

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022



**12700 SW 72nd Ave.
Tigard, OR 97223**

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

For the Year Ended June 30, 2022

ANNUAL FINANCIAL REPORT

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

City Council as of June 30, 2022

<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

Abigail Elder, 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.
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March 15, 2023

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

INDEPENDENT AUDITORS' REPORT

Opinions

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, 2022,, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Hood and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

The City adopted new accounting guidance, GASB Statement No. 87-Leases during the fiscal year under audit. Our Opinions are not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Hood's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Hood's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Hood's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other information, as listed in the table of contents, and the listing of board members containing their term expiration dates, located before the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated March 15, 2023, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink that reads "Tara M Kamp, CPA".

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

MANAGEMENT'S DISCUSSION AND ANALYSIS **Fiscal Year Ended June 30, 2022**

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

FINANCIAL HIGHLIGHTS

Net position increased by \$4.8 million, of which \$1.3 million is an increase in business-type activities net position and an increase of \$3.5 million in governmental activities net position. Property Tax revenues increased substantially due to the one-year suspension of Urban Renewal tax increment in 2020-21.

The City's net investment in capital assets, which represents the carrying value of capital assets in excess of related debt balances, increased by \$5.5 million (8.7%) to \$68.9 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

	Governmental Activities		Business-type Activities		Total Government	
	2022		2021		2022	
	\$ 19.9	\$ 16.7	\$ 8.9	\$ 11.7	\$ 28.8	\$ 28.4
Current Assets	\$ 19.9	\$ 16.7	\$ 8.9	\$ 11.7	\$ 28.8	\$ 28.4
Noncurrent Assets	32.4	32.4	55.1	51.0	87.5	83.4
Total Assets	<u>52.3</u>	<u>49.1</u>	<u>64.0</u>	<u>62.7</u>	<u>116.3</u>	<u>111.8</u>
Deferred Outflows of Resources	4.7	5.4	0.9	1.0	5.6	6.4
Current Liabilities	1.6	2.0	1.7	1.3	3.3	3.3
Noncurrent Liabilities	6.9	11.7	17.7	18.8	24.6	30.5
Total Liabilities	<u>8.5</u>	<u>13.7</u>	<u>19.4</u>	<u>20.1</u>	<u>27.9</u>	<u>33.8</u>
Deferred Inflows of Resources	4.7	0.5	0.7	0.1	5.4	0.6
Net Investment in Capital Assets	31.3	30.5	37.6	32.9	68.9	63.4
Restricted	8.6	8.1	2.8	3.7	11.4	11.8
Unrestricted	3.9	1.7	4.4	6.9	8.3	8.6
Total Net Position	<u>43.8</u>	<u>40.3</u>	<u>44.8</u>	<u>43.5</u>	<u>88.6</u>	<u>83.8</u>
Program Revenues	3.2	3.1	8.6	8.3	11.8	11.4
Program Expenses	11.8	12.9	7.4	7.0	19.2	19.9
General Revenues - Taxes	9.2	6.5	0.0	0.0	9.2	6.5
General Revenues - Other	2.9	3.1	0.1	1.3	3.0	4.4
Change in Net Position	\$ 3.5	\$ (0.2)	\$ 1.3	\$ 2.6	\$ 4.8	\$ 2.4

FINANCIAL ANALYSIS

Financial Position and Results of Operations

Net position increased by \$4.8 million, of which \$1.3 million is an increase in business-type activities net position and an increase of \$3.5 million in governmental activities net position. Property Tax revenues increased substantially due to the one-year suspension of Urban Renewal tax increment in 2020-21.

Financial Position and Results of Operations - continued

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 through FY 2021-22.

General Fund

The General Fund's total fund balance increased by \$1.45 million (56%) to \$4.1 million, due in large part to an \$866 thousand Federal Coronavirus Relief Fund Reimbursement Grant. The long-term outlook for the General Fund is continued operating surpluses in FY2022-23 and beyond.

CAPITAL ASSETS AND DEBT ACTIVITY

Capital Assets

As of June 30, 2022, the City had invested \$87.1 million in capital assets as reflected in the following table.

Table 2
Capital Asset Balances
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
Non-depreciable Assets	\$ 6,910	\$ 6,973	\$ 7,132	\$ 1,533	\$ 14,042	\$ 8,506
Depreciable Assets, Net	25,235	25,359	47,865	49,266	73,100	74,625
Total	<u>\$ 32,145</u>	<u>\$ 32,332</u>	<u>\$ 54,997</u>	<u>\$ 50,799</u>	<u>\$ 87,142</u>	<u>\$ 83,131</u>

Governmental Activities capital assets decreased \$0.2 million (0.6%) though FY2021-22 as depreciation expense exceed capital projects, vehicle purchases, and property acquisition of affordable housing. Business-type Activities capital assets increased \$4.2 million (8.3%) thanks to over \$5.7 million in capital investment, as offset by depreciation. Major capital projects included Cascade & Rand realignment, multiple water and sewer line replacements, and a Sewer Ultraviolet treatment system.

