

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

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2021**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223

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

**For the Year Ended June 30, 2021**

**ANNUAL FINANCIAL REPORT**

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

City Council as of June 30, 2021

<u>NAME</u>	<u>TERM EXPIRES</u>
Kate McBride, Mayor & Council President	December 31, 2022
Megan Saunders	December 31, 2024
Mark Zanmiller	December 31, 2024
Gladys Rivera	December 31, 2024
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

Will Norris, Interim City Manager  
211 Second Street  
Hood River, Oregon 97031

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

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

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

December 28, 2021

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, 2021, 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, 2021, 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 December 28, 2021, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



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



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2021**

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 \$2.5 million, of which \$2.6 million is an increase in business type activities net position and a decrease of \$0.1 million in governmental 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 \$2.7 million (4%) to \$63.4 million.

**BASIC FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements**

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

- The Statement of Net Position presents information on the City's total assets and liabilities, with the resulting difference between the two presented as net position. Over time, increases or decreases to net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating.
- The Statement of Activities focuses on the change in net position over the year. The costs of City programs are presented and show to what the extent governmental activities are subsidized by taxes and other general revenues.

## Fund Financial Statements

Following the government-wide statements is a section containing fund financial statements. Major funds are presented in their own columns while all remaining funds are combined 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	
	2021	2020	2021	2020	2021	2020
Current Assets	\$ 16.7	\$ 19.4	\$ 11.7	\$ 10.1	\$ 28.4	\$ 29.5
Noncurrent Assets	32.4	31.6	51.0	50.6	83.4	82.2
Total Assets	49.2	51.0	62.7	60.6	111.8	111.7
Deferred Outflows of Resources	5.4	3.1	1.0	0.5	6.3	3.7
Current Liabilities	2.0	1.9	1.3	1.3	3.3	3.3
Noncurrent Liabilities	11.7	11.2	18.9	19.0	30.6	30.2
Total Liabilities	13.7	13.2	20.1	20.3	33.8	33.4
Deferred Inflows of Resources	0.5	0.5	0.1	0.1	0.6	0.6
Net Investment in Capital Assets	30.5	28.7	32.9	31.9	63.4	60.6
Restricted	8.1	4.6	3.7	3.3	11.8	7.9
Unrestricted	1.7	7.2	6.9	5.6	8.6	12.7
Total Net Position	40.3	40.5	43.5	40.8	83.7	81.3
Program Revenues	3.1	3.1	8.3	8.0	11.4	11.1
Program Expenses	12.9	12.0	7.0	6.8	19.9	18.8
General Revenues - Taxes	6.5	7.6	0.0	0.0	6.5	7.6
General Revenues - Other	3.1	2.5	1.3	0.5	4.4	3.0
Change in Net Position	\$ (0.2)	\$ 1.2	\$ 2.6	\$ 1.7	\$ 2.5	\$ 2.9

## **FINANCIAL ANALYSIS**

### **Financial Position and Results of Operations**

Net position increased by \$2.5 million, which is an increase in business type activities net position. Tax revenues were essentially flat as losses in Transient Lodging Tax were offset by a one-time bump in Property Tax due to the administratively initiated pause in urban renewal collections as well as organic growth. Program Revenues increased by \$0.33 million or 3%.

General Revenues include property taxes, transient lodging 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 Analysis per Budget to Actual**

General Fund – The General Fund’s total fund balance decreased by \$881 thousand (25%). This is due in large part to a \$736,601 deposit in the PERS Side Account which drew a 25% match from the State of Oregon. This PERS Side Account will reduce future General Fund PERS expenditures. The pandemic also negatively impacted lodging tax, parking, 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 30% of annual revenues. American Rescue Plan Act relief funds are expected to total \$1.7 million. This onetime payment will significantly increase the General Fund’s balance sufficient to withstand a severe downturn without major programmatic changes. The long-term outlook for the General Fund is a return to operating surpluses in FY2021-22.

Road Fund – The Road Fund’s total fund balance increased by \$147 thousand (6%). The Fund Balance increase is due to utilizing the Surface Transportation Program (STP) Fund Exchange to fund planned capital projects. Major upcoming and in-process projects for the Road Fund include the signalization of 2<sup>nd</sup> 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 decreased by \$143 thousand (16%). The reductions are primarily due to less revenue collected from taxes, license and permits.

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 \$665 thousand (72%) as compensated absence liabilities were paid down as staff retired.

Sewer Fund – The Sewer Fund includes Sewer Operations, Wastewater Treatment Plant, System Development Charges, and Debt Reserves related to two USDA Loans and one DEQ loan. The balance of the consolidated fund increased \$799 thousand (15%) 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 \$585 thousand (16%).

Storm Water Fund – The Storm Water Fund includes Storm Water Operations and Storm Water System Development Charges. The balance of the fund increased by \$233 thousand (84%).

## CAPITAL ASSETS AND DEBT ACTIVITY

### Capital Assets

As of June 30, 2021, the City had invested \$83.1 million in capital assets as reflected in the following table.

**Table 2**  
**Capital Asset Balances**  
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
Non-depreciable Assets	\$ 6,973	\$ 5,944	\$ 1,533	\$ 1,105	\$ 8,505	\$ 7,049
Depreciable Assets, Net	25,359	25,507	49,266	49,176	74,626	74,683
Total	\$ 32,332	\$ 31,451	\$ 50,799	\$ 50,281	\$ 83,131	\$ 81,732

Governmental Activities capital assets increased \$0.88 million (3%) though FY2020-21 as depreciation expense is offset by capital projects, vehicle purchases, and property acquisition of affordable housing. Business-type Activities capital assets increased \$0.50 million (1%) as depreciation slightly outpaced new construction. Capital projects included Cascade & Rand realignment, multiple water and sewer line replacements, Riverside Dr. stormwater line relocation, and scheduled vehicle replacements.

## Debt Outstanding

**Table 3**  
**Debt Balances**  
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
Capital Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loans	879	933	15,171	15,302	16,050	16,235
Intergovernmental	217	377	-	-	217	377
Bonds	730	1,424	2,702	2,948	3,432	4,371
<b>Total</b>	<b>\$ 1,826</b>	<b>\$ 2,734</b>	<b>\$ 17,872</b>	<b>\$ 18,249</b>	<b>\$ 19,698</b>	<b>\$ 20,983</b>

Governmental debt decreased by \$908 thousand (33%) as the City continued repayment of Fire G/O bonds and other smaller debts. Business-type debt decreased by \$377 thousand (2%) 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 aerospace 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 \$145 thousand (16%) after deducting a PERS Side Account Deposit. In the first quarter of FY2021-22 the City has experienced a steady recovery in lodging receipts with lodging tax revenue up 9.5% as compared to the same quarter in pre-pandemic FY2019-20.

Long-term growth prospects remain strong. Unemployment rates in Hood River County, while elevated during the pandemic, have returned to below 5%. Hood River's unemployment rate remains below the Oregon state average as it has been since 2006. 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 lodging 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 minimal operating surplus in FY2021-22 that will continue to support current service levels. The long-term outlook is for a return to strong revenue growth in FY2022-23 and continuing into the foreseeable future as Hood River continues to grow rapidly.

The total budget for FY 2021-22 is \$54.1 million. Utility services and rates were restructured and implemented in July 2021. 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 Roof and Mixer Replacement
- Wastewater Treatment Plan Ultra-Violet Disinfection Upgrade
- Cascade and Rand Intersection Realignment
- Multiple Water and Sewer Line Replacements
- Biosolids Storage Bay expansion

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 existing assessed values 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 2<sup>nd</sup> Street, Hood River, Oregon 97031.

**CITY OF HOOD RIVER**  
**HOOD RIVER COUNTY, OREGON**  
**BASIC FINANCIAL STATEMENTS**

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

**STATEMENT OF NET POSITION  
June 30, 2021**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Investments	\$ 7,171,733	\$ 6,813,819	\$ 13,985,552
Receivables:			
Accounts, Net	413,976	818,925	1,232,901
Property Taxes	249,929	-	249,929
Assessments	19,602	-	19,602
Other	386,010	-	386,010
Prepaid Expenses	30,294	3,840	34,134
Supply Inventory	61,187	120,494	181,681
Due from Governmental Activities	-	274,055	274,055
Restricted Cash and Investments	8,381,102	3,664,321	12,045,423
Total Current Assets	16,713,833	11,695,454	28,409,287
Noncurrent Assets:			
Interfund Loan Receivable	82,814	190,494	273,308
Net Other Post-employment Benefits Asset - PERS RHIA	29,828	4,833	34,661
Capital Assets:			
Land and Construction in Progress, Not Depreciated	6,972,569	1,532,702	8,505,271
Other Capital Assets, Net of Depreciation	25,359,340	49,266,337	74,625,677
Total Noncurrent Assets	32,444,551	50,994,366	83,438,917
Total Assets	49,158,384	62,689,820	111,848,204
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension-related Deferral	5,237,640	940,556	6,178,196
Other Benefit-related Deferral - RHI Plan	85,886	15,449	101,335
Other Benefit-related Deferral - PERS RHIA	28,218	5,347	33,565
Total Deferred Outflows of Resources	5,351,744	961,352	6,313,096
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	356,502	202,485	558,987
Retainage Payable	-	56,625	56,625
Payroll and Taxes Payable	357,764	-	357,764
Accrued Interest Payable	11,162	55,941	67,103
Deposits Held	27,317	-	27,317
Due to Business-type Activities	274,055	-	274,055
Interfund Loan Payable	190,494	82,814	273,308
Unearned Revenue	12,871	-	12,871
Loan Payable, Due Within One Year	85,647	635,706	721,353
Bonds Payable, Due Within One Year	710,000	220,000	930,000
Total Current Liabilities	2,025,812	1,253,571	3,279,383
Noncurrent Liabilities:			
Accrued Compensated Absences	665,590	65,619	731,209
Net Proportion of Pension Liability	9,557,921	1,684,502	11,242,423
Net Other Post-employment Benefits Liability - RHI Plan	456,952	84,136	541,088
Loan Payable, Due After One Year	1,010,083	16,297,623	17,307,706
Bonds Payable, Due After One Year	19,966	718,935	738,901
Total Noncurrent Liabilities	11,710,512	18,850,815	30,561,327
Total Liabilities	13,736,324	20,104,386	33,840,710
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Net Deferred Pension Asset	380,140	61,513	441,653
Other Benefit-related Deferral - RHI Plan	105,121	19,615	124,736
Other Benefit-related Deferral - PERS RHIA	5,313	833	6,146
Total Deferred Inflows of Resources	490,574	81,961	572,535
<b>NET POSITION</b>			
Net Investment in Capital Assets	30,506,213	32,926,775	63,432,988
Restricted for:			
Roads	2,492,417	-	2,492,417
Debt Service	57,569	1,463,564	1,521,133
System Development Charges	-	2,200,757	2,200,757
Urban Renewal	5,638,822	-	5,638,822
Construction Excise Programs & Incentives	466,854	-	466,854
Other	251,681	-	251,681
Unrestricted	869,674	6,873,729	7,743,403
Total Net Position	\$ 40,283,230	\$ 43,464,825	\$ 83,748,055



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

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 1,571,321	\$ 52,090	\$ 202,241	\$ -
Public Safety	7,295,934	1,301,154	1,469	91,980
Streets	1,053,740	703,820	-	223,227
Economic and Physical Development	2,327,197	533,385	-	1,417
Culture and Recreation	591,961	1,837	-	-
Interest Expense on Long-Term Debt	71,065	-	-	-
Total Governmental Activities	<u>12,911,218</u>	<u>2,592,286</u>	<u>203,710</u>	<u>316,624</u>
Business-Type Activities				
Sewer	3,659,389	4,417,921	-	57,325
Water	2,861,915	3,124,382	-	114,950
Storm Water	509,290	588,252	-	24,186
Total Business-Type Activities	<u>7,030,594</u>	<u>8,130,555</u>	<u>-</u>	<u>196,461</u>
Total Government	<u>\$ 19,941,812</u>	<u>\$ 10,722,841</u>	<u>\$ 203,710</u>	<u>\$ 513,085</u>

