning Fund Balance	<u>2,309,259</u>	<u>2,505,180</u>	<u>2,505,180</u>	<u>-</u>
Ending Fund Balance	<u>\$ 668,843</u>	<u>\$ 864,764</u>	<u>\$ 2,344,972</u>	<u>\$ 1,480,208</u>
Reconciliation to Combined Balance Sheet:				
			<u>56,402</u>	
(1) Appropriation Level		Combined Balance Sheet	<u>\$ 2,401,374</u>	

**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, 2020**

<u>RESTRICTED REVENUE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Taxes	\$ 1,445,785	\$ 1,445,785	\$ 1,309,594	\$ (136,191)
Licenses and Permits	508,856	508,856	304,129	(204,727)
Intergovernmental	-	617,232	-	(617,232)
Charges for Services	-	-	5,075	5,075
Assessments	50,568	50,568	14,980	(35,588)
Interest	27,187	27,187	26,266	(921)
Miscellaneous	850	850	1,452	602
Total Revenue	2,033,246	2,650,478	1,661,496	(988,982)
EXPENDITURES:				
Building Program	554,235	604,235 (1)	418,784	185,451
LID Assessments	50,568	50,568 (1)	15,080	35,488
Small Grants	13,518	13,518 (1)	1,573	11,945
Assistance to Firefighters Grant - Air Packs	-	617,232 (1)	-	617,232
Tourism Promotion Fund	553,285	553,285 (1)	408,509	144,776
CET State OHCS Distribution	27,000	27,000 (1)	51,025	(24,025)
Expenditures Not Allocated:				
Debt Service	709,988	709,988 (1)	709,988	-
Contingency	505,236	455,236 (1)	-	455,236
Total Expenditures	2,413,830	3,031,062	1,604,959	1,426,103
Net Change in Fund Balance	(380,584)	(380,584)	56,537	437,121
Beginning Fund Balance	836,159	862,666	862,609	(57)
Ending Fund Balance	\$ 455,575	\$ 482,082	\$ 919,146	\$ 437,064

(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, 2020**

	<u>RESERVES FUND</u>			VARIANCE TO FINAL BUDGET
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Capital Contributions - Affordable Housing	\$ -	\$ -	\$ 410,000	\$ 410,000
Interest	23,908	23,908	14,072	(9,836)
Miscellaneous	-	-	1,058	1,058
Total Revenue	<u>23,908</u>	<u>23,908</u>	<u>425,130</u>	<u>401,222</u>
EXPENDITURES:				
Reserve - Compensated Absences	240,450	240,450 (1)	228,642	11,808
Reserve - Parking In Lieu	11,014	11,014 (1)	-	11,014
Reserve - Affordable Housing	-	1,600,000 (1)	1,258,209	341,791
Expenditures Not Allocated:				
Contingency	233,300	233,300 (1)	-	233,300
Total Expenditures	<u>484,764</u>	<u>2,084,764</u>	<u>1,486,851</u>	<u>597,913</u>
Excess of Revenues Over, (Under) Expenditures	<u>(460,856)</u>	<u>(2,060,856)</u>	<u>(1,061,721)</u>	<u>999,135</u>
Other Financing Sources, (Uses)				
Transfer In	86,195	86,195	86,195	-
Loan Proceeds	-	1,600,000	933,300	(666,700)
Total Other Financing Sources, (Uses)	<u>86,195</u>	<u>1,686,195</u>	<u>1,019,495</u>	<u>(666,700)</u>
Net Change in Fund Balance	<u>(374,661)</u>	<u>(374,661)</u>	<u>(42,226)</u>	<u>332,435</u>
Beginning Fund Balance	<u>956,277</u>	<u>970,197</u>	<u>970,197</u>	<u>-</u>
Ending Fund Balance	<u>\$ 581,616</u>	<u>\$ 595,536</u>	<u>\$ 927,971</u>	<u>\$ 332,435</u>