Debt Outstanding

Table 3
Debt Balances
(in thousands)

	Governmental		Business-type		Total	
	Activities		Activities		Government	
	2022	2021	2022	2021	2022	2021
Leases	\$ 56	\$ -	\$ -	\$ -	\$ 56	\$ -
Loans	869	879	16,424	15,171	17,293	16,050
Bonds	-	730	716	2,702	716	3,432
Intergovernmental	96	217	56	-	152	217
Total	<u>\$ 1,021</u>	<u>\$ 1,826</u>	<u>\$ 17,196</u>	<u>\$ 17,873</u>	<u>\$ 18,217</u>	<u>\$ 19,699</u>

Governmental debt decreased by \$0.8 million (44%) as the City continued repayment of Fire G/O bonds and other smaller debts. Business-type debt decreased by \$0.7 million (4%) 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 40-47 of the notes.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

While City revenues lagged in 2020 and 2021, the passage of the American Rescue Plan mostly restored revenue that was lost due to the pandemic. In FY2021-22, revenues of transient lodging tax, parking, and fee-based services recovered and are expected to stay strong in the coming year. Property tax revenue, the City's largest resource, is expected to steadily increase. The recovery has led to a modest surplus the City is able to apply to its most acute needs.

The total budget for FY 2022-23 is \$53.1 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 35% of total budgeted expenditures.

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

- Waterfront Park, Beach Renovation
- Children's Park, Basketball Court Renovation, Perimeter Fence & Walkway
- Primary Sewer Clarifier Repair
- Cascade and Rand Intersection Realignment
- Water Springs Transmission Main Road Repair
- Multiple Water and Sewer Line Replacements
- Waterfront Storm Line (Phase 3)
- Hull St. Sewer System Improvements

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 2nd 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, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments, at Fair Value	\$ 9,407,668	\$ 4,815,435	\$ 14,223,103
Receivables:			
Accounts, Net	429,688	690,087	1,119,775
Property Taxes	139,999	-	139,999
Assessments	21,130	-	21,130
Other	414,543	-	414,543
Prepaid Expenses	112,231	3,840	116,071
Supply Inventory	73,486	150,225	223,711
Due from Governmental Activities	-	475,359	475,359
Lease Receivable	170,325	-	170,325
Restricted Cash and Investments	9,112,278	2,732,678	11,844,956
Total Current Assets	19,881,348	8,867,624	28,748,972
Noncurrent Assets:			
Interfund Loan Receivable	55,828	95,978	151,806
Net Other Post-employment Benefits Asset - PERS RHIA	139,367	21,051	160,418
Lease Asset, Net of Amortization	56,148	-	56,148
Capital Assets:			
Land and Construction in Progress, Not Depreciated	6,909,968	7,131,532	14,041,500
Other Capital Assets, Net of Depreciation	25,234,575	47,865,021	73,099,596
Total Noncurrent Assets	32,395,886	55,113,582	87,509,468
Total Assets	52,277,234	63,981,206	116,258,440
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related Deferral	4,604,276	846,788	5,451,064
Other Benefit-related Deferral - RHI Plan	79,175	14,455	93,630
Other Benefit-related Deferral - PERS RHIA	14,470	3,311	17,781
Total Deferred Outflows of Resources	4,697,921	864,554	5,562,475
LIABILITIES			
Current Liabilities:			
Accounts Payable	518,191	805,298	1,323,489
Retainage Payable	-	212,546	212,546
Payroll and Taxes Payable	363,566	-	363,566
Accrued Interest Payable	5,873	52,171	58,044
Deposits Held	45,213	-	45,213
Due to Business-type Activities	475,359	-	475,359
Interfund Loan Payable	95,978	55,828	151,806
Unearned Revenue	13,874	-	13,874
Lease Liability, Due Within One Year	10,872	-	10,872
Loan Payable, Due Within One Year	88,430	609,454	697,884
Bonds Payable, Due Within One Year	-	264,409	264,409
Total Current Liabilities	1,617,356	1,999,706	3,617,062
Noncurrent Liabilities:			
Accrued Compensated Absences	696,316	83,887	780,203
Net Proportion of Pension Liability	4,826,917	984,092	5,811,009
Other Post-employment Benefits Liability - RHI Plan	500,123	90,527	590,650
Lease Liability, Due After One Year	45,276	-	45,276
Loan Payable, Due After One Year	780,632	15,815,229	16,595,861
Bonds Payable, Due After One Year	-	451,548	451,548
Total Noncurrent Liabilities	6,849,264	17,425,283	24,274,547
Total Liabilities	8,466,620	19,424,989	27,891,609
DEFERRED INFLOWS OF RESOURCES			
Lease Revenue Deferred	170,325	-	170,325
Net Deferred Pension Asset	4,351,928	649,523	5,001,451
Other Benefit-related Deferral - RHI Plan	91,825	17,646	109,471
Other Benefit-related Deferral - PERS RHIA	70,922	10,546	81,468
Total Deferred Inflows of Resources	4,685,000	677,715	5,362,715
NET POSITION			
Net Investment in Capital Assets	31,219,333	37,643,367	68,862,700
Restricted for:			
Roads	2,795,079	-	2,795,079
Debt Service	73,596	617,446	691,042
System Development Charges	-	2,115,232	2,115,232
Urban Renewal	5,029,303	-	5,029,303
Construction Excise Programs & Incentives	468,378	-	468,378
Other	300,593	-	300,593
Unrestricted	3,937,253	4,367,011	8,304,264
Total Net Position	\$ 43,823,535	\$ 44,743,056	\$ 88,566,591