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  
Gain (Loss) on sale of assets  
Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Governmental Activities	Business-Type Activities	Total
\$ (1,316,990)	\$ -	\$ (1,316,990)
(5,901,331)	-	(5,901,331)
(126,693)	-	(126,693)
(1,792,395)	-	(1,792,395)
(590,124)	-	(590,124)
(71,065)	-	(71,065)
<u>(9,798,598)</u>	<u>-</u>	<u>(9,798,598)</u>
-	815,857	815,857
-	377,417	377,417
-	103,148	103,148
<u>-</u>	<u>1,296,422</u>	<u>1,296,422</u>
<u>(9,798,598)</u>	<u>1,296,422</u>	<u>(8,502,176)</u>
3,900,373	-	3,900,373
1,992,056	-	1,992,056
641,972	-	641,972
1,406,533	-	1,406,533
2,451,673	-	2,451,673
90,707	76,474	167,181
(1,132,500)	1,132,500	-
-	136,251	136,251
120,442	-	120,442
135,813	-	135,813
<u>9,607,069</u>	<u>1,345,225</u>	<u>10,952,294</u>
(191,529)	2,641,647	2,450,118
<u>40,474,759</u>	<u>40,823,178</u>	<u>81,297,937</u>
<u>\$ 40,283,230</u>	<u>\$ 43,464,825</u>	<u>\$ 83,748,055</u>

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

**COMBINED BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021**

	GENERAL FUND	ROAD FUND	RESTRICTED REVENUE FUND	URA COLUMBIA CASCADE DISTRICT FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>						
Cash and Investments	\$ 2,604,203	\$ -	\$ -	\$ -	\$ 268,869	\$ 2,873,072
Receivables:						
Property Taxes	149,816	-	38,453	36,141	25,519	249,929
Transient Room Taxes	282,742	-	-	-	-	282,742
Franchise Fees	103,268	-	-	-	-	103,268
Accounts, Net	325,199	88,777	-	-	-	413,976
Assessments Receivable	-	-	19,602	-	-	19,602
Prepaid Items	6,046	-	-	-	-	6,046
Supply Inventory	-	61,187	-	-	-	61,187
Interfund Loan Receivable	82,814	-	-	-	-	82,814
Restricted Cash and Investments	-	2,425,222	1,000,431	4,130,890	824,559	8,381,102
<b>Total Assets</b>	<b>\$ 3,554,088</b>	<b>\$ 2,575,186</b>	<b>\$ 1,058,486</b>	<b>\$ 4,167,031</b>	<b>\$ 1,118,947</b>	<b>\$ 12,473,738</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 39,478	\$ 7,067	\$ 226,172	\$ -	\$ 5,858	\$ 278,575
Payroll and Taxes Payable	357,764	-	-	-	-	357,764
Deposits Held	12,802	14,515	-	-	-	27,317
Interfund Loan Payable	-	-	-	-	940,494	940,494
Unearned Revenue	12,871	-	-	-	-	12,871
<b>Total Liabilities</b>	<b>422,915</b>	<b>21,582</b>	<b>226,172</b>	<b>-</b>	<b>946,352</b>	<b>1,617,021</b>
<b>Deferred Inflows of Resources:</b>						
Unavailable Revenue - Taxes	142,519	-	36,608	34,708	24,545	238,380
Unavailable Revenue - Ambulance Services	106,030	-	-	-	-	106,030
Unavailable Revenue - Assessments	-	-	19,602	-	-	19,602
Unavailable Revenue - Other	136,526	-	-	-	-	136,526
<b>Total Deferred Inflows of Resources</b>	<b>385,075</b>	<b>-</b>	<b>56,210</b>	<b>34,708</b>	<b>24,545</b>	<b>500,538</b>
<b>Fund Balances:</b>						
Nonspendable	6,046	61,187	-	-	-	67,233
Restricted	-	2,492,417	776,104	4,132,323	695,769	8,096,613
Assigned	-	-	-	-	263,011	263,011
Unassigned	2,740,052	-	-	-	(810,730)	1,929,322
<b>Total Fund Balances</b>	<b>2,746,098</b>	<b>2,553,604</b>	<b>776,104</b>	<b>4,132,323</b>	<b>148,050</b>	<b>10,356,179</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 3,554,088</b>	<b>\$ 2,575,186</b>	<b>\$ 1,058,486</b>	<b>\$ 4,167,031</b>	<b>\$ 1,118,947</b>	<b>\$ 12,473,738</b>

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

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

**June 30, 2021**

Total Fund Balances	\$	10,356,179
<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	\$	31,403,162
Less Accumulated Depreciation		<u>(807,313)</u>
		30,595,849
<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>		
		238,380
<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>		
		262,158
<p>Activities of the Internal Service Fund are allocated to Governmental Functions and reported in the Government Wide Statements</p>		
		6,731,042
<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>		
		(274,055)
<p>Net Pension Liability</p>		
Pension related deferral - outflow		(9,557,921)
Pension related deferral - inflow		5,237,640
		(380,140)
<p>Net Other Post-employment Benefits Liability - RHI Plan, PERS RHIA</p>		
Other Benefit-related deferral - outflow - - RHI Plan, PERS RHIA		(427,124)
Other benefit-related deferral - inflow - - RHI Plan, PERS RHIA		114,104
		(110,434)
<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		(11,162)
Accrued Compensated Absences		(665,590)
Bonds Payable		(710,000)
Bond Premium		(19,966)
Loans Payable		<u>(1,095,730)</u>
Total Net Position	\$	<u><u>40,283,230</u></u>

**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, 2021**

	GENERAL FUND	ROAD FUND	RESTRICTED REVENUE FUND	URA COLUMBIA CASCADE DISTRICT FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>						
Property Taxes	\$ 3,192,532	\$ -	\$ 718,843	\$ 33,146	\$ 18,532	\$ 3,963,053
Transient Room Taxes	1,494,042	-	498,014	-	-	1,992,056
Other Taxes	178,050	337,897	126,025	-	-	641,972
Franchise and Utility Fees	1,406,533	-	-	-	-	1,406,533
Licenses and Permits	510,516	25,360	299,251	-	-	835,127
Intergovernmental	533,998	1,579,941	631,955	-	-	2,745,894
Charges for Services	1,379,563	-	6,964	-	-	1,386,527
Fines and Forfeitures	306,942	-	-	-	-	306,942
Capital Contribution - System Development	-	209,031	-	-	-	209,031
Interest	26,079	12,940	8,450	31,972	11,266	90,707
Miscellaneous	98,958	14,754	79	-	1,385	115,176
<b>Total Revenues</b>	<b>9,127,213</b>	<b>2,179,923</b>	<b>2,289,581</b>	<b>65,118</b>	<b>31,183</b>	<b>13,693,018</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General Government	1,673,427	-	-	-	1,005,696	2,679,123
Public Safety	6,400,538	-	514,975	48,000	-	6,963,513
Streets	-	900,902	-	-	-	900,902
Culture and recreation	552,574	-	-	-	-	552,574
Economic and Physical Development	968,035	-	1,001,916	-	185,803	2,155,754
Capital Outlay	28,988	1,126,791	91,980	-	77,956	1,325,715
Debt Service	-	-	823,752	-	161,358	985,110
<b>Total Expenditures</b>	<b>9,623,562</b>	<b>2,027,693</b>	<b>2,432,623</b>	<b>48,000</b>	<b>1,430,813</b>	<b>15,562,691</b>
Excess of Revenues Over, (Under) Expenditures	(496,349)	152,230	(143,042)	17,118	(1,399,630)	(1,869,673)
<b>Other Financing Sources, (Uses)</b>						
Transfers In	-	-	-	-	415,251	415,251
Transfers Out	(411,230)	-	-	-	(1,132,500)	(1,543,730)
<b>Total Other Financing Sources, (Uses)</b>	<b>(411,230)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(717,249)</b>	<b>(1,128,479)</b>
<b>Net Change in Fund Balance</b>	<b>(907,579)</b>	<b>152,230</b>	<b>(143,042)</b>	<b>17,118</b>	<b>(2,116,879)</b>	<b>(2,998,152)</b>
Fund Balance - Beginning of Year	3,653,677	2,401,374	919,146	4,115,205	2,264,929	13,354,331
Fund Balance - End of Year	<u>\$ 2,746,098</u>	<u>\$ 2,553,604</u>	<u>\$ 776,104</u>	<u>\$ 4,132,323</u>	<u>\$ 148,050</u>	<u>\$ 10,356,179</u>

**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, 2021**

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

Net Change in Fund Balance		\$ (2,998,152)
<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	\$ 1,306,948	
Current Year Depreciation	<u>(807,313)</u>	499,635
<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>		
		38,726
<p>Activities of the Internal Service Fund are allocated to Governmental Functions and reported in the Government Wide Statements</p>		
		640,836
<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>		
		(136,248)
<p>Interest expenditures are recorded when due in governmental funds. In the Statement of Activities, interest is accrued.</p>		
		4,826
<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>		
Payments on Loans	214,253	
Payments on Bonds	675,000	
Bond Premiums	<u>19,966</u>	909,219
<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>		
		581,879
<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>		
		267,750
		<hr/>
Changes in net position of governmental activities		<u>\$ (191,529)</u>

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

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2021**

	Business-Type Activities - Enterprise Funds				Governmental
	SEWER FUND	WATER FUND	STORM WATER FUND	TOTAL	INTERNAL SERVICE FUND
<b>ASSETS:</b>					
<b>Current Assets:</b>					
Cash and Investments	\$ 4,193,959	\$ 2,238,368	\$ 381,492	\$ 6,813,819	\$ 4,298,661
Accounts Receivable, Net	427,491	315,515	75,919	818,925	-
Supply Inventories	13,882	106,612	-	120,494	-
Prepaid Items	840	3,000	-	3,840	24,248
Interfund Loan Receivable	-	-	-	-	750,000
Restricted Cash and Investments	1,767,963	1,725,244	171,114	3,664,321	-
<b>Total Current Assets</b>	<b>6,404,135</b>	<b>4,388,739</b>	<b>628,525</b>	<b>11,421,399</b>	<b>5,072,909</b>
<b>Noncurrent Assets:</b>					
Due from Other Funds	190,494	-	-	190,494	-
Other Post-employment Benefits Asset - PERS RHIA	1,958	1,676	1,199	4,833	-
<b>Capital Assets:</b>					
Capital Assets Not Being Depreciated	1,004,869	202,020	325,813	1,532,702	-
Other Capital assets, Net	14,732,125	31,975,331	2,558,881	49,266,337	1,736,060
<b>Total Noncurrent Assets</b>	<b>15,929,446</b>	<b>32,179,027</b>	<b>2,885,893</b>	<b>50,994,366</b>	<b>1,736,060</b>
<b>Total Assets</b>	<b>22,333,581</b>	<b>36,567,766</b>	<b>3,514,418</b>	<b>62,415,765</b>	<b>6,808,969</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Pension Related Deferral	303,022	487,677	149,857	940,556	-
Other Benefits Related Deferral - RHI Plan	5,296	7,369	2,784	15,449	-
Other Benefits Related Deferral - PERS RHIA	1,572	3,015	760	5,347	-
<b>Total Deferred Outflows of Resources</b>	<b>309,890</b>	<b>498,061</b>	<b>153,401</b>	<b>961,352</b>	<b>-</b>
<b>LIABILITIES:</b>					
<b>Current Liabilities</b>					
Accounts Payable	147,121	23,350	32,014	202,485	77,927
Retainage Payable	-	-	56,625	56,625	-
Accrued Interest Payable	10,046	45,895	-	55,941	-
Loan Payable, Due Within One Year	113,124	522,582	-	635,706	-
Bonds Payable, Due Within One Year	220,000	-	-	220,000	-
<b>Total Current Liabilities</b>	<b>490,291</b>	<b>591,827</b>	<b>88,639</b>	<b>1,170,757</b>	<b>77,927</b>
<b>Noncurrent Liabilities:</b>					
Accrued Compensated Absences	21,629	34,709	9,281	65,619	-
Proportionate Share of Pension Liability	562,456	834,785	287,261	1,684,502	-
Other Post-employment Benefits Liability	30,107	39,693	14,336	84,136	-
Due to Other Funds	-	-	82,814	82,814	-
Loan Payable, Due After One Year	3,113,820	12,720,017	463,786	16,297,623	-
Bonds Payable, Due After One Year	718,935	-	-	718,935	-
<b>Total Noncurrent Liabilities</b>	<b>4,446,947</b>	<b>13,629,204</b>	<b>857,478</b>	<b>18,933,629</b>	<b>-</b>
<b>Total Liabilities</b>	<b>4,937,238</b>	<b>14,221,031</b>	<b>946,117</b>	<b>20,104,386</b>	<b>77,927</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Pension Related Deferral	19,202	28,702	13,609	61,513	-
Other Benefits Related Deferral - RHI Plan	6,268	10,292	3,055	19,615	-
Other Benefits Related Deferral - PERS RHIA	358	248	227	833	-
<b>Total Deferred Outflows of Resources</b>	<b>25,828</b>	<b>39,242</b>	<b>16,891</b>	<b>81,961</b>	<b>-</b>
<b>Net Position:</b>					
Net Investment in Capital Assets	11,571,115	18,934,752	2,420,908	32,926,775	-
Restricted					
System Development Charges	847,755	1,181,888	171,114	2,200,757	-
Debt Service Reserves	920,208	543,356	-	1,463,564	-
Unrestricted	4,341,327	2,145,558	112,789	6,599,674	6,731,042
<b>Total Net Position</b>	<b>\$ 17,680,405</b>	<b>\$ 22,805,554</b>	<b>\$ 2,704,811</b>	<b>\$ 43,190,770</b>	<b>\$ 6,731,042</b>