(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, 2020**

URA COLUMBIA CASCADE DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Taxes	\$ 1,151,329	\$ 1,151,329	\$ 1,179,108	\$ 27,779
Interest	69,872	69,872	76,967	7,095
Capital Contributions - Assessments	50,568	50,568	15,080	(35,488)
Total Revenues	<u>1,271,769</u>	<u>1,271,769</u>	<u>1,271,155</u>	<u>27,779</u>
EXPENDITURES:				
Operations	88,000	88,000 (1)	55,753	32,247
Expenditures Not Allocated:				
Contingency	<u>3,600,000</u>	<u>3,600,000 (1)</u>	<u>-</u>	<u>3,600,000</u>
Total Expenditures	<u>3,688,000</u>	<u>3,688,000</u>	<u>55,753</u>	<u>3,632,247</u>
Excess of Revenues, Over (Under) Expenditures	<u>(2,416,231)</u>	<u>(2,416,231)</u>	<u>1,215,402</u>	<u>3,660,026</u>
Other Financing Sources, (Uses)				
Transfers Out	<u>(2,000)</u>	<u>(2,000) (1)</u>	<u>(2,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Net Change in Fund Balance	(2,418,231)	(2,418,231)	1,213,402	3,631,633
Beginning Fund Balance	<u>2,794,876</u>	<u>2,794,876</u>	<u>2,901,803</u>	<u>106,927</u>
Ending Fund Balance	<u>\$ 376,645</u>	<u>\$ 376,645</u>	<u>\$ 4,115,205</u>	<u>\$ 3,738,560</u>

(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

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2020

	<u>URA GENERAL FUND</u>	<u>URA WATERFRONT DISTRICT FUND</u>	<u>URA HEIGHTS DISTRICT FUND</u>	<u>TOTAL</u>
ASSETS:				
Receivables				
Taxes	\$ -	\$ 38,277	\$ 12,751	\$ 51,028
Restricted Cash and Investments	<u>59,558</u>	<u>792,325</u>	<u>761,733</u>	<u>1,613,616</u>
Total Assets	<u>\$ 59,558</u>	<u>\$ 830,602</u>	<u>\$ 774,484</u>	<u>\$ 1,664,644</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Interfund Loan Payable	<u>\$ -</u>	<u>\$ 283,566</u>	<u>\$ -</u>	<u>\$ 283,566</u>
Total Liabilities	<u>-</u>	<u>283,566</u>	<u>-</u>	<u>283,566</u>
Deferred Inflows of Resources:				
Unavailable Revenue - Taxes	<u>-</u>	<u>33,041</u>	<u>11,079</u>	<u>44,120</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>33,041</u>	<u>11,079</u>	<u>44,120</u>
Fund Balances:				
Restricted	<u>59,558</u>	<u>513,995</u>	<u>763,405</u>	<u>1,336,958</u>
Total Fund Balances	<u>59,558</u>	<u>513,995</u>	<u>763,405</u>	<u>1,336,958</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 59,558</u>	<u>\$ 830,602</u>	<u>\$ 774,484</u>	<u>\$ 1,664,644</u>

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, 2020

	URA GENERAL FUND	URA WATERFRONT DISTRICT FUND	URA HEIGHTS DISTRICT FUND	TOTAL
REVENUES:				
Property Taxes	\$ -	\$ 696,783	\$ 218,303	\$ 915,086
Interest	1,239	16,622	14,909	32,770
Total Revenue	<u>1,239</u>	<u>713,405</u>	<u>233,212</u>	<u>947,856</u>
EXPENDITURES:				
Economic and Physical Development	8,794	301,538	95,255	405,587
Debt Service	-	24,134	-	24,134
Total Expenditures	<u>8,794</u>	<u>325,672</u>	<u>95,255</u>	<u>429,721</u>
Excess of Revenues Over, (Under)				
Expenditures	<u>(7,555)</u>	<u>387,733</u>	<u>137,957</u>	<u>518,135</u>
Other Financing Sources, (Uses)				
Transfers In	6,000	-	-	6,000
Transfers Out	-	(2,000)	(2,000)	(4,000)
Total Other Financing Sources, (Uses)	<u>6,000</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>2,000</u>
Net Change in Fund Balance	(1,555)	385,733	135,957	520,135
Beginning Fund Balance	<u>61,113</u>	<u>128,262</u>	<u>627,448</u>	<u>816,823</u>
Ending Fund Balance	<u><u>\$ 59,558</u></u>	<u><u>\$ 513,995</u></u>	<u><u>\$ 763,405</u></u>	<u><u>\$ 1,336,958</u></u>