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

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 1,008,614	\$ 11,183	\$ -	\$ -
Public Safety	6,811,944	1,424,804	2,271	-
Streets	990,685	772,122	-	263,189
Economic and Physical Development	2,363,751	765,006	-	1,528
Culture and Recreation	548,211	7,542	-	-
Interest Expense on Long-Term Debt	42,430	-	-	-
Total Governmental Activities	11,765,635	2,980,657	2,271	264,717
Business- Type Activities				
Sewer	3,982,377	4,562,781	16,708	70,400
Water	2,731,879	3,147,057	-	145,147
Storm Water	667,600	566,875	-	49,889
Total Business-Type Activities	7,381,856	8,276,713	16,708	265,436
Total Government	\$ 19,147,491	\$ 11,257,370	\$ 18,979	\$ 530,153

General Revenues
 Property Taxes
 Transient Room Taxes
 Other Taxes
 Franchise & Utility Fees
 Intergovernmental Revenues
 Investment Earnings (Losses)
 Elimination of profit on internal service funds
 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
\$ (997,431)	\$ -	\$ (997,431)
(5,384,869)	-	(5,384,869)
44,626	-	44,626
(1,597,217)	-	(1,597,217)
(540,669)	-	(540,669)
(42,430)	-	(42,430)
<hr/>	<hr/>	<hr/>
(8,517,990)	-	(8,517,990)
<hr/>	<hr/>	<hr/>
-	667,512	667,512
-	560,325	560,325
-	(50,836)	(50,836)
<hr/>	<hr/>	<hr/>
-	1,177,001	1,177,001
<hr/>	<hr/>	<hr/>
(8,517,990)	1,177,001	(7,340,989)
<hr/>	<hr/>	<hr/>
5,482,572	-	5,482,572
2,437,981	-	2,437,981
1,310,932	-	1,310,932
1,357,999	-	1,357,999
1,382,908	8,465	1,391,373
(51,241)	(23,895)	(75,136)
-	201,304	201,304
137,144	(84,644)	52,500
<hr/>	<hr/>	<hr/>
12,058,295	101,230	12,159,525
<hr/>	<hr/>	<hr/>
3,540,305	1,278,231	4,818,536
<hr/>	<hr/>	<hr/>
40,283,230	43,464,825	83,748,055
<hr/>	<hr/>	<hr/>
\$ 43,823,535	\$ 44,743,056	\$ 88,566,591
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**CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON**

**COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS**
June 30, 2022

	GENERAL FUND	ROAD FUND	RESTRICTED REVENUE FUND	URA COLUMBIA CASCADE DISTRICT FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:						
Cash and Investments, at Fair Value	\$ 3,970,596	\$ -	\$ -	\$ -	\$ 171,301	\$ 4,141,897
Receivables:						
Property Taxes	81,141	-	20,517	16,374	21,967	139,999
Transient Room Taxes	303,299	-	-	-	-	303,299
Franchise Fees	111,244	-	-	-	-	111,244
Accounts, Net	338,237	91,451	-	-	-	429,688
Assessments Receivable	-	-	21,130	-	-	21,130
Prepaid Items	112,231	-	-	-	-	112,231
Supply Inventory	-	73,486	-	-	-	73,486
Interfund Loan Receivable	55,828	-	-	-	-	55,828
Lease Receivable	170,325	-	-	-	-	170,325
Restricted Cash and Investments	-	2,753,398	1,139,150	4,356,355	863,375	9,112,278
Total Assets	<u>\$ 5,142,901</u>	<u>\$ 2,918,335</u>	<u>\$ 1,180,797</u>	<u>\$ 4,372,729</u>	<u>\$ 1,056,643</u>	<u>\$ 14,671,405</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:						
Liabilities:						
Accounts Payable	\$ 106,083	\$ 26,359	\$ 309,311	\$ -	\$ 64,394	\$ 506,147
Payroll and Taxes Payable	363,566	-	-	-	-	363,566
Deposits Held	21,802	23,411	-	-	-	45,213
Interfund Loan Payable	-	-	-	-	345,978	345,978
Unearned Revenue	13,874	-	-	-	-	13,874
Total Liabilities	<u>505,325</u>	<u>49,770</u>	<u>309,311</u>	<u>-</u>	<u>410,372</u>	<u>1,274,778</u>
Deferred Inflows of Resources:						
Lease Revenue Deferred	170,325	-	-	-	-	170,325
Unavailable Revenue - Taxes	75,849	-	19,165	15,262	20,158	130,434
Unavailable Revenue - Ambulance Services	94,954	-	-	-	-	94,954
Unavailable Revenue - Assessments	-	-	21,130	-	-	21,130
Unavailable Revenue - Other	89,264	-	-	-	-	89,264
Total Deferred Inflows of Resources	<u>430,392</u>	<u>-</u>	<u>40,295</u>	<u>15,262</u>	<u>20,158</u>	<u>506,107</u>
Fund Balances:						
Nonspendable	112,231	73,486	-	-	-	185,717
Restricted	-	2,795,079	842,567	4,357,467	671,836	8,666,949
Assigned	-	-	-	-	169,387	169,387
Unassigned	4,094,953	-	(11,376)	-	(215,110)	3,868,467
Total Fund Balances	<u>4,207,184</u>	<u>2,868,565</u>	<u>831,191</u>	<u>4,357,467</u>	<u>626,113</u>	<u>12,890,520</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,142,901</u>	<u>\$ 2,918,335</u>	<u>\$ 1,180,797</u>	<u>\$ 4,372,729</u>	<u>\$ 1,056,643</u>	<u>\$ 14,671,405</u>

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

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION**
June 30, 2022

Total Fund Balances	\$ 12,890,520
Capital and leased assets are not financial resources and thus are not reported in governmental funds, but are reported in the Statement of Net Position at net depreciable value.	
Leased Assets, Net of Accumulated Amortization	\$ 56,148
Capital Assets Cost	30,891,169
Less Accumulated Depreciation	<u>(761,203)</u>
	30,186,114
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.	130,434
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.	205,348
Activities of the Internal Service Fund are allocated to Governmental Functions and reported in the Government Wide Statements	7,518,304
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.	(475,359)
Net Pension Liability	(4,826,917)
Pension related deferral - outflow	4,604,276
Pension related deferral - inflow	(4,351,928)
Net Other Post-employment Benefits Liability - RHI Plan, PERS RHIA	(360,756)
Other Benefit-related deferral - outflow - - RHI Plan, PERS RHIA	93,645
Other benefit-related deferral - inflow - - RHI Plan, PERS RHIA	(162,747)
All liabilities are reported in the Statement of Net Position whereas in governmental funds, liabilities not due and payable in the current period are not reported.	
Interest Payable	(5,873)
Accrued Compensated Absences	(696,316)
Lease Liability	(56,148)
Loans Payable	<u>(869,062)</u>
Total Net Position	<u>\$ 43,823,535</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, 2022**