**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, 2021**

	Business-Type Activities - Enterprise Funds			Governmental Activities	
	SEWER FUND	WATER FUND	STORM WATER FUND	TOTAL	INTERNAL SERVICE FUND
<b>OPERATING REVENUES:</b>					
Charges for Services	\$ 4,389,893	\$ 3,042,339	\$ 587,914	\$ 8,020,146	\$ 2,402,585
Miscellaneous	28,028	82,043	338	110,409	1,646
<b>Total Operating Revenues</b>	<b>4,417,921</b>	<b>3,124,382</b>	<b>588,252</b>	<b>8,130,555</b>	<b>2,404,231</b>
<b>OPERATING EXPENSES:</b>					
Salaries, Wages and Benefits	427,372	815,005	197,606	1,439,983	1,081,799
Operating Supplies and Services	2,610,510	816,907	240,240	3,667,657	506,976
Depreciation	521,058	863,376	68,960	1,453,394	325,678
<b>Total Operating Expenses</b>	<b>3,558,940</b>	<b>2,495,288</b>	<b>506,806</b>	<b>6,561,034</b>	<b>1,914,453</b>
<b>Operating Income (Loss)</b>	<b>858,981</b>	<b>629,094</b>	<b>81,446</b>	<b>1,569,521</b>	<b>489,778</b>
<b>Nonoperating Revenues (Expenses):</b>					
Sale of Capital Assets	-	-	-	-	120,442
Interest Earnings	43,753	31,492	1,229	76,474	34,637
Interest Expense	(100,449)	(366,627)	(2,484)	(469,560)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(56,696)</b>	<b>(335,135)</b>	<b>(1,255)</b>	<b>(393,086)</b>	<b>155,079</b>
<b>Income Before Contributions and Transfers</b>	<b>802,285</b>	<b>293,959</b>	<b>80,191</b>	<b>1,176,435</b>	<b>644,857</b>
Capital Contributions - System Development Charges	57,325	114,950	24,186	196,461	-
Transfers In	-	-	1,132,500	1,132,500	-
Transfers Out	-	-	-	-	(4,021)
<b>Change in Net Position</b>	<b>859,610</b>	<b>408,909</b>	<b>1,236,877</b>	<b>2,505,396</b>	<b>640,836</b>
<b>Net Position - Beginning</b>	<b>16,820,795</b>	<b>22,396,645</b>	<b>1,467,934</b>	<b>40,685,374</b>	<b>6,090,206</b>
<b>Ending Net Position</b>	<b>\$ 17,680,405</b>	<b>\$ 22,805,554</b>	<b>\$ 2,704,811</b>	<b>\$ 43,190,770</b>	<b>\$ 6,731,042</b>



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

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2021**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	SEWER FUND	WATER FUND	STORM WATER	TOTAL	INTERNAL
Cash Flows from Operating Activities:					
Receipts From Customers	\$ 4,497,966	\$ 3,110,455	\$ 563,603	\$ 8,172,024	\$ 2,404,231
Payments to Suppliers	(2,519,240)	(847,001)	(327,202)	(3,693,443)	(513,414)
Payments to Employees	(462,790)	(881,373)	(221,729)	(1,565,892)	(1,081,799)
Net Cash Provided (Used) by Operating Activities	<u>1,515,936</u>	<u>1,382,081</u>	<u>14,672</u>	<u>2,912,689</u>	<u>809,018</u>
Cash Flows From Investing Activities					
Interfund Loan Distribution	-	-	-	-	(750,000)
Interest Earned	43,753	31,492	1,229	76,474	34,637
Net Cash Flows From Investing Activities	<u>43,753</u>	<u>31,492</u>	<u>1,229</u>	<u>76,474</u>	<u>(715,363)</u>
Cash Flows From Noncapital Financing Activities					
Transfer To Other Funds	-	-	-	-	(4,021)
Net Cash Flows From Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>1,132,500</u>	<u>1,132,500</u>	<u>(4,021)</u>
Cash Flows from Capital and Related Financing Activities:					
Purchases of Capital Assets, net of Sales	(342,676)	(164,195)	(1,464,311)	(1,971,182)	(586,701)
Debt Payments	(321,284)	(516,466)	-	(837,750)	-
Debt Proceeds	-	-	463,786	463,786	-
Repayment of Interfund Loans	-	-	(26,386)	(26,386)	-
Grants and Contributions	-	-	-	-	-
Interest	(104,641)	(369,110)	(2,484)	(476,235)	-
System Development Fees	57,325	114,950	24,186	196,461	-
Net Cash Flows From Capital and Related Financing Activities	<u>(711,276)</u>	<u>(934,821)</u>	<u>(1,005,209)</u>	<u>(2,651,306)</u>	<u>(586,701)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	848,413	478,752	143,192	1,470,357	(497,067)
Balances - Beginning of the Year	<u>5,113,509</u>	<u>3,484,860</u>	<u>409,414</u>	<u>9,007,783</u>	<u>4,795,728</u>
Balances - End of the Year	<u>\$ 5,961,922</u>	<u>\$ 3,963,612</u>	<u>\$ 552,606</u>	<u>\$ 10,478,140</u>	<u>\$ 4,298,661</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	\$ 858,981	\$ 629,094	\$ 81,446	\$ 1,569,521	\$ 489,778
Cash Flow Reported in Other Activities:					
Depreciation Expense	521,058	863,376	68,960	1,453,394	325,678
Changes in Assets and Liabilities:					
Receivables	80,045	(13,927)	(24,649)	41,469	-
Payables	86,750	(54,999)	(86,962)	(55,211)	17,810
Prepaid Expenses	(840)	(3,000)	-	(3,840)	(24,248)
Inventory	5,360	27,905	-	33,265	-
Pension related items	(32,327)	(62,622)	(15,550)	(110,499)	-
Compensated Absences	(3,091)	(3,746)	(8,573)	(15,410)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,515,936</u>	<u>\$ 1,382,081</u>	<u>\$ 14,672</u>	<u>\$ 2,912,689</u>	<u>\$ 809,018</u>

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUND**  
**June 30, 2021**

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CUSTODIAL FUND

ASSETS:

Cash and Investments	\$ 105,307
Accounts Receivable, Net	<u>59,642</u>
Total Assets	<u>164,949</u>

LIABILITIES:

Due to Other Government	<u>105,307</u>
Total liabilities	<u>105,307</u>

NET POSITION:

Restricted - Other Government	<u>59,642</u>
Total net position	<u><u>\$ 59,642</u></u>

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

**STATEMENT OF NET POSITION  
FIDUCIARY FUND  
For the Year Ended June 30, 2021**

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CUSTODIAL FUND

Additions	
Contributions - City of Mosier	\$ 33,174
Utility Service Charges	
Sewer Billing	128,209
Water Billing	<u>94,035</u>
Total additions	<u>255,418</u>
Deductions	
Distributions to Other Government	<u>195,776</u>
Total Deductions	<u>195,776</u>
Change in Net Position	59,642
Net Position - Beginning	<u>-</u>
Net Position - Ending	<u><u>\$ 59,642</u></u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**THE FINANCIAL REPORTING ENTITY**

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

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

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

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**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**

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**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.

*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.

*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.

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**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Additionally, the following fund types are 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.

Custodial (Fiduciary) Fund

*Custodial Fund*

Accounts for assets and liabilities held for other governments.

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 30<sup>th</sup>.

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**LEVEL OF CONTROL**

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

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

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

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2021.

**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.



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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**RETIREMENT PLANS**

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

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

**Deposits and investments**

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

**Fair Value Inputs and Methodologies and Hierarchy**

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

**Level 1** – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

**Level 2** – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

**Level 3** – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

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

**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."

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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 \$10,000 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**

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**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**

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**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	288,862
Investments	25,843,895
Total Cash and Investments	<u>\$ 26,136,282</u>
Financial Statements:	
Unrestricted Cash and Investments	\$ 13,985,552
Restricted Cash and Investments	12,045,423
Government-wide - Statement of Net Position	26,030,975
Fiduciary Fund - Statement of Net Position	105,307
Total Cash and Investments	<u>\$ 26,136,282</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**

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**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, 2021, the bank balance was \$798,196, 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, 2021.

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, 2021, 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, 2021, 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	\$ 25,843,895	\$ 25,843,895	-	-
Total Investments	<u>\$ 25,843,895</u>	<u>\$ 25,843,895</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, 2021 were as follows:

	Beginning	Additions	Deletions	Ending
Governmental	\$ 933,340	\$ 198,920	\$ (466,670)	\$ 665,590
Business-type	81,029	25,105	(40,515)	65,619
Total	<u>\$ 1,014,369</u>	<u>\$ 224,025</u>	<u>\$ (507,185)</u>	<u>\$ 731,209</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, 2021 was as follows:

Description	<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS</b>			
	June 30, 2020	Additions	Disposals	June 30, 2021
Capital Assets Not being Depreciated				
Land	\$ 5,071,952	\$ -	\$ -	\$ 5,071,952
Intangibles	6,750	-	-	6,750
Construction in Progress	865,070	1,028,797	-	1,893,867
Total Capital Assets not being Depreciated	5,943,772	1,028,797	-	6,972,569
Other Capital Assets				
Land and Improvements	9,689,479	-	-	9,689,479
Buildings & Improvements	6,613,568	-	-	6,613,568
Infrastructure	13,710,867	175,950	-	13,886,817
Equipment	675,282	684,410	(287,498)	1,072,194
Vehicles	6,220,364	287,434	(309,244)	6,198,554
Total other Capital Assets	36,909,560	1,147,794	(596,742)	37,460,612
Less Accumulated Depreciation				
Land and Improvements	2,471,915	199,247	-	2,671,162
Buildings & Improvements	1,350,394	176,740	-	1,527,134
Infrastructure	2,154,075	337,193	-	2,491,268
Equipment	527,140	160,165	(182,817)	504,488
Vehicles	4,899,000	259,645	(251,425)	4,907,220
Total Accumulated Depreciation	11,402,523	1,132,990	(434,242)	12,101,272
Total Capital Assets being Depreciated, Net	25,507,037	14,804	(162,500)	25,359,340
Total Governmental Type Activities	\$ 31,450,809	\$ 1,043,601	\$ (162,500)	\$ 32,331,909

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

Function	Governmental Funds
General Government	\$ 167,556
Public Safety	306,594
Street	188,421
Economic and Physical Development	118,006
Culture and Recreation	26,735
Internal Service Funds	325,678
Total	\$ 1,132,990