**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, 2020**

URA GENERAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:					
Interest	\$ 1,492	\$ 1,492		\$ 1,239	\$ (253)
Total Revenues	<u>1,492</u>	<u>1,492</u>		<u>1,239</u>	<u>(253)</u>
EXPENDITURES:					
Operations	11,900	11,900	(1)	8,794	3,106
Contingency	<u>4,500</u>	<u>4,500</u>	(1)	<u>-</u>	<u>4,500</u>
Total Expenditures	<u>16,400</u>	<u>16,400</u>		<u>8,794</u>	<u>7,606</u>
Excess of Revenues, Over (Under) Expenditures	<u>(14,908)</u>	<u>(14,908)</u>		<u>(7,555)</u>	<u>7,353</u>
Other Financing Sources, (Uses)					
Transfers In	<u>6,000</u>	<u>6,000</u>		<u>6,000</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>6,000</u>	<u>6,000</u>		<u>6,000</u>	<u>-</u>
Net Change in Fund Balance	(8,908)	(8,908)		(1,555)	7,353
Beginning Fund Balance	<u>59,697</u>	<u>59,697</u>		<u>61,113</u>	<u>1,416</u>
Ending Fund Balance	<u>\$ 50,789</u>	<u>\$ 50,789</u>		<u>\$ 59,558</u>	<u>\$ 8,769</u>

(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, 2020**

URA WATERFRONT DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property Taxes	\$ 586,523	\$ 586,523	\$ 696,783	\$ 110,260
Interest	15,014	15,014	16,622	1,608
Total Revenues	601,537	601,537	713,405	111,868
EXPENDITURES:				
Operations	282,000	82,000 (1)	301,538	(219,538)
Expenditures Not Allocated:				
Debt Service	97,467	115,785 (1)	115,785	-
Contingency	650,000	581,682 (1)	-	581,682
Total Expenditures	1,029,467	779,467	417,323	362,144
Excess of Revenues, Over (Under)				
Expenditures	(427,930)	(177,930)	296,082	474,012
Other Financing Sources, (Uses)				
Transfers Out	(2,000)	(252,000) (1)	(2,000)	250,000
Total Other Financing Sources, (Uses)	(2,000)	(252,000)	(2,000)	250,000
Net Change in Fund Balance	(429,930)	(429,930)	294,082	724,012
Beginning Fund Balance	600,548	600,548	503,479	(97,069)
Ending Fund Balance	\$ 170,618	\$ 170,618	797,561	\$ 626,943
Reconciliation to Governmental Fund Statements:				
Interfund Loan from Sewer			(283,566)	
Governmental Fund Statements			\$ 513,995	

(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, 2020**

URA HEIGHTS DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property Taxes	\$ 217,286	\$ 217,286	\$ 218,303	\$ 1,017
Interest	15,865	15,865	14,909	(956)
Total Revenues	<u>233,151</u>	<u>233,151</u>	<u>233,212</u>	<u>61</u>
EXPENDITURES:				
Operations	188,000	188,000 (1)	95,255	92,745
Expenditures Not Allocated: Contingency	<u>502,000</u>	<u>502,000 (1)</u>	<u>-</u>	<u>502,000</u>
Total Expenditures	<u>690,000</u>	<u>690,000</u>	<u>95,255</u>	<u>594,745</u>
Excess of Revenues, Over (Under) Expenditures	<u>(456,849)</u>	<u>(456,849)</u>	<u>137,957</u>	<u>594,806</u>
Other Financing Sources, (Uses)				
Transfers Out	<u>(2,000)</u>	<u>(2,000) (1)</u>	<u>(2,000)</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Net Change in Fund Balance	(458,849)	(458,849)	135,957	594,806
Beginning Fund Balance	<u>634,606</u>	<u>634,606</u>	<u>627,448</u>	<u>(7,158)</u>
Ending Fund Balance	<u>\$ 175,757</u>	<u>\$ 175,757</u>	<u>\$ 763,405</u>	<u>\$ 587,648</u>