	GENERAL FUND	ROAD FUND	RESTRICTED REVENUE FUND	UR COLUMBIA CASCADE DISTRICT FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Property Taxes	\$ 3,000,672	\$ -	\$ 962,186	\$ 545,870	\$ 1,081,790	\$ 5,590,518
Transient Room Taxes	1,939,967	-	498,014	-	-	2,437,981
Other Taxes	172,569	1,012,338	126,025	-	-	1,310,932
Franchise and Utility Fees	1,386,289	-	-	-	-	1,386,289
Licenses and Permits	773,044	31,407	377,377	-	-	1,181,828
Intergovernmental	1,169,821	215,358	-	-	-	1,385,179
Charges for Services	1,517,659	-	-	-	29,550	1,547,209
Fines and Forfeitures	311,218	-	-	-	-	311,218
Capital Contribution - System Development	-	233,639	-	-	-	233,639
Investment Earnings (Losses)	(11,633)	(12,347)	(5,069)	(18,415)	(3,777)	(51,241)
Miscellaneous	120,758	11,386	-	-	5,000	137,144
Total Revenues	<u>10,380,364</u>	<u>1,491,781</u>	<u>1,958,533</u>	<u>527,455</u>	<u>1,112,563</u>	<u>15,470,696</u>
EXPENDITURES:						
Current:						
General Government	745,779	-	30,324	-	93,019	869,122
Public Safety	6,649,123	-	-	285,811	-	6,934,934
Streets	-	881,500	-	-	-	881,500
Culture and recreation	561,518	-	-	-	-	561,518
Economic and Physical Development	962,858	-	1,020,243	-	372,000	2,355,101
Capital Outlay	-	295,320	-	-	-	295,320
Debt Service	-	-	852,879	-	151,474	1,004,353
Total Expenditures	<u>8,919,278</u>	<u>1,176,820</u>	<u>1,903,446</u>	<u>285,811</u>	<u>616,493</u>	<u>12,901,848</u>
Excess of Revenues Over, (Under) Expenditures	<u>1,461,086</u>	<u>314,961</u>	<u>55,087</u>	<u>241,644</u>	<u>496,070</u>	<u>2,568,848</u>
Other Financing Sources, (Uses)						
Transfers In	-	-	-	-	49,500	49,500
Transfers Out	-	-	-	(16,500)	(67,507)	(84,007)
Total Other Financing Sources, (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,500)</u>	<u>(18,007)</u>	<u>(34,507)</u>
Net Change in Fund Balance	<u>1,461,086</u>	<u>314,961</u>	<u>55,087</u>	<u>225,144</u>	<u>478,063</u>	<u>2,534,341</u>
Fund Balance - Beginning 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>
Fund Balance - End of Year	<u>\$ 4,207,184</u>	<u>\$ 2,868,565</u>	<u>\$ 831,191</u>	<u>\$ 4,357,467</u>	<u>\$ 626,113</u>	<u>\$ 12,890,520</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, 2022**

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

Net Change in Fund Balance	\$	2,534,341
Capital and leased 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.		
Leased Asset Additions	\$	56,148
Capital Asset Additions, net of Disposals		295,320
Current Year Depreciation	<u>(761,203)</u>	(409,735)
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).		
		(164,756)
Activities of the Internal Service Fund are allocated to Governmental Functions and reported in the Government Wide Statements		787,262
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.		(201,304)
Interest expenditures are recorded when due in governmental funds. In the Statement of Activities, interest is accrued.		5,289
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.		
Lease Liability	(56,148)	
Payments on Loans	226,668	
Payments on Bonds	710,000	
Bond Premiums	<u>19,966</u>	900,486
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		119,448
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.		(30,726)
Changes in net position of governmental activities	\$	3,540,305