**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, 2021 was as follows:

Description	<b>BUSINESS TYPE ACTIVITIES CAPITAL ASSETS</b>			
	June 30, 2020	Additions	Disposals	June 30, 2021
Capital Assets Not being Depreciated				
Land	\$ 39,150	\$ -	\$ -	\$ 39,150
Intangibles	88,332	-	-	88,332
Construction in Progress	977,413	427,807	-	1,405,220
Total Capital Assets not being Depreciated	1,104,895	427,807	-	1,532,702
Other Capital Assets				
Land Improvements	45,093,906	-	-	45,093,906
Buildings & Improvements	2,169,558	-	-	2,169,558
Infrastructure	18,283,856	1,512,509	-	19,796,365
Equipment	755,545	30,866	-	786,411
Total other Capital Assets	66,302,865	1,543,375	-	67,846,240
Less Accumulated Depreciation				
Land Improvements	13,402,267	879,007	-	14,281,274
Buildings & Improvements	1,710,411	71,202	-	1,781,613
Infrastructure	1,501,672	440,585	-	1,942,257
Equipment	512,159	62,600	-	574,759
Total Accumulated Depreciation	17,126,509	1,453,394	-	18,579,903
Total Capital Assets being Depreciated, Net	49,176,356	89,981	-	49,266,337
Total Business Type Activities	<u>\$ 50,281,251</u>	<u>\$ 517,788</u>	<u>\$ -</u>	<u>\$50,799,039</u>

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

Function	Business Type Funds
Sewer	521,058
Water	863,376
Stormwater	68,960
Total	<u>1,453,394</u>

**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.

	<b>GOVERNMENTAL ACTIVITIES</b>				
	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct Borrowings and Placements:					
Loan - Upland Property (Naito)	\$ 376,683	\$ -	\$ (159,962)	\$ 216,721	\$ -
Loan - Rand Road Financing	933,300	-	(54,291)	879,009	85,647
Public Bond Issuances:					
General Obligation Fire - 2009	215,000	-	(215,000)	-	-
General Obligation Fire - 2010	1,170,000	-	(460,000)	710,000	710,000
Bond Premiums	39,932	-	(19,966)	19,966	-
Total Governmental Debt Payable	<u>\$ 2,734,915</u>	<u>\$ -</u>	<u>\$ (909,219)</u>	<u>\$ 1,825,696</u>	<u>\$ 795,647</u>

	<b>BUSINESS TYPE ACTIVITIES</b>				
	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct Borrowing and Placements:					
USDA Waterline Phase I Refinance FFC	2,058,655	-	(294,094)	1,764,561	294,094
USDA Loan 91-03	4,466,145	-	(84,881)	4,381,264	87,216
USDA Loan 91-04	7,234,265	-	(137,491)	7,096,774	141,272
DEQ Sewer Outfall Project R45761	1,542,604	-	(78,372)	1,464,232	79,472
DEQ Storm Pipe Relocation Proj. R45762	-	463,786	-	463,786	-
Sewer Rev Bond No. 1 Indian Creek	1,795,624	-	(32,911)	1,762,713	33,652
Public Bond Issuances:					
Full Faith & Credit 2010	1,140,000	-	(210,000)	930,000	220,000
Bond Premiums	11,913	-	(2,979)	8,934	-
Total Business-Type Debt Payable	<u>\$ 18,249,206</u>	<u>\$ 463,786</u>	<u>\$ (840,728)</u>	<u>\$ 17,872,264</u>	<u>\$ 855,706</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**

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**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>
2021-22	\$ 85,647	\$ 27,176	\$ 112,823
2022-23	88,430	24,347	112,777
2023-24	91,304	21,427	112,731
2024-25	94,272	18,411	112,683
2025-26	97,336	15,297	112,633
2026-30	422,020	27,979	449,999
	<u>\$ 879,009</u>	<u>\$ 134,638</u>	<u>\$ 1,013,647</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, with the final payment made in the current fiscal year.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**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>
2021-22	\$ <u>710,000</u>	\$ <u>29,675</u>	\$ <u>739,675</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**

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**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.

DEQ Sewer Outfall Project No. R45762

In January 2021, a loan was entered into with the State of Oregon with Clean Water State Revolving Funds. The loan amount is authorized up to \$1,277,045 of which \$463,786 was drawn down as of the end of the fiscal year. The debt service will be repaid in semi-annual installments upon project completion. Interest is also due annually at 1.18%. 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 Borrower'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 Borrower in connection with the Project, at DEQ's discretion, using the Loan proceeds and such additional money as may be required. If DEQ pays any encumbrance, lien, claim, or demand, it shall be subrogated, to the extent of the amount of such payment, to all the rights, powers, privileges, and remedies of the holder of the encumbrance, lien, claim, or demand, as the case may be. Any such subrogation rights shall be additional cumulative security for the amounts due under this Loan Agreement;

**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)**

(6) Direct the State Treasurer to withhold any amounts otherwise due to the Borrower from the State of Oregon and, to the extent permitted by law, direct that such funds be applied to the amounts due DEQ under this Loan Agreement and be deposited into the CWSRF; and (7) Pursue any other legal or equitable remedy it may have. Upon performance by the Borrower of all of its obligations under this Loan Agreement, including payment in full of the Final Loan Amount, all accrued interest and all fees, charges and other amounts due hereunder, this Loan Agreement will terminate, and DEQ will release its interest in any collateral given as security under this Loan Agreement. Payment default may cause the full loan amount to be due immediately at the discretion of the Oregon Department of Environmental Quality

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.

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>
2021-22	\$ 635,706	\$ 423,435	\$ 1,059,141
2022-23	643,863	408,116	1,051,978
2023-24	652,225	392,587	1,044,812
2024-25	660,798	376,841	1,037,639
2025-26	669,587	360,873	1,030,460
2026-31	2,311,390	1,597,239	3,908,629
2032-36	2,272,924	1,323,581	3,596,505
2036-41	2,206,399	1,031,360	3,237,759
2041-46	2,351,252	735,981	3,087,233
2046-51	2,685,246	401,986	3,087,232
2051-56	1,380,153	66,341	1,446,494
	<u>16,469,544</u>	<u>\$ 7,118,338</u>	<u>\$ 23,587,882</u>
DEQ Storm Pipe Relocation			
Proj. R45762 - schedule undetermined	<u>463,786</u>		
	<u>\$ 16,933,330</u>		

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**5. LONG TERM DEBT (CONTINUED)**

**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 1<sup>st</sup>. 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.

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;

**CITY OF HOOD RIVER  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**5. LONG TERM DEBT (CONTINUED)**

**Public Bond Issuances – Business Type Activities (Continued)**

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 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.

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>
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>\$ 930,000</u>	<u>\$ 80,815</u>	<u>\$ 1,010,815</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](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).



**CITY OF HOOD RIVER**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**6. EMPLOYEE RETIREMENT PLAN (CONTINUED)**

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
- i. Pension Benefits. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
  - ii. Death Benefits. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:
    - member was employed by PERS employer at the time of death,
    - member died within 120 days after termination of PERS covered employment,
    - member died as a result of injury sustained while employed in a PERS-covered job, or
    - member was on an official leave of absence from a PERS-covered job at the time of death.
  - iii. Disability Benefits. A member with 10 or more years of creditable service who becomes disable from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
  - iv. Benefit Changes After Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.
- b) **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. Pension Benefits. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
    - Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
    - General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
    - 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.

**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 spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
- iii. Disability Benefits. A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member’s salary determined as of the last full month of employment before the disability occurred.
- iv. Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 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, 2021 were \$1,312,780, excluding amounts to fund employer specific liabilities.

At June 30, 2021, the City reported a net pension liability of \$11,242,423 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018.

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, 2020 and 2019, the City’s proportion was 0.0515 and 0.0536 percent, respectively. Pension expense for the year ended June 30, 2021 was \$755,440.

The rates in effect for the year ended June 30, 2021 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	\$ 494,803	\$ -
Changes in assumptions	603,345	(21,140)
Net difference between projected and actual earnings on pension plan investments	1,321,963	-
Changes in proportionate share	321,545	(377,397)
Changes in proportion and differences between City contributions and proportionate share	88,873	(43,116)
Net deferred outflow/inflow of resources	2,830,529	(441,653)
Contributions subsequent to measurement	3,347,667	-
Total Deferred Outflows / Inflows	<u>\$ 6,178,196</u>	<u>\$ (441,653)</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**6. EMPLOYEE RETIREMENT PLAN (CONTINUED)**

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. These contributions include a \$2,048,422 deposit to establish a PERS Side Account with the State of Oregon to offset future PERS rates.

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:

	<b>Net Deferred Inflows/Outflows</b>		
	PERS Schedule	Cont. After MD	Total
1st Fiscal Year	\$ 547,269	\$ 3,347,667	\$ 3,894,936
2nd Fiscal Year	733,837	-	733,837
3rd Fiscal Year	694,308	-	694,308
4th Fiscal Year	421,852	-	421,852
5th Fiscal Year	(8,390)	-	(8,390)
Thereafter	-	-	-
Total	\$ 2,388,876	\$ 3,347,667	\$ 5,736,543

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary as of and for the fiscal year ended June 30, 2020. Oregon PERS produces an independently audited ACFR 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, 2018
Experience Study Report	2018, Published July 24, 2019
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-2010 Healthy retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <u>Active members</u> : RP-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <u>Disabled retirees</u> : RP-2010 Disabled retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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 2018 Experience Study that was reviewed for the four-year period ending December 31, 2018.

**Assumed Asset Allocation:**

**OIC Target and Actual Investment Allocation as of June 30, 2020\***

<u>Asset Class/Strategy</u>	<u>OIC Policy Range</u>	<u>OIC Target Allocation</u>	<u>Asset Class/Strategy</u>	<u>Actual Allocation<sup>3</sup></u>
Debt Securities	15.0 - 25.0 %	20.0 %	Debt Securities	20.0 %
Public Equity	27.5 - 37.5	32.5	Public Equity	31.8
Real Estate	9.5 - 15.5	12.5	Real Estate	11.4
Private Equity	14.0 - 21.0	17.5	Private Equity	22.9
Alternatives Portfolio	7.5 - 17.5	15.0	Alternatives Portfolio	10.5
Opportunity Portfolio <sup>1</sup>	0.0 - 3.0	0.0	Opportunity Portfolio	2.1
Risk Parity <sup>2</sup>	0.0 - 2.5	2.5	Risk Parity	1.3
<b>Total</b>		<b>100.0 %</b>	<b>Total</b>	<b>100.0 %</b>

<sup>1</sup>Opportunity Portfolio is an investment strategy and it may be invested up to 3% of total plan net position.  
<sup>2</sup>Risk Parity is a new investment strategy added to the asset allocation mix in 2019.  
<sup>3</sup>Based on the actual investment value at 6/30/2020.

(Source: June 30, 2020 PERS ACFR; p. 102)

**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 May 2019, 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> <sup>1</sup>				
Asset Class	Target Allocation	Annual Arithmetic Return <sup>2</sup>	20-Year Annualized Geometric Mean	Annual Standard Deviation
Core Fixed Income	9.60 %	4.14 %	4.07 %	3.90 %
Short-Term Bonds	9.60	3.70	3.68	2.10
Bank/Leveraged Loans	3.60	5.40	5.19	6.85
High Yield Bonds	1.20	6.13	5.74	9.35
Large/Mid Cap US Equities	16.17	7.35	6.30	15.50
Small Cap US Equities	1.35	8.35	6.68	19.75
Micro Cap US Equities	1.35	8.86	6.79	22.10
Developed Foreign Equities	13.48	8.30	6.91	17.95
Emerging Market Equities	4.24	10.35	7.69	25.35
Non-US Small Cap Equities	1.93	8.81	7.25	19.10
Private Equity	17.50	11.95	8.33	30.00
Real Estate (Property)	10.00	6.19	5.55	12.00
Real Estate (REITS)	2.50	8.29	6.69	21.00
Hedge Fund of Funds - Diversified	1.50	4.28	4.06	6.90
Hedge Fund - Event-driven	0.38	5.89	5.59	8.10
Timber	1.13	6.36	5.61	13.00
Farmland	1.13	6.87	6.12	13.00
Infrastructure	2.25	7.51	6.67	13.85
Commodities	1.13	5.34	3.79	18.70
Assumed Inflation - Mean			2.50 %	1.65 %

<sup>1</sup> Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of April 24, 2019.