(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, 2020

	<u>SEWER FUND</u>			VARIANCE
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>TO FINAL</u>
	<u>BUDGET</u>	<u>BUDGET</u>		<u>BUDGET</u>
REVENUES:				
Charges for Services	\$ 4,246,636	\$ 4,282,636	\$ 4,203,039	\$ (79,597)
System Development Charges	36,000	36,000	86,668	50,668
Interest	87,760	87,760	99,380	11,620
Miscellaneous	215,667	215,667	147,179	(68,488)
Total Revenues	4,586,063	4,622,063	4,536,266	(85,797)
EXPENDITURES:				
Sewer Operations - Distribution	1,906,164	1,927,090 (1)	1,139,344	787,746
Sewer Operation - WWTP	3,313,269	3,313,269 (1)	1,858,324	1,454,945
Sewer SDC	867,500	867,500 (1)	3,693	863,807
USDA SLARRA	582,421	582,421 (1)	80,779	501,642
Expenditures Not Allocated:				
Debt Service	431,716	431,716 (1)	423,617	8,099
Contingency	200,000	179,074 (1)	-	179,074
Total Expenditures	7,301,070	7,301,070	3,505,757	(3,795,313)
Excess of Revenues Over, (Under)				
Expenditures	(2,715,007)	(2,679,007)	1,030,509	3,709,516
Other Financing Sources (Uses):				
Transfers In	548,218	548,218	-	(548,218)
Transfers Out	(548,218)	(548,218) (1)	-	548,218
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(2,715,007)	(2,679,007)	1,030,509	3,709,516
Beginning Fund Balance	3,834,119	4,367,309	4,367,296	(13)
Ending Fund Balance	\$ 1,119,112	\$ 1,688,302	5,397,805	\$ 3,709,503

Reconciliation to Net Position:

Capital Assets, Net	15,915,376
Inventory	19,242
Interfund Loan to Urban Renewal Agency	283,566
Net Pension Liability	(470,795)
Pension related deferrals, net	157,519
Post-employment Benefits Liability - RHI Plan	(31,531)
Post-employment Benefits Asset - PERS RHIA	4,392
Other benefits related deferrals, net - RHI Plan	2,410
Other benefits related deferrals, net - PERS RHIA	(865)
Unavailable Revenue	69,797
Accrued Compensated Absences	(24,720)
Accrued Interest	(11,260)
Long Term Debt	(4,490,141)

Statement of Net Position **\$ 16,820,795**

**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, 2020**

WATER FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Charges for Services	\$ 3,059,321	\$ 2,934,321	\$ 2,879,271	\$ (55,050)
System Development Charges	20,000	145,000	123,311	(21,689)
Grants and Donations	-	-	6,785	6,785
Interest	56,303	56,303	72,265	15,962
Miscellaneous	30,000	30,000	31,773	1,773
Total Revenues	3,165,624	3,165,624	3,113,405	(52,219)
EXPENDITURES:				
Water Operations	1,931,507	1,958,733	(1) 1,496,435	462,298
Water SDC	638,000	638,000	(1) -	638,000
Expenditures Not Allocated:				
Debt Service	892,341	892,341	(1) 892,359	(18)
Contingency	150,000	122,774	(1) -	122,774
Total Expenditures	3,611,848	3,611,848	2,388,794	1,223,054
Net Change in Fund Balance	(446,224)	(446,224)	724,611	1,170,835
Beginning Fund Balance	2,791,261	2,918,523	2,918,522	(1)
Ending Fund Balance	\$ 2,345,037	\$ 2,472,299	3,643,133	\$ 1,170,834