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2022

	Business-Type Activities - Enterprise Funds				Governmental	
	SEWER FUND	WATER FUND	STORM WATER FUND	TOTAL	INTERNAL SERVICE FUND	
ASSETS:						
Current Assets:						
Cash and Investments, at Fair Value	\$ 2,844,020	\$ 1,836,112	\$ 135,303	\$ 4,815,435	\$ 5,265,771	
Accounts Receivable, Net	388,456	252,182	49,449	690,087	-	
Supply Inventories	27,451	122,774	-	150,225	-	
Prepaid Items	840	3,000	-	3,840	-	
Interfund Loan Receivable	-	-	-	-	250,000	
Restricted Cash and Investments	633,417	1,877,155	222,106	2,732,678	-	
Total Current Assets	3,894,184	4,091,223	406,858	8,392,265	5,515,771	
Noncurrent Assets:						
Due from Other Funds	95,978	-	-	95,978	-	
Other Post-employment Benefits Asset - PERS RHIA	7,158	9,740	4,153	21,051	-	
Leased Assets, Net of Amortization	-	-	-	-	56,148	
Capital Assets:						
Capital Assets Not Being Depreciated	4,886,609	1,528,398	716,525	7,131,532	133,632	
Other Capital assets, Net	14,226,877	31,148,223	2,489,921	47,865,021	1,880,945	
Total Noncurrent Assets	19,216,622	32,686,361	3,210,599	55,113,582	2,070,725	
Total Assets	23,110,806	36,777,584	3,617,457	63,505,847	7,586,496	
DEFERRED OUTFLOWS OF RESOURCES:						
Pension Related Deferral	272,958	441,053	132,777	846,788	-	
Other Benefits Related Deferral - RHI Plan	4,977	6,875	2,603	14,455	-	
Other Benefits Related Deferral - PERS RHIA	919	2,003	389	3,311	-	
Total Deferred Outflows of Resources	278,854	449,931	135,769	864,554	-	
LIABILITIES:						
Current Liabilities:						
Accounts Payable	537,229	132,164	135,905	805,298	12,044	
Retainage Payable	146,565	65,981	-	212,546	-	
Accrued Interest Payable	8,779	43,392	-	52,171	-	
Lease Liability, Due Within One Year	-	-	-	-	10,872	
Loan Payable, Due Within One Year	80,589	528,865	-	609,454	-	
Bonds Payable, Due Within One Year	264,409	-	-	264,409	-	
Total Current Liabilities	1,037,571	770,402	135,905	1,943,878	22,916	
Noncurrent Liabilities:						
Accrued Compensated Absences	25,592	39,811	18,484	83,887	-	
Proportionate Share of Pension Liability	337,890	486,521	159,681	984,092	-	
Other Post-employment Benefits Liability	32,156	42,871	15,500	90,527	-	
Due to Other Funds	-	-	55,828	55,828	-	
Lease Liability, Due After One Year	-	-	-	-	45,276	
Loan Payable, Due After One Year	3,033,231	12,191,152	590,846	15,815,229	-	
Bonds Payable, Due After One Year	451,548	-	-	451,548	-	
Total Noncurrent Liabilities	3,880,417	12,760,355	840,339	17,481,111	45,276	
Total Liabilities	4,917,988	13,530,757	976,244	19,424,989	68,192	
DEFERRED INFLOWS OF RESOURCES:						
Pension Related Deferral	207,730	321,078	120,715	649,523	-	
Other Benefits Related Deferral - RHI Plan	5,637	9,313	2,696	17,646	-	
Other Benefits Related Deferral - PERS RHIA	3,472	5,078	1,996	10,546	-	
Total Deferred Outflows of Resources	216,839	335,469	125,407	677,715	-	
Net Position:						
Net Investment in Capital Assets	15,137,144	19,890,623	2,615,600	37,643,367	1,958,429	
Restricted						
System Development Charges	560,104	1,333,022	222,106	2,115,232	-	
Short-lived Asset Reserve - USDA	445,325	42,300	-	487,625	-	
Debt Service Reserves - USDA	73,313	544,133	-	617,446	-	
Unrestricted	2,038,947	1,551,211	(186,131)	3,404,027	5,559,875	
Total Net Position	\$ 18,254,833	\$ 23,361,289	\$ 2,651,575	\$ 44,267,697	\$ 7,518,304	

**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, 2022**

	Business-Type Activities - Enterprise Funds				Governmental Activities	
	SEWER FUND	WATER FUND	STORM WATER FUND	TOTAL	INTERNAL SERVICE FUND	
OPERATING REVENUES:						
Charges for Services	\$ 4,540,927	\$ 3,109,765	\$ 566,145	\$ 8,216,837	\$ 2,726,564	
Miscellaneous	21,854	37,292	730	59,876		-
Total Operating Revenues	<u>4,562,781</u>	<u>3,147,057</u>	<u>566,875</u>	<u>8,276,713</u>		<u>2,726,564</u>
OPERATING EXPENSES:						
Salaries, Wages and Benefits	367,157	668,355	215,540	1,251,052		1,109,075
Operating Supplies and Services	2,998,396	843,839	381,217	4,223,452		497,936
Depreciation and Amortization	519,390	865,958	68,960	1,454,308		349,571
Total Operating Expenses	<u>3,884,943</u>	<u>2,378,152</u>	<u>665,717</u>	<u>6,928,812</u>		<u>1,956,582</u>
Operating Income (Loss)	<u>677,838</u>	<u>768,905</u>	<u>(98,842)</u>	<u>1,347,901</u>		<u>769,982</u>
Nonoperating Revenues (Expenses):						
Intergovernmental	16,708	8,465	-	25,173		-
Other Capital Assets Adjustment	(84,644)	-	-	(84,644)		-
Investment Earnings (Losses)	(8,440)	(13,055)	(2,400)	(23,895)		(17,227)
Interest Expense	(97,434)	(353,727)	(1,883)	(453,044)		-
Total Nonoperating Revenues (Expenses)	<u>(173,810)</u>	<u>(358,317)</u>	<u>(4,283)</u>	<u>(536,410)</u>		<u>(17,227)</u>
Income Before Contributions and Transfers	504,028	410,588	(103,125)	811,491		752,755
Capital Contributions - System Development Charges	70,400	145,147	49,889	265,436		-
Transfers In	-	-	-	-		34,507
Change in Net Position	574,428	555,735	(53,236)	1,076,927		787,262
Net Position - Beginning	<u>17,680,405</u>	<u>22,805,554</u>	<u>2,704,811</u>	<u>43,190,770</u>		<u>6,731,042</u>
Ending Net Position	<u>\$ 18,254,833</u>	<u>\$ 23,361,289</u>	<u>\$ 2,651,575</u>	<u>\$ 44,267,697</u>		<u>\$ 7,518,304</u>