<sup>2</sup> 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, 2020 PERS ACFR; 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.

	1% Lower	Current	1% Higher
	6.20%	7.20%	8.20%
City's proportionate share of net pension liability	\$ 16,694,070	\$ 11,242,423	\$ 6,670,965

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**

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**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, 2021.

**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 City 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 City to fund these benefits in advance.

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

The City engaged an actuary to perform an evaluation as of June 30, 2020 using Entry Age Actuarial Cost Method with service cost expressed as a level percent of pay.

Economic Assumptions

Discount Rate: 2.21% based on a 20-year general obligation bond 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, 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

The medical trend assumptions used in this valuation are based on long-term healthcare trend rates generated by the Society of Actuaries' Getzen Trend Model. Inputs to the model are consistent with other assumptions used in the valuation.

The medical trend assumption includes the impact of the Further Consolidated Appropriations Act, 2020, which became law on December 20, 2019. This law repeals the Cadillac Tax completely and removes the Health Insurer Fee permanently beginning in 2021.

Medical and vision:

Year	Pre-65 Trend
2020	3.75%
2021	5.75
2022	5.25
2023 - 2025	5.00
2026 - 2040	4.75
2041 - 2049	5.00
2050 - 2064	4.75
2065 - 2067	4.50
2068 - 2071	4.25
2072+	4.00

Dental: -1.25% for 2020, 4.00% per year thereafter

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	Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.
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, 2020	\$ 571,594
Changes for the Year:	
Service Cost	31,140
Interest	20,674
Changes of Benefit Terms	-
Effect of economic/demographic gains or losses	(78,672)
Changes of Assumptions or Other Input	20,654
Benefit Payments	<u>(24,302)</u>
Net Changes for the Year	<u>(30,506)</u>
Total OPEB Liability at June 30, 2021	<u>\$ 541,088</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 2.21 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1%	Current	1%
	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
Total OPEB Liability	\$ 591,308	\$ 541,088	\$ 494,216
	1%	Current	1%
	<u>Decrease</u>	<u>Trend Rate</u>	<u>Increase</u>
Total OPEB Liability	\$ 472,870	\$ 541,088	\$ 621,348

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 61,071	\$ (70,884)
Changes in assumptions	33,778	(53,852)
Benefit Payments	6,486	-
Total Deferred Outflows / Inflows	\$ 101,335	\$ (124,736)

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

	<b>Net Deferred Inflows/Outflows</b>
	PERS Schedule
1st Fiscal Year	\$ (3,422)
2nd Fiscal Year	(3,421)
3rd Fiscal Year	(3,421)
4th Fiscal Year	(3,421)
5th Fiscal Year	(3,421)
Thereafter	(6,295)
Total	\$ (23,401)

**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 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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

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, 2021. 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, 2019, 2020, and 2021 were \$22,286, \$1,215, and \$1,250 respectively, which equaled the required contributions each year.

At June 30, 2021, the City reported a net OPEB liability/(asset) of (\$34,661) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2020, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2018. 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, 2020 and 2019, the City's proportion was 0.0170 percent and 0.0449 percent, respectively.

Components of OPEB Expense/(Income)

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (5,575)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	14,314
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's Total OPEB Expense/(Income)	\$ 8,739

Components of Deferred Outflows/Inflows of Resources

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ (3,543)
Changes in assumptions	-	(1,842)
Net difference between projected and actual earnings on pension plan investments	3,855	-
Net changes in proportionate share	28,460	(761)
Differences between City contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	32,315	(6,146)
City contributions subsequent to measuring date	1,250	-
Deferred outflow (inflow) of resources	\$ 33,565	\$ (6,146)

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

The amount of contributions subsequent to the measurement date are included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2022.

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

	<b>Net Deferred Inflows/Outflows</b>
1st Fiscal Year	\$ 12,084
2nd Fiscal Year	12,693
3rd Fiscal Year	1,425
4th Fiscal Year	1,217
5th Fiscal Year	-
Thereafter	-
<b>Total</b>	<b>\$ 27,419</b>

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, 2020.

[https://www.oregon.gov/pers/EMP/Documents/GASB/2020/GASB\\_75\\_FYE\\_6.30.2020.pdf](https://www.oregon.gov/pers/EMP/Documents/GASB/2020/GASB_75_FYE_6.30.2020.pdf)

Actuarial Methods and Assumptions

Valuation Date	December 31, 2018
Experience Study Report	2018, Published July 24, 2019
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: 32%; Disabled retirees: 20%
Mortality	<u>Healthy retirees and beneficiaries:</u> RP-2010 Healthy retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <u>Active members:</u> RP-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <u>Disabled retirees:</u> RP-2010 Disabled retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

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 2018 Experience Study which is reviewed for the four-year period ending December 31, 2018.

Discount Rate - The discount rate used to measure the total OPEB liability as of the measurement date of June 30, 2020 and 2019 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 May 2019 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.

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	Current Discount Rate	1% Increase
Total OPEB Liability	\$ (27,983)	\$ (34,661)	\$ (40,371)

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2020 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**

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

<u>Long-Term Expected Rate of Return</u> <sup>1</sup>				
Asset Class	Target Allocation	Annual Arithmetic Return <sup>2</sup>	20-Year Annualized Geometric Mean	Annual Standard Deviation
Core Fixed Income	9.60 %	4.14 %	4.07 %	3.90 %
Short-Term Bonds	9.60	3.70	3.68	2.10
Bank/Leveraged Loans	3.60	5.40	5.19	6.85
High Yield Bonds	1.20	6.13	5.74	9.35
Large/Mid Cap US Equities	16.17	7.35	6.30	15.50
Small Cap US Equities	1.35	8.35	6.68	19.75
Micro Cap US Equities	1.35	8.86	6.79	22.10
Developed Foreign Equities	13.48	8.30	6.91	17.95
Emerging Market Equities	4.24	10.35	7.69	25.35
Non-US Small Cap Equities	1.93	8.81	7.25	19.10
Private Equity	17.50	11.95	8.33	30.00
Real Estate (Property)	10.00	6.19	5.55	12.00
Real Estate (REITS)	2.50	8.29	6.69	21.00
Hedge Fund of Funds - Diversified	1.50	4.28	4.06	6.90
Hedge Fund - Event-driven	0.38	5.89	5.59	8.10
Timber	1.13	6.36	5.61	13.00
Farmland	1.13	6.87	6.12	13.00
Infrastructure	2.25	7.51	6.67	13.85
Commodities	1.13	5.34	3.79	18.70
Assumed Inflation - Mean			2.50 %	1.65 %

<sup>1</sup> Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of April 24, 2019.

<sup>2</sup> 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, 2020 PERS ACFR; p. 74)

**8. INTERFUND TRANSFERS / LOANS**

	<u>Transfer from other funds</u>	<u>Transfer to other funds</u>
<b>GOVERNMENTAL FUNDS</b>		
General Fund	\$ -	\$ 411,230
Non-Major Funds	415,251	1,132,500
<b>PROPRIETARY FUNDS</b>		
Stormwater Fund	1,132,500	-
Internal Service Fund	-	4,021
	<u>\$ 1,547,751</u>	<u>\$ 1,547,751</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**8. INTERFUND TRANSFERS / LOANS (CONTINUED)**

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, 2021 is \$190,494.
- \$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, 2021 is \$82,814.
- In the current fiscal year, \$750,000 was issued from the Internal Service Fund (Fleet & Equipment) the URA-Waterfront Fund for an equipment loan. This amount will be repaid in the subsequent fiscal year at 1.00% interest.

**9. RESTRICTED ASSETS**

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

RESTRICTED CASH & INVESTMENT BALANCES

	Governmental Activities	Business-type Activities
Road Fund	\$ 2,425,222	\$ -
Misc. Restricted Fund	1,000,431	-
URA - General Fund	51,941	-
URA - Columbia Cascade Plan Fund	4,130,890	-
URA - Waterfront Plan Fund	129,044	-
URA - Heights Plan Fund	643,574	-
Sewer Fund	-	1,767,963
Water Fund	-	1,725,244
Storm Water Fund	-	171,114
Total	\$ 8,381,102	\$ 3,664,321

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**10. OPERATING LEASES**

There were two (2) operating leases in effect during the fiscal year ended June 30, 2021. Approximate future minimum rental commitments under these lease agreements are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2022	\$ 10,988
June 30, 2023	10,988
June 30, 2024	<u>1,505</u>
	<u>\$ 23,481</u>

The total rental expense under these leases was approximately \$10,988 for the year ended June 30, 2021.

**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 12th, the City Council authorized two construction contracts, one for water/sewer replacements along Prospect Ave. in an amount not to exceed \$1,705,376 and the other for a water/sewer replacement along Cascade Ave. in an amount not to exceed \$698,912.
- On July 26th, the City Council authorized the purchase of a single axle dump truck in an amount not to exceed \$165,266.
- On August 9th, the City Council authorized a construction contract for water/sewer replacements along Sherman Ave. in an amount not to exceed \$1,827,059.
- On September 13th, the City Council authorized a construction contract for a ultra-violet disinfection system for the wastewater treatment plant in an amount not to exceed \$2,088,805 and a design contract for rehabilitation of the wastewater treatment plant's north digester in an amount not to exceed \$611,961.



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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**13. SUBSEQUENT EVENTS (CONTINUED)**

- On September 27th, the City Council authorized a computer software and hardware contract for updated Supervisory Control and Data Acquisition (SCADA) system for the wastewater treatment plant in an amount not to exceed \$241,290.
- On October 12th, the City Council authorized purchase of a replacement Medic 3 Ambulance in an amount not to exceed \$273,529.

**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. This contract was extended through June 30, 2022. The contract amount for FY2021-22 is \$1,134,481. and that amount was recorded for services performed under this agreement for the 2020-21 fiscal year.

As of June 30, 2021, the City has remaining construction and design/engineering contract obligations as follows:

- 2nd and Oak Signalization Design - \$22,546
- Elevated Sewer Line Design - \$401,942
- Infiltration and Inflow Study - \$76,329
- Wastewater Treatment Plant Ultra-violet Disinfection System Design - \$70,713
- Cascade Ave. Water/Sewer Line Replacement Design - \$17,061
- Prospect Ave. Water/Sewer Line Replacement Design - \$21,198
- Sherman Ave. Water/Sewer Line Replacement Design - \$23,337
- Waterfront Stormwater Line Replacement Design - \$300,587

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, 2021 are as follows:

FUND BALANCES	General	Road Fund	Rest. Revenue Fund	URA CC District Fund	Non-Major Funds	Total Governmental
Non-spendable	\$ 6,046	\$ 61,187	\$ -	\$ -	\$ -	\$ 67,233
Restricted:						
Roads	-	2,492,417	-	-	-	2,492,417
Debt Service	-	-	57,569	-	-	57,569
Building Services	-	-	232,697	-	-	232,697
Small Grants	-	-	18,984	-	-	18,984
CET-Local Housing Programs	-	-	249,538	-	-	249,538
CET-Development Incentives	-	-	217,316	-	-	217,316
Urban Renewal	-	-	-	4,132,323	695,769	4,828,092
Total Restricted	-	2,492,417	776,104	4,132,323	695,769	8,096,613
Assigned to:						
Reserves - Compensated Absences	-	-	-	-	34,507	34,507
Reserves - Affordable Housing	-	-	-	-	109,481	109,481
Reserves - Parks Facilities	-	-	-	-	105,379	105,379
Reserves - Other	-	-	-	-	13,644	13,644
Total Assigned	-	-	-	-	263,011	263,011
Unassigned	2,740,052	-	-	-	(810,730)	1,929,322
Total Fund Balances	\$ 2,746,098	\$ 2,553,604	\$ 776,104	\$ 4,132,323	\$ 148,050	\$ 10,356,179

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**REQUIRED SUPPLEMENTARY INFORMATION  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM  
For the Year Ended June 30, 2021**