Reconciliation to Net Position:

Capital Assets, Net	32,876,532
Net Pension Liability	(657,226)
Pension related deferrals, net	214,313
Post-employment Benefits Liability - RHI Plan	(42,452)
Post-employment Benefits Asset - PERS RHIA	6,392
Other benefits related deferrals, net - RHI Plan	3,627
Other benefits related deferrals, net - PERS RHIA	(1,259)
Unavailable Revenue	64,966
Inventory	134,517
Loans Payable	(13,759,065)
Accrued Interest Payable	(48,378)
Accrued compensated absences	(38,455)

(1) Appropriation Level

Statement of Net Position

\$ 22,396,645

**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, 2020**

<u>STORM WATER FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Charges for Services	\$ 561,439	\$ 533,439	\$ 546,096	\$ 12,657
System Development Charges	20,000	48,000	33,780	(14,220)
Interest	4,952	4,952	3,623	(1,329)
Miscellaneous	-	-	250,000	250,000
Total Revenues	<u>586,391</u>	<u>586,391</u>	<u>833,499</u>	<u>247,108</u>
EXPENDITURES:				
Storm Water Operations	508,178	768,641 (1)	754,860	13,781
Expenditures Not Allocated:				
Debt Service	28,869	28,869 (1)	28,869	-
Contingency	80,000	69,537 (1)	-	69,537
Total Expenditures	<u>617,047</u>	<u>867,047</u>	<u>783,729</u>	<u>83,318</u>
Excess of Revenues Over, (Under) Expenditures	<u>(30,656)</u>	<u>(280,656)</u>	<u>49,770</u>	<u>330,426</u>
Other Financing Sources, (Uses)				
Transfer In	-	250,000	-	(250,000)
Total Other Financing Sources, (Uses)	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>
Net Change in Fund Balance	(30,656)	(30,656)	49,770	80,426
Beginning Fund Balance	<u>198,054</u>	<u>229,160</u>	<u>229,160</u>	<u>-</u>
Ending Fund Balance	<u>\$ 167,398</u>	<u>\$ 198,504</u>	<u>278,930</u>	<u>\$ 80,426</u>

Reconciliation to Net Position:

Capital Assets, Net	1,489,343
Interfund Loan from General Fund	(109,200)
Net Pension Liability	(243,173)
Pension related deferrals, net	75,498
Post-employment Benefits Liability - RHI Plan	(15,021)
Post-employment Benefits Asset - PERS RHIA	2,370
Other benefits related deferrals, net - RHI Plan	1,355
Other benefits related deferrals, net - PERS RHIA	(467)
Unavailable Revenue	6,153
Accrued Compensated Absences	<u>(17,854)</u>

Statement of Net Position

\$ 1,467,934

(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, 2020

INTERNAL SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Interdepartmental Charges	\$ 1,887,652	\$ 1,887,652	\$ 1,863,080	\$ (24,572)
Interest	122,895	122,895	96,051	(26,844)
Miscellaneous	-	-	238	238
	2,010,547	2,010,547	1,959,369	(51,178)
EXPENDITURES:				
Equipment Maintenance	207,816	212,816 (1)	207,840	4,976
Equipment Replacement	554,436	554,436 (1)	268,657	285,779
Administration	1,218,487	1,253,387 (1)	1,215,127	38,260
Expenditures Not Allocated:				
Contingency	100,000	40,221 (1)	-	40,221
	2,080,739	2,060,860	1,691,624	369,236
Excess of Revenues Over, (Under) Expenditures	(70,192)	(50,313)	267,745	318,058
Other Financing Sources, (Uses)				
Transfers Out	(3,026)	(3,026) (1)	(3,026)	-
Sale of Capital Assets	46,500	46,500	-	(46,500)
	43,474	43,474	(3,026)	(46,500)
Net Change in Fund Balance	(26,718)	(6,839)	264,719	271,558
Beginning Fund Balance	4,490,772	4,470,893	4,470,892	(1)
Ending Fund Balance	\$ 4,464,054	\$ 4,464,054	\$ 4,735,611	\$ 271,557
Reconciliation to Net Position:				
Capital Assets, Net			1,354,595	
Statement of Net Position			\$ 6,090,206	