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2022**

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	SEWER FUND	WATER FUND	STORM WATER	TOTAL	INTERNAL		
Cash Flows from Operating Activities:							
Receipts From Customers	\$ 4,696,332	\$ 3,210,390	\$ 593,345	\$ 8,500,067	\$ 2,726,564		
Payments to Suppliers	(2,475,292)	(685,206)	(333,951)	(3,494,449)	(539,571)		
Payments to Employees	(368,864)	(672,046)	(209,559)	(1,250,469)	(1,074,568)		
Net Cash Provided (Used) by Operating Activities	<u>1,852,176</u>	<u>1,853,138</u>	<u>49,835</u>	<u>3,755,149</u>	<u>1,112,425</u>		
Cash Flows From Investing Activities							
Interfund Loan Repayments	-	-	-	-	500,000		
Investment Earnings (Losses)	(8,440)	(13,055)	(2,400)	(23,895)	(17,227)		
Net Cash Flows From Investing Activities	<u>(8,440)</u>	<u>(13,055)</u>	<u>(2,400)</u>	<u>(23,895)</u>	<u>482,773</u>		
Cash Flows from Capital and Related Financing Activities:							
Purchases of Capital Assets, net of Sales and Adjustments	(3,980,526)	(1,365,228)	(390,712)	(5,736,466)	(627,182)		
Acquisition of Leased Assets	-	-	-	-	(57,054)		
Debt Payments	(333,124)	(522,582)	-	(855,706)	-		
Debt Proceeds	-	-	127,060	127,060	-		
Lease Financing	-	-	-	-	56,148		
Repayment of Interfund Loans	-	-	(26,986)	(26,986)	-		
Grants and Contributions	16,708	8,465	-	25,173	-		
Interest	(101,679)	(356,230)	(1,883)	(459,792)	-		
System Development Fees	70,400	145,147	49,889	265,436	-		
Net Cash Flows From Capital and Related Financing Activities	<u>(4,328,221)</u>	<u>(2,090,428)</u>	<u>(242,632)</u>	<u>(6,661,281)</u>	<u>(628,088)</u>		
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(2,484,485)</u>	<u>(250,345)</u>	<u>(195,197)</u>	<u>(2,930,027)</u>	<u>967,110</u>		
Balances - Beginning 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>		
Balances - End of the Year	<u>\$ 3,477,437</u>	<u>\$ 3,713,267</u>	<u>\$ 357,409</u>	<u>\$ 7,548,113</u>	<u>\$ 5,265,771</u>		
Reconciliation of Operating Income							
to Net Cash Provided by Operating Activities:							
Operating Income	\$ 677,838	\$ 768,905	\$ (98,842)	\$ 1,347,901	\$ 769,982		
Cash Flow Reported in Other Activities:							
Depreciation and Amortization Expense	519,390	865,958	68,960	1,454,308	349,571		
Changes in Assets and Liabilities:							
Receivables	133,551	63,333	26,470	223,354	-		
Payables	536,673	174,795	47,266	758,734	(65,883)		
Prepaid Expenses	-	-	-	-	24,248		
Inventory	(13,569)	(16,162)	-	(29,731)	-		
Pension related items	(5,670)	(8,793)	(3,222)	(17,685)	-		
Compensated Absences	3,963	5,102	9,203	18,268	34,507		
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,852,176</u>	<u>\$ 1,853,138</u>	<u>\$ 49,835</u>	<u>\$ 3,755,149</u>	<u>\$ 1,112,425</u>		

STATEMENT OF NET POSITION
FIDUCIARY FUND
June 30, 2022

CUSTODIAL FUND

ASSETS:

Cash and Investments, at Fair Value	\$ 108,934
Accounts Receivable, Net	<u>43,613</u>
Total Assets	<u>152,547</u>

LIABILITIES:

Due to Other Government	<u>110,008</u>
Total liabilities	<u>110,008</u>

NET POSITION:

Restricted - Other Government	<u>42,539</u>
Total net position	<u>\$ 42,539</u>

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

**STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2022**

CUSTODIAL FUND

Additions

Investment Earnings (Losses)	\$ (1,074)
Utility Service Charges	
Sewer Billing	264,629
Water Billing	<u>207,822</u>
Total additions	<u>471,377</u>

Deductions

Distributions to Other Government	480,015
Billing Service Charge	<u>8,465</u>
Total Deductions	<u>488,480</u>
Change in Net Position	(17,103)
Net Position - Beginning	<u>59,642</u>
Net Position - Ending	<u>\$ 42,539</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

THE FINANCIAL REPORTING ENTITY

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

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

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within one (1) month of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following major governmental funds are reported:

General Fund

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

Road Fund

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

Restricted Revenue Fund

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

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

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 30th.