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
2021	0.05 %	\$ 11,242,423	\$ 5,280,466	212.91%	75.8 %
2020	0.05 %	9,279,292	5,016,367	184.98%	80.2 %
2019	0.05 %	7,458,654	4,656,307	160.18%	82.1 %
2018	0.05 %	6,819,709	4,574,713	149.07%	83.1 %
2017	0.05 %	8,096,630	4,037,915	200.52%	80.5 %
2016	0.06 %	3,068,379	3,831,115	80.09%	91.9 %
2015	0.06 %	(1,320,462)	3,848,301	-34.31%	103.6 %
2014	0.06 %	2,972,809	3,606,880	82.42%	92.0 %

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

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

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2021	\$ 1,299,245	\$ 1,299,245	\$ -	\$ 5,986,994	21.70 %
2020	1,192,508	1,192,508	-	5,280,466	22.58 %
2019	895,598	895,598	-	5,016,367	17.85 %
2018	808,917	808,917	-	4,656,307	17.37 %
2017	654,568	654,568	-	4,574,713	14.31 %
2016	634,101	634,101	-	4,037,915	15.70 %
2015	553,226	553,226	-	3,831,115	14.44 %
2014	544,968	544,968	-	3,848,301	14.16 %

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

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

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

**REQUIRED SUPPLEMENTARY INFORMATION  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM  
RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)  
For the Year Ended June 30, 2021**

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 (Income) Expense
2021	\$ -	\$ (3,543)	\$ (1,842)	\$ 3,855	\$ (1,250)	\$ 27,699	\$ (7,621)
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 (Asset) Beginning	Net Change in Total OPEB Liability (Asset)	Total OPEB Liability (Asset) Ending	Covered Payroll	Total OPEB Liability (Asset) as a % of Covered Payroll	Discount Rate
2021	\$ (86,798)	\$ 52,137	\$ (34,661)	\$ 5,986,994	-0.6%	7.20%
2020	(56,516)	(30,282)	(86,798)	5,280,466	-1.6%	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, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability - Beginning of the year</b>	\$ 571,594	\$ 535,524	\$ 459,986	\$ 457,813
<u>Changes for the year:</u>				
Service cost	31,140	27,625	29,214	31,348
Interest on total OPEB liability	20,674	21,191	17,305	13,830
Change of benefit terms	-	-	-	-
Effect of economic/demographic gains or losses	(78,672)	-	85,176	-
Effect of assumptions changes or inputs	20,654	18,697	(44,430)	(35,134)
Benefit payments	(24,302)	(31,443)	(11,727)	(7,870)
<b>Net Changes for the Year</b>	<u>(30,506)</u>	<u>36,070</u>	<u>75,538</u>	<u>2,174</u>
<b>Total OPEB Liability - End of the year</b>	<u>\$ 541,088</u>	<u>\$ 571,594</u>	<u>\$ 535,524</u>	<u>\$ 459,987</u>
 Covered Payroll	 5,986,994	 5,280,466	 5,016,367	 4,656,307
Total OPEB Plan as a Percentage of Covered Payroll	9.0%	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, 2021**

	<u>GENERAL FUND</u>			VARIANCE TO FINAL BUDGET
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>REVENUES:</b>				
Taxes	\$ 4,522,662	\$ 4,522,662	\$ 4,864,623	\$ 341,961
Licenses and Permits	2,118,821	2,118,821	1,917,049	(201,772)
Intergovernmental	341,211	341,211	533,998	192,787
Charges for Services	1,077,013	1,077,013	1,379,563	302,550
Fines and Forfeitures	447,083	447,083	306,942	(140,141)
Interest	81,681	81,681	26,079	(55,602)
Miscellaneous	111,410	111,410	125,345	13,935
<b>Total Revenue</b>	<b>8,699,881</b>	<b>8,699,881</b>	<b>9,153,599</b>	<b>453,718</b>
<b>EXPENDITURES:</b>				
Public Safety - Police	2,683,455	2,683,455 (1)	2,465,284	218,171
Public Safety - Fire/EMS	3,862,154	3,869,154 (1)	3,813,070	56,084
Parks	583,563	583,563 (1)	581,562	2,001
Planning	649,635	649,635 (1)	638,318	11,317
Parking	532,193	532,193 (1)	511,565	20,628
Municipal Court	142,872	142,872 (1)	122,184	20,688
City Council	24,745	24,745 (1)	20,774	3,971
Engineering	166,676	366,676 (1)	329,717	36,959
Non-Departmental	470,850	470,850 (1)	404,487	66,363
Expenditures Not Allocated:				
Special Payments	754,595	754,595 (1)	736,601	17,994
Contingency	250,000	3,000 (1)	-	3,000
<b>Total Expenditures</b>	<b>10,120,738</b>	<b>10,080,738</b>	<b>9,623,562</b>	<b>457,176</b>
Excess of Revenues Over, (Under) Expenditures	(1,420,857)	(1,380,857)	(469,963)	910,894
Other Financing Sources, (Uses)				
Transfers Out	(371,230)	(411,230) (1)	(411,230)	-
<b>Total Other Financing Sources, (Uses)</b>	<b>(371,230)</b>	<b>(411,230)</b>	<b>(411,230)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(1,792,087)</b>	<b>(1,792,087)</b>	<b>(881,193)</b>	<b>910,894</b>
Beginning Fund Balance	3,444,544	3,544,477	3,544,477	-
<b>Ending Fund Balance</b>	<b>\$ 1,652,457</b>	<b>\$ 1,752,390</b>	<b>2,663,284</b>	<b>\$ 910,894</b>
<b>Reconciliation to Governmental Fund Statements:</b>				
Interfund Loan to Storm Water			82,814	
<b>Governmental Fund Statements</b>			<b>\$ 2,746,098</b>	

(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, 2021**

<u>ROAD FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
<b>REVENUES:</b>				
Taxes	\$ 371,761	\$ 371,761	\$ 337,897	\$ (33,864)
Licenses and Permits	19,900	19,900	25,360	5,460
Intergovernmental	905,597	905,597	1,579,941	674,344
System Development Charges	225,000	225,000	209,031	(15,969)
Interest	32,483	32,483	12,940	(19,543)
Miscellaneous	200	200	14,754	14,554
	<u>1,554,941</u>	<u>1,554,941</u>	<u>2,179,923</u>	<u>624,982</u>
<b>EXPENDITURES:</b>				
Road Operations	1,713,707	1,713,707 (1)	1,140,943	572,764
Road SDC	1,425,000	1,425,000 (1)	842,240	582,760
Expenditures Not Allocated:				
Special Payments	50,483	50,483 (1)	49,295	1,188
Contingency	190,000	190,000 (1)	-	190,000
	<u>3,379,190</u>	<u>3,379,190</u>	<u>2,032,478</u>	<u>1,346,712</u>
Net Change in Fund Balance	(1,824,249)	(1,824,249)	147,445	1,971,694
Beginning Fund Balance	<u>2,303,023</u>	<u>2,344,971</u>	<u>2,344,972</u>	<u>1</u>
Ending Fund Balance	<u>\$ 478,774</u>	<u>\$ 520,722</u>	<u>\$ 2,492,417</u>	<u>\$ 1,971,695</u>
Reconciliation to Combined Balance Sheet:				
Supply Inventory			61,187	
(1) Appropriation Level	Combined Balance Sheet		<u>\$ 2,553,604</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, 2021**

<u>RESTRICTED REVENUE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES:</b>				
Taxes	\$ 1,386,584	\$ 1,486,584	\$ 1,342,882	\$ (143,702)
Licenses and Permits	523,100	523,100	299,251	(223,849)
Intergovernmental	617,232	617,232	631,955	14,723
Charges for Services	-	-	6,964	6,964
Assessments	34,724	34,724	-	(34,724)
Interest	18,905	18,905	8,450	(10,455)
Miscellaneous	850	25,850	79	(25,771)
<b>Total Revenue</b>	<u>2,581,395</u>	<u>2,706,395</u>	<u>2,289,581</u>	<u>(416,814)</u>
<b>EXPENDITURES:</b>				
Building Program	681,918	681,918 (1)	432,701	249,217
LID Assessments	34,724	34,724 (1)	-	34,724
Small Grants	14,542	39,542 (1)	-	39,542
Assistance to Firefighters Grant - AirPacks Grant	617,232	617,232 (1)	606,955	10,277
Tourism Promotion Fund	423,187	523,187 (1)	498,014	25,173
CET State OHCS Distribution	53,608	53,608 (1)	31,748	21,860
Expenditures Not Allocated:				
Debt Service	820,608	823,808 (1)	823,752	56
Special Payments	41,241	41,241 (1)	39,453	1,788
Contingency	635,000	593,961 (1)	-	593,961
<b>Total Expenditures</b>	<u>3,322,060</u>	<u>3,409,221</u>	<u>2,432,623</u>	<u>976,598</u>
<b>Net Change in Fund Balance</b>	<u>(740,665)</u>	<u>(702,826)</u>	<u>(143,042)</u>	<u>559,784</u>
<b>Beginning Fund Balance</b>	<u>956,985</u>	<u>919,146</u>	<u>919,146</u>	<u>-</u>
<b>Ending Fund Balance</b>	<u>\$ 216,320</u>	<u>\$ 216,320</u>	<u>\$ 776,104</u>	<u>\$ 559,784</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, 2021**

URA COLUMBIA CASCADE DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES:</b>				
Property Taxes	\$ 21,625	\$ 21,625	\$ 33,146	\$ 11,521
Interest	37,565	37,565	31,972	(5,593)
Capital Contributions - Assessments	50,568	50,568	-	(50,568)
Total Revenues	109,758	109,758	65,118	(44,640)
<b>EXPENDITURES:</b>				
Operations	3,688,000	3,688,000 (1)	48,000	3,640,000
Expenditures Not Allocated:				
Contingency	45,000	45,000 (1)	-	45,000
Total Expenditures	3,733,000	3,733,000	48,000	3,685,000
Net Change in Fund Balance	(3,623,242)	(3,623,242)	17,118	3,640,360
Beginning Fund Balance	4,203,015	4,203,015	4,115,205	(87,810)
Ending Fund Balance	\$ 579,773	\$ 579,773	\$ 4,132,323	\$ 3,552,550

(1) Appropriation Level

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

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

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS**

**June 30, 2021**

	SPECIAL REVENUE FUNDS				TOTAL
	RESERVES FUND	URA GENERAL FUND	URA WATERFRONT DISTRICT FUND	URA HEIGHTS DISTRICT FUND	
<b>ASSETS:</b>					
Cash and Investments	\$ 268,869	\$ -	\$ -	\$ -	\$ 268,869
Receivables					
Taxes	-	-	19,129	6,390	25,519
Restricted Cash and Investments	-	51,941	129,044	643,574	824,559
<b>Total Assets</b>	<b>\$ 268,869</b>	<b>\$ 51,941</b>	<b>\$ 148,173</b>	<b>\$ 649,964</b>	<b>\$ 1,118,947</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 5,858	\$ -	\$ -	\$ -	\$ 5,858
Interfund Loan Payable		-	940,494	-	940,494
<b>Total Liabilities</b>	<b>5,858</b>	<b>-</b>	<b>940,494</b>	<b>-</b>	<b>946,352</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue - Taxes	-	-	18,409	6,136	24,545
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>18,409</b>	<b>6,136</b>	<b>24,545</b>
<b>Fund Balances:</b>					
Unassigned		-	(810,730)	-	(810,730)
Restricted		51,941	-	643,828	695,769
Assigned	263,011	-	-	-	263,011
<b>Total Fund Balances</b>	<b>263,011</b>	<b>51,941</b>	<b>(810,730)</b>	<b>643,828</b>	<b>148,050</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 268,869</b>	<b>\$ 51,941</b>	<b>\$ 148,173</b>	<b>\$ 649,964</b>	<b>\$ 1,118,947</b>