(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, 2020

TAX YEAR	<u>GENERAL FUND</u>				BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/20
	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/19	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	CASH COLLECTIONS BY COUNTY TREASURER	
Current:					
2019-20	\$ 2,559,480	\$ 74,366	\$ 5,487	\$ 2,413,463	\$ 77,138
Prior years					
2018-19	61,835	-	357	26,323	35,869
2017-18	27,943	-	695	10,687	17,951
2016-17	19,288	-	1,394	8,930	11,752
2015-16	10,781	-	1,178	7,084	4,875
Prior	21,245	-	46	3,989	17,302
Total Prior	141,092	-	3,670	57,013	87,749
Total	<u>\$ 2,700,572</u>	<u>\$ 74,366</u>	<u>\$ 9,157</u>	<u>\$ 2,470,476</u>	<u>\$ 164,887</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 2,470,476
Other Collections/Credits	<u>3,170</u>
Total per budgetary statement	<u>\$ 2,473,646</u>

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

SCHEDULE OF PROPERTY TAX COLLECTIONS AND UNPAID BALANCES

For the Year Ended June 30, 2020

TAX YEAR	<u>FIRE G/O BOND DEBT SERVICE FUND</u>				BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/20
	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/19	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	CASH COLLECTIONS BY COUNTY TREASURER	
Current:					
2019-20	\$ 723,670	\$ 21,019	\$ 1,278	\$ 682,127	\$ 21,802
Prior years					
2018-19	18,214	-	104	7,753	10,565
2017-18	8,324	-	207	3,184	5,347
2016-17	6,210	-	449	2,875	3,784
2015-16	3,150	-	344	2,070	1,424
Prior	5,820	-	15	1,181	4,654
Total Prior	41,718	-	1,119	17,063	25,774
Total	<u>\$ 765,388</u>	<u>\$ 21,019</u>	<u>\$ 2,397</u>	<u>\$ 699,190</u>	<u>\$ 47,576</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 699,190
Other Collections/Credits	<u>901</u>
Total per budgetary statement	<u>\$ 700,091</u>

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

SCHEDULE OF PROPERTY TAX COLLECTIONS AND UNPAID BALANCES

For the Year Ended June 30, 2020

TAX YEAR	<u>URA COLUMBIA CASCADE PLAN FUND</u>				BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/20
	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/19	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	CASH COLLECTIONS BY COUNTY TREASURER	
Current:					
2019-20	\$ 1,223,862	\$ 35,467	\$ (541)	\$ 1,151,064	\$ 36,790
Prior years					
2018-19	28,543	-	165	12,151	16,557
2017-18	12,933	-	321	4,946	8,308
2016-17	8,932	-	646	4,136	5,442
2015-16	5,421	-	592	3,562	2,451
Prior	10,463	-	22	1,752	8,733
Total Prior	66,292	-	1,746	26,547	41,491
Total	<u>\$ 1,290,154</u>	<u>\$ 35,467</u>	<u>\$ 1,205</u>	<u>\$ 1,177,611</u>	<u>\$ 78,281</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 1,177,611
Other Collections/Credits	<u>1,497</u>
Total per budgetary statement	<u>\$ 1,179,108</u>