**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, 2021**

	SPECIAL REVENUE FUNDS				TOTAL
	RESERVES FUND	URA GENERAL FUND	URA WATERFRONT DISTRICT FUND	URA HEIGHTS DISTRICT FUND	
REVENUES:					
Property Taxes	\$ -	\$ -	\$ 13,854	\$ 4,678	\$ 18,532
Interest	2,056	422	3,279	5,509	11,266
Miscellaneous	1,385	-	-	-	1,385
<b>Total Revenue</b>	<b>3,441</b>	<b>422</b>	<b>17,133</b>	<b>10,187</b>	<b>31,183</b>
EXPENDITURES:					
General Government	1,083,652	-	-	-	1,083,652
Economic and Physical Development		8,039	48,000	129,764	185,803
Debt Service		-	161,358	-	161,358
<b>Total Expenditures</b>	<b>1,083,652</b>	<b>8,039</b>	<b>209,358</b>	<b>129,764</b>	<b>1,430,813</b>
Excess of Revenues Over, (Under) Expenditures	(1,080,211)	(7,617)	(192,225)	(119,577)	(1,399,630)
Other Financing Sources, (Uses)					
Transfers In	415,251	-	-	-	415,251
Transfers Out	-	-	(1,132,500)	-	(1,132,500)
<b>Total Other Financing Sources, (Uses)</b>	<b>415,251</b>	<b>-</b>	<b>(1,132,500)</b>	<b>-</b>	<b>(717,249)</b>
<b>Net Change in Fund Balance</b>	<b>(664,960)</b>	<b>(7,617)</b>	<b>(1,324,725)</b>	<b>(119,577)</b>	<b>(2,116,879)</b>
Beginning Fund Balance	927,971	59,558	513,995	763,405	2,264,929
<b>Ending Fund Balance</b>	<b>\$ 263,011</b>	<b>\$ 51,941</b>	<b>\$ (810,730)</b>	<b>\$ 643,828</b>	<b>\$ 148,050</b>

**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, 2021**

	<u>RESERVES FUND</u>			VARIANCE TO FINAL BUDGET
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>REVENUES:</b>				
Interest	\$ 7,315	\$ 7,315	\$ 2,056	\$ (5,259)
Miscellaneous	-	-	1,385	1,385
<b>Total Revenue</b>	<u>7,315</u>	<u>7,315</u>	<u>3,441</u>	<u>(3,874)</u>
<b>EXPENDITURES:</b>				
Reserve - Compensated Absences	450,000	490,000 (1)	456,905	33,095
Reserve - Parking In Lieu	11,342	11,342 (1)	-	11,342
Reserve - Affordable Housing	109,146	109,146 (1)	77,956	31,190
Expenditures Not Allocated:				
Special Payments	551,512	551,512 (1)	548,791	2,721
Contingency	75,000	62,091 (1)	-	62,091
<b>Total Expenditures</b>	<u>1,197,000</u>	<u>1,224,091</u>	<u>1,083,652</u>	<u>140,439</u>
Excess of Revenues Over, (Under) Expenditures	<u>(1,189,685)</u>	<u>(1,216,776)</u>	<u>(1,080,211)</u>	<u>136,565</u>
Other Financing Sources, (Uses)				
Transfer In	375,610	415,610	415,251	(359)
Transfers Out	(104,969)	(104,969) (1)	-	104,969
<b>Total Other Financing Sources, (Uses)</b>	<u>270,641</u>	<u>310,641</u>	<u>415,251</u>	<u>104,610</u>
<b>Net Change in Fund Balance</b>	<u>(919,044)</u>	<u>(906,135)</u>	<u>(664,960)</u>	<u>241,175</u>
Beginning Fund Balance	<u>940,880</u>	<u>927,971</u>	<u>927,971</u>	<u>-</u>
<b>Ending Fund Balance</b>	<u>\$ 21,836</u>	<u>\$ 21,836</u>	<u>\$ 263,011</u>	<u>\$ 241,175</u>

(1) Appropriation Level

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2021**

URA GENERAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:					
Interest	\$ 802	\$ 802		\$ 422	\$ (380)
Total Revenues	<u>802</u>	<u>802</u>		<u>422</u>	<u>(380)</u>
EXPENDITURES:					
Operations	11,900	11,900	(1)	8,039	3,861
Expenditures Not Allocated:					
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>8,039</u>	<u>8,361</u>
Net Change in Fund Balance	(15,598)	(15,598)		(7,617)	7,981
Beginning Fund Balance	<u>58,905</u>	<u>58,905</u>		<u>59,558</u>	<u>653</u>
Ending Fund Balance	<u>\$ 43,307</u>	<u>\$ 43,307</u>		<u>\$ 51,941</u>	<u>\$ 8,634</u>

(1) Appropriation Level

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2021**

URA WATERFRONT DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property Taxes	\$ 8,375	\$ 8,375	\$ 13,854	\$ 5,479
Interest	5,208	5,208	3,279	(1,929)
Total Revenues	13,583	13,583	17,133	3,550
EXPENDITURES:				
Operations	532,000	1,282,000 (1)	48,000	1,234,000
Expenditures Not Allocated:				
Debt Service	194,543	254,543 (1)	254,430	113
Contingency	85,000	25,000 (1)	-	25,000
Total Expenditures	811,543	1,561,543	302,430	1,259,113
Excess of Revenues, Over (Under)				
Expenditures	(797,960)	(1,547,960)	(285,297)	1,262,663
Other Financing Sources, (Uses)				
Transfers Out	(2,000)	(2,000) (1)	(1,132,500)	(1,130,500)
Interfund Loan Proceeds	-	750,000	750,000	-
Total Other Financing Sources, (Uses)	(2,000)	748,000	(382,500)	(1,130,500)
Net Change in Fund Balance	(799,960)	(799,960)	(667,797)	132,163
Beginning Fund Balance	866,750	866,750	797,561	(69,189)
Ending Fund Balance	\$ 66,790	\$ 66,790	129,764	\$ 62,974
Reconciliation to Governmental Fund Statements:				
Interfund Loan from Fleet & Equipment			(750,000)	
Interfund Loan from Sewer			(190,494)	
Governmental Fund Statements			\$ (810,730)	

(1) Appropriation Level



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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2021**

URA HEIGHTS DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property Taxes	\$ 2,985	\$ 2,985	\$ 4,678	\$ 1,693
Interest	7,725	7,725	5,509	(2,216)
Total Revenues	<u>10,710</u>	<u>10,710</u>	<u>10,187</u>	<u>(523)</u>
EXPENDITURES:				
Operations	453,000	453,000 (1)	129,764	323,236
Expenditures Not Allocated:				
Contingency	85,000	85,000 (1)	-	85,000
Total Expenditures	<u>538,000</u>	<u>538,000</u>	<u>129,764</u>	<u>408,236</u>
Net Change in Fund Balance	(527,290)	(527,290)	(119,577)	407,713
Beginning Fund Balance	<u>725,684</u>	<u>725,684</u>	<u>763,405</u>	<u>37,721</u>
Ending Fund Balance	<u>\$ 198,394</u>	<u>\$ 198,394</u>	<u>\$ 643,828</u>	<u>\$ 445,434</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, 2021**

	<u>SEWER FUND</u>			VARIANCE TO FINAL BUDGET
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>REVENUES:</b>				
Charges for Services	\$ 4,359,573	\$ 4,359,573	\$ 4,413,336	\$ 53,763
System Development Charges	129,528	129,528	57,325	(72,203)
Interest	61,520	61,520	43,753	(17,767)
Miscellaneous	<u>1,715,668</u>	<u>1,715,668</u>	<u>121,100</u>	<u>(1,594,568)</u>
Total Revenues	<u>6,266,289</u>	<u>6,266,289</u>	<u>4,635,514</u>	<u>(1,630,775)</u>
<b>EXPENDITURES:</b>				
Sewer Operations - Distribution	3,323,427	3,343,427 (1)	1,437,066	1,906,361
Sewer Operation - WWTP	4,901,498	4,901,498 (1)	1,876,212	3,025,286
Sewer SDC	400,000	400,000 (1)	-	400,000
USDA SLARRA	650,000	650,000 (1)	45,221	604,779
Expenditures Not Allocated:				
Debt Service	433,638	433,638 (1)	425,925	7,713
Special Payment	46,639	52,118 (1)	52,117	1
Contingency	<u>180,000</u>	<u>174,521 (1)</u>	<u>-</u>	<u>174,521</u>
Total Expenditures	<u>9,935,202</u>	<u>9,955,202</u>	<u>3,836,541</u>	<u>(6,118,661)</u>
Excess of Revenues Over, (Under) Expenditures	<u>(3,668,913)</u>	<u>(3,688,913)</u>	<u>798,973</u>	<u>4,487,886</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	148,218	148,218	-	(148,218)
Transfers Out	<u>(148,218)</u>	<u>(148,218) (1)</u>	<u>-</u>	<u>148,218</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(3,668,913)	(3,688,913)	798,973	4,487,886
Beginning Fund Balance	<u>4,925,708</u>	<u>5,397,805</u>	<u>5,397,805</u>	<u>-</u>
Ending Fund Balance	<u>\$ 1,256,795</u>	<u>\$ 1,708,892</u>	6,196,778	<u>\$ 4,487,886</u>

Reconciliation to Net Position:

Capital Assets, Net	15,736,994
Inventory	13,882
Interfund Loan to Urban Renewal Agency	190,494
Net Pension Liability	(562,456)
Pension related deferrals, net	283,820
Post-employment Benefits Liability - RHI Plan	(30,107)
Post-employment Benefits Asset - PERS RHIA	1,958
Other benefits related deferrals, net - RHI Plan	(972)
Other benefits related deferrals, net - PERS RHIA	1,214
Unavailable Revenue	46,354
Accrued Compensated Absences	(21,629)
Accrued Interest	(10,046)
Long Term Debt	<u>(4,165,879)</u>

Statement of Net Position \$ 17,680,405

(1) Appropriation Level

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2021**

<u>WATER FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES:</b>				
Charges for Services	\$ 2,961,989	\$ 2,961,989	\$ 3,076,860	\$ 114,871
System Development Charges	149,060	149,060	114,950	(34,110)
Interest	41,013	41,013	31,492	(9,521)
Miscellaneous	30,000	30,000	82,043	52,043
<b>Total Revenues</b>	<b>3,182,062</b>	<b>3,182,062</b>	<b>3,305,345</b>	<b>123,283</b>
<b>EXPENDITURES:</b>				
Water Operations	3,186,756	3,186,756	(1) 1,748,723	1,438,033
Expenditures Not Allocated:				
Debt Service	886,777	886,777	(1) 885,576	1,201
Special Payment	84,249	85,848	(1) 85,847	1
Contingency	125,000	123,401	(1) -	123,401
<b>Total Expenditures</b>	<b>4,282,782</b>	<b>4,282,782</b>	<b>2,720,146</b>	<b>1,562,636</b>
<b>Net Change in Fund Balance</b>	<b>(1,100,720)</b>	<b>(1,100,720)</b>	<b>585,199</b>	<b>1,685,919</b>
<b>Beginning Fund Balance</b>	<b>3,332,216</b>	<b>3,643,134</b>	<b>3,643,134</b>	<b>-</b>
<b>Ending Fund Balance</b>	<b>\$ 2,231,496</b>	<b>\$ 2,542,414</b>	<b>4,228,333</b>	<b>\$ 1,685,919</b>

Reconciliation to Net Position:

Capital Assets, Net	32,177,351
Net Pension Liability	(834,785)
Pension related deferrals, net	458,975
Post-employment Benefits Liability - RHI Plan	(39,693)
Post-employment Benefits Asset - PERS RHIA	1,676
Other benefits related deferrals, net - RHI Plan	(2,923)
Other benefits related deferrals, net - PERS RHIA	2,767
Unavailable Revenue	30,444
Inventory	106,612
Loans Payable	(13,242,599)
Accrued Interest Payable	(45,895)
Accrued compensated absences	(34,709)
	<u>22,805,554</u>

(1) Appropriation Level

Statement of Net Position

\$ 22,805,554

**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, 2021**

<u>STORM WATER FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
<b>REVENUES:</b>				
Charges for Services	\$ 562,070	\$ 562,070	\$ 566,560	\$ 4,490
System Development Charges	49,344	49,344	24,186	(25,158)
Interest	1,995	1,995	1,229	(766)
Miscellaneous	-	-	338	338
<b>Total Revenues</b>	<u>613,409</u>	<u>613,409</u>	<u>592,313</u>	<u>(21,096)</u>
<b>EXPENDITURES:</b>				
Storm Water Operations	476,276	2,276,276 (1)	1,902,081	374,195
<b>Expenditures Not Allocated:</b>				
Debt Service	28,870	28,870 (1)	28,870	-
Special Payment	22,943	24,200 (1)	24,199	1
Contingency	110,000	108,743 (1)	-	108,743
<b>Total Expenditures</b>	<u>638,089</u>	<u>2,438,089</u>	<u>1,955,150</u>	<u>482,939</u>
Excess of Revenues Over, (Under) Expenditures	<u>(24,680)</u>	<u>(1,824,680)</u>	<u>(1,362,837)</u>	<u>461,843</u>
<b>Other Financing Sources, (Uses)</b>				
Transfer In	-	1,200,000	1,132,500	67,500
Loan Proceeds	-	600,000	463,786	(136,214)
<b>Total Other Financing Sources, (Uses)</b>	<u>-</u>	<u>1,800,000</u>	<u>1,596,286</u>	<u>(68,714)</u>
Net Change in Fund Balance	(24,680)	(24,680)	233,449	393,129
Beginning Fund Balance	<u>275,355</u>	<u>278,930</u>	<u>278,930</u>	<u>-</u>
Ending Fund Balance	<u>\$ 250,675</u>	<u>\$ 254,250</u>	512,379	<u>\$ 393,129</u>

Reconciliation to Net Position:

Capital Assets, Net	2,884,694
Interfund Loan from General Fund	(82,814)
Net Pension Liability	(287,261)
Pension related deferrals, net	136,248
Post-employment Benefits Liability - RHI Plan	(14,336)
Post-employment Benefits Asset - PERS RHIA	1,199
Other benefits related deferrals, net - RHI Plan	(271)
Other benefits related deferrals, net - PERS RHIA	533
Unavailable Revenue	27,507
Loans Payable	(463,786)
Accrued Compensated Absences	(9,281)
	<u>2,704,811</u>

Statement of Net Position  
(1) Appropriation Level

\$ 2,704,811

**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, 2021**

<u>CUSTODIAL FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Receipts for Other Government				
Sewer Billing	\$ -	\$ 160,000	\$ 160,126	\$ 126
Water Billing	-	115,000	95,292	(19,708)
Total Revenues	-	275,000	255,418	(19,582)
EXPENDITURES:				
Mosier Sewer Billing	-	160,000 (1)	123,030	36,970
Mosier Water Billing	-	115,000 (1)	72,746	42,254
Total Expenditures	-	275,000	195,776	79,224
Net Change in Fund Balance	-	-	59,642	59,642
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ 59,642	\$ 59,642

(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, 2021**

INTERNAL SERVICE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES:</b>				
Interdepartmental Charges	\$ 2,504,860	\$ 2,504,860	\$ 2,402,585	\$ (102,275)
Interest	95,109	95,109	34,637	(60,472)
Miscellaneous	171,000	171,000	1,646	(169,354)
<b>Total Revenues</b>	<u>2,770,969</u>	<u>2,770,969</u>	<u>2,438,868</u>	<u>(332,101)</u>
<b>EXPENDITURES:</b>				
Equipment Maintenance	232,386	232,386 (1)	203,330	29,056
Equipment Replacement	1,230,934	1,230,934 (1)	869,643	361,291
Administration	1,322,733	1,322,733 (1)	1,283,011	39,722
Expenditures Not Allocated:				
Special Payment	107,076	107,076 (1)	102,434	4,642
Contingency	140,000	119,421 (1)	-	119,421
<b>Total Expenditures</b>	<u>3,033,129</u>	<u>3,012,550</u>	<u>2,458,418</u>	<u>554,132</u>
Excess of Revenues Over, (Under) Expenditures	<u>(262,160)</u>	<u>(241,581)</u>	<u>(19,550)</u>	<u>222,031</u>
<b>Other Financing Sources, (Uses)</b>				
Transfers Out	(4,021)	(4,021) (2)	(4,021)	-
Interfund Loan Disbursement	(1,500,000)	(1,500,000) (2)	(750,000)	750,000
Sale of Capital Assets	-	-	282,942	282,942
<b>Total Other Financing Sources, (Uses)</b>	<u>(1,504,021)</u>	<u>(1,504,021)</u>	<u>(471,079)</u>	<u>1,032,942</u>
<b>Net Change in Fund Balance</b>	<u>(1,766,181)</u>	<u>(1,745,602)</u>	<u>(490,629)</u>	<u>1,254,973</u>
Beginning Fund Balance	<u>4,756,190</u>	<u>4,735,611</u>	<u>4,735,611</u>	<u>-</u>
Ending Fund Balance	<u>\$ 2,990,009</u>	<u>\$ 2,990,009</u>	<u>\$ 4,244,982</u>	<u>\$ 1,254,973</u>
<b>Reconciliation to Net Position:</b>				
Interfund Loan to Urban Renewal Agency			750,000	
Capital Assets, Net			<u>1,736,060</u>	
<b>Statement of Net Position</b>			<u>\$ 6,731,042</u>	

(1) Appropriation Level

(2) Sum Equals Appropriation Level

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

**SCHEDULE OF PROPERTY TAX COLLECTIONS AND UNPAID BALANCES**

**For the Year Ended June 30, 2021**

TAX YEAR	GENERAL FUND				BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/21
	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/20	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	CASH COLLECTIONS BY COUNTY TREASURER	
Current:					
2020-21	\$ 3,295,729	\$ 94,620	\$ 17,763	\$ 3,145,573	\$ 73,299
Prior years					
2019-20	77,138	-	(7,105)	28,988	41,045
2018-19	35,869	-	(449)	14,790	20,630
2017-18	17,951	-	1,922	11,929	7,944
2016-17	11,752	-	799	7,256	5,295
Prior	22,177	-	(110)	20,464	1,603
Total Prior	164,887	-	(4,943)	83,427	76,517
Total	\$ 3,460,616	\$ 94,620	\$ 12,820	\$ 3,229,000	\$ 149,816

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 3,229,000
Other Collections/Credits	<u>(36,468)</u>
Total per budgetary statement	<u>\$ 3,192,532</u>

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

**SCHEDULE OF PROPERTY TAX COLLECTIONS AND UNPAID BALANCES**

**For the Year Ended June 30, 2021**

<b>FIRE G/O BOND DEBT SERVICE FUND</b>					
<u>TAX YEAR</u>	<u>IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/20</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENT TO ROLLS</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/21</u>
Current:					
2020-21	\$ 737,295	\$ 21,168	\$ 3,974	\$ 703,703	\$ 16,398
Prior years					
2019-20	21,802	-	(2,008)	8,193	11,601
2018-19	10,565	-	(132)	4,356	6,077
2017-18	5,347	-	574	3,554	2,367
2016-17	3,784	-	257	2,336	1,705
Prior	6,078	-	(45)	5,728	305
Total Prior	47,576	-	(1,354)	24,167	22,055
Total	<u>\$ 784,871</u>	<u>\$ 21,168</u>	<u>\$ 2,620</u>	<u>\$ 727,870</u>	<u>\$ 38,453</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 727,870
Other Collections/Credits	<u>(9,027)</u>
Total per budgetary statement	<u>\$ 718,843</u>



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

**SCHEDULE OF TAX PROPERTY COLLECTIONS AND UNPAID BALANCES**

**For the Year Ended June 30, 2021**

TAX YEAR	URA COLUMBIA CASCADE PLAN FUND				BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/21
	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/20	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	CASH COLLECTIONS BY COUNTY TREASURER	
Current:					
2020-21	\$ -	\$ -	\$ -	\$ -	\$ -
Prior years					
2019-20	36,790	-	(3,389)	13,825	19,576
2018-19	16,557	-	(207)	6,827	9,523
2017-18	8,308	-	890	5,521	3,677
2016-17	5,442	-	370	3,360	2,452
Prior	11,184	-	(54)	10,217	913
Total Prior	78,281	-	(2,390)	39,750	36,141
Total	<u>\$ 78,281</u>	<u>\$ -</u>	<u>\$ (2,390)</u>	<u>\$ 39,750</u>	<u>\$ 36,141</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 39,750
Other Collections/Credits	<u>(6,604)</u>
Total per budgetary statement	<u>\$ 33,146</u>

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

**SCHEDULE OF PROPERTY TAX COLLECTIONS AND UNPAID BALANCES**

**For the Year Ended June 30, 2021**

TAX YEAR	URA WATERFRONT PLAN FUND				BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/21
	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/20	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	CASH COLLECTIONS BY COUNTY TREASURER	
Current:					
2020-21	\$ -	\$ -	\$ -	\$ -	\$ -
Prior years					
2019-20	21,873	-	(2,014)	8,220	11,639
2018-19	8,093	-	(101)	3,337	4,655
2017-18	3,770	-	405	2,506	1,669
2016-17	2,329	-	158	1,438	1,049
Prior	2,212	-	11	2,106	117
Total Prior	38,277	-	(1,541)	17,607	19,129
Total	\$ 38,277	\$ -	\$ (1,541)	\$ 17,607	\$ 19,129

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 17,607
Other Collections/Credits	(3,753)
Total per budgetary statement	\$ 13,854

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

**SCHEDULE OF PROPERTY TAX COLLECTIONS AND UNPAID BALANCES**

**For the Year Ended June 30, 2021**

<b>URA THE HEIGHTS PLAN FUND</b>					
<b>TAX YEAR</b>	<b>IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/20</b>	<b>DEDUCT DISCOUNTS</b>	<b>ADJUSTMENT TO ROLLS</b>	<b>CASH COLLECTIONS BY COUNTY TREASURER</b>	<b>BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/21</b>
Current:					
2020-21	\$ -	\$ -	\$ -	\$ -	\$ -
Prior years					
2019-20	6,833	-	(628)	2,568	3,637
2018-19	2,981	-	(37)	1,229	1,715
2017-18	1,417	-	152	942	627
2016-17	833	-	57	515	375
Prior	687	-	3	654	36
Total Prior	12,751	-	(453)	5,908	6,390
Total	<u>\$ 12,751</u>	<u>\$ -</u>	<u>\$ (453)</u>	<u>\$ 5,908</u>	<u>\$ 6,390</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 5,908
Other Collections/Credits	<u>(1,230)</u>
Total per budgetary statement	<u>\$ 4,678</u>

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

**OTHER INFORMATION**

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

**SCHEDULE OF PROPERTY VALUES AND TAX RATES  
June 30, 2021**

Taxable Property Values Fiscal Year	RMV*	Total AV	UR Excess	AV Used to Calculate Rates**
2020/21	2,019,769,212	1,173,992,826	- ^	1,173,992,826
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.

^ No urban renewal assessment in FY 2020/21

Fiscal Year 2020-21 Representative Levy Rate  
Rates per \$1,000 of Assessed Value

	Billing Rate	Bond/UR Special Levy Rate	Local Option Rate*	Consolidated Rate	Urban Renewal Portion of the Consolidated Rate** ^
<b>General Government</b>					
Hood River County	1.4171	0.0000	0.7800	2.1971	0.0000
911 Communications District	0.5644	0.0000	0.0000	0.5644	0.0000
City of Hood River	2.8112	0.6289	0.0000	3.4401	0.0000
Port of Hood River	0.0332	0.0000	0.0000	0.0332	0.0000
Hood River Parks & Recreation District	0.3498	0.0000	0.0000	0.3498	0.0000
HRC Transportation District	0.0723	0.0000	0.0000	0.0723	0.0000
Library District	0.3900	0.0000	0.0000	0.3900	0.0000
Total General Government	5.6380	0.6289	0.7800	7.0469	0.0000
<b>Education</b>					
Columbia Gorge Community College	0.2703	0.3026	0.0000	0.5729	0.0000
Columbia Gorge ESD	0.4678	0.0000	0.0000	0.4678	0.0000
Hood River County School District	4.8119	1.4345	1.2500	7.4964	0.0000
Total Education	5.5500	1.7371	1.2500	8.5371	0.0000
Total Tax Rate	11.1880	2.3660	2.0300	15.5840	0.0000

\* 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.

^ No urban renewal assessment in FY 2020/21

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

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



**PAULY, ROGERS, AND Co., P.C.**  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

December 28, 2021

### **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, 2021, and have issued our report thereon dated December 28, 2021. 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:

**OAR 162-10-0230 Internal Control**

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

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



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