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

SCHEDULE OF PROPERTY TAX COLLECTIONS AND UNPAID BALANCES

For the Year Ended June 30, 2020

TAX YEAR	<u>URA WATERFRONT PLAN FUND</u>				BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/20
	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/19	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	CASH COLLECTIONS BY COUNTY TREASURER	
Current:					
2019-20	\$ 727,812	\$ 21,087	\$ (494)	\$ 684,358	\$ 21,873
Prior years					
2018-19	13,952	-	80	5,939	8,093
2017-18	5,869	-	146	2,245	3,770
2016-17	3,822	-	277	1,770	2,329
2015-16	1,842	-	202	1,211	833
Prior	1,777	-	5	403	1,379
Total Prior	27,262	-	710	11,568	16,404
Total	<u>\$ 755,074</u>	<u>\$ 21,087</u>	<u>\$ 216</u>	<u>\$ 695,926</u>	<u>\$ 38,277</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 695,926
Other Collections/Credits	<u>857</u>
Total per budgetary statement	<u>\$ 696,783</u>

**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

SCHEDULE OF PROPERTY TAX COLLECTIONS AND UNPAID BALANCES

For the Year Ended June 30, 2020

TAX YEAR	<u>URA THE HEIGHTS PLAN FUND</u>				BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/20
	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/19	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	CASH COLLECTIONS BY COUNTY TREASURER	
Current:					
2019-20	\$ 227,830	\$ 6,588	\$ (606)	\$ 213,803	\$ 6,833
Prior years					
2018-19	5,139	-	6,030	8,188	2,981
2017-18	2,205	-	155	943	1,417
2016-17	1,368	-	98	633	833
2015-16	672	-	73	441	304
Prior	499	-	(6,097)	(5,981)	383
Total Prior	9,883	-	259	4,224	5,918
Total	<u>\$ 237,713</u>	<u>\$ 6,588</u>	<u>\$ (347)</u>	<u>\$ 218,027</u>	<u>\$ 12,751</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 218,027
Other Collections/Credits	<u>276</u>
Total per budgetary statement	<u>\$ 218,303</u>

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, 2020**

Taxable Property Values Fiscal Year	RMV*	Total AV	UR Excess	AV Used to Calculate Rates**
2019/20	1,927,672,421	1,105,177,395	194,807,312	910,370,083
2018/19	1,842,886,007	1,041,170,321	169,203,190	871,967,131
2017/18	1,535,505,437	975,732,275	154,512,470	821,219,805
2016/17	1,328,302,208	916,476,146	141,758,812	774,717,334
2015/16	1,269,713,150	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
2004/05	610,049,549	435,282,821	29,143,866	406,138,955

* 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 2019-20 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	0.2497
911 Communications District	0.5644	0.0000	0.0000	0.5644	0.1920
City of Hood River	2.8112	0.6548	0.0000	3.4660	0.4953
Port of Hood River	0.0332	0.0000	0.0000	0.0332	0.0057
Hood River Parks & Recreation District	0.3498	0.0000	0.0000	0.3498	0.0615
HRC Transportation District	0.0723	0.0000	0.0000	0.0723	0.0126
Library District	0.3900	0.0000	0.0000	0.3900	0.0686
Total General Government	5.6380	0.6548	0.0000	6.2928	1.0854
Education					
Columbia Gorge Community College	0.2703	0.3133	0.0000	0.5836	0.0475
Columbia Gorge ESD	0.4678	0.0000	0.0000	0.4678	0.0824
Hood River County School District	4.8119	1.6174	1.2000	7.6293	0.8480
Total Education	5.5500	1.9307	1.2000	8.6807	0.9779
Total Tax Rate	11.1880	2.5855	1.2000	14.9735	2.0633

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

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

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**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

**INDEPENDENT AUDITORS' REPORT REQUIRED
BY OREGON STATE REGULATIONS**

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November 24, 2020

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, 2020, and have issued our report thereon dated November 24, 2020. 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 Statutes 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).**

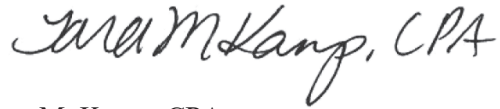
In connection with our testing nothing came to our attention that caused us to believe the City of Hood River, Oregon was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative 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 budget over expenditures as noted on page 21.

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.

A handwritten signature in cursive script that reads "Tara M. Kamp, CPA".

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