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2022 with the exception of Restricted Revenue Fund – Tourism Promotion by \$342; Reserves Fund – Transfers Out by \$34,507; Water Fund – Water SDC by \$1,142; and URA Heights District Fund – Operations by \$87,294.

BUDGETARY BASIS OF ACCOUNTING

While the financial position, results of operations, and changes in fund balance/net position is reported on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis of accounting differs from generally accepted accounting principles. The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The primary differences between the budgetary basis and GAAP basis are that capital outlay is expensed when purchased, depreciation and amortization expenses are not reported, property taxes are recognized as revenue when received instead of when levied, inventory is expended as purchased, acquisitions under capital leases, 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

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

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.

Lease Receivables

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the City, reduced by principal payments received.

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Lease Assets

Lease assets are assets which the City leases for a term of more than one year. The value of leases is determined by the net present value of the leases at the City's incremental borrowing rate at the time of the lease agreement, amortized using the straight-line method over the term of the agreement.

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)

Leases Payable

In the government-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

Net position/Fund equity

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

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

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

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

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

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents prepaid items and inventory.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Authority to make assignments has been delegated to the City Manager and the Finance Director.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred outflows/inflows of resources

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

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

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	\$ 2,550
Demand Deposits	847,905
Investments	25,326,538
Total Cash and Investments	\$ 26,176,993

Financial Statements:

Unrestricted Cash and Investments	\$ 14,223,103
Restricted Cash and Investments	11,844,956
Government-wide - Statement of Net Position	26,068,059
Fiduciary Fund - Statement of Net Position	108,934
Total Cash and Investments	\$ 26,176,993

Deposits

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2022, the bank balance was \$2,171,674, 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, 2022.

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. The investments are measured at 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, 2022, the position in the LGIP is 98.98% of the historical cost 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, 2022, there were the following investments and maturities:

Investment Type	Fair Value	Investment Maturity (in months)		
		Less than 3	3-17	18-59
Local Government Investment Pool	\$ 25,326,538	\$ 25,326,538	-	-
Total Investments	\$ 25,326,538	\$ 25,326,538	-	-

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. LEASE RECEIVABLE

Governmental Activities:	<u>Original</u>	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>	<u>Due Within</u>
	<u>Amount</u>	<u>Balance</u>			<u>Balance</u>	<u>One Year</u>
Fire Dept Cell Tower Lease; interest at 3.75%, principal and interest of \$1,500-\$2,406 monthly; due 2033	<u>\$ 186,045</u>	<u>\$ -</u>	<u>\$ 186,045</u>	<u>\$(15,720)</u>	<u>\$ 170,325</u>	<u>\$ 15,720</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

3. LEASE RECEIVABLE (CONTINUED)

Future maturities are as follows:

<u>Fiscal Year</u>	<u>Principle</u>	<u>Interest</u>
2022-23	\$ 15,720	4,842
2023-24	15,720	5,460
2024-25	15,720	6,096
2025-26	15,720	6,750
2026-27	15,720	7,422
2027-32	78,600	47,934
2033	<u>13,125</u>	<u>22,419</u>
	<u><u>\$ 170,325</u></u>	<u><u>\$ 100,923</u></u>

4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2022 was as follows:

GOVERNMENTAL ACTIVITIES CAPITAL ASSETS				
Description	June 30, 2021	Additions	Disposals/ Adjustments	June 30, 2022
Capital Assets Not being Depreciated				
Land	\$ 5,071,952	\$ -	\$ -	\$ 5,071,952
Intangibles	6,750	-	-	6,750
Construction in Progress	<u>1,893,867</u>	<u>158,460</u>	<u>(221,061)</u>	<u>1,831,266</u>
Total Capital Assets not being Depreciated	<u>6,972,569</u>	<u>158,460</u>	<u>(221,061)</u>	<u>6,909,968</u>
Other Capital Assets				
Land and Improvements	9,689,479	-	-	9,689,479
Buildings & Improvements	6,613,568	-	-	6,613,568
Infrastructure	13,886,817	270,491	221,061	14,378,369
Equipment	1,072,194	406,840	1,087,516	2,566,550
Vehicles	<u>6,198,554</u>	<u>86,711</u>	<u>(1,087,516)</u>	<u>5,197,749</u>
Total other Capital Assets	<u>37,460,612</u>	<u>764,042</u>	<u>221,061</u>	<u>38,445,715</u>
Less Accumulated Depreciation				
Land and Improvements	2,671,162	197,812	-	2,868,974
Buildings & Improvements	1,527,134	176,738	-	1,703,872
Infrastructure	2,491,268	336,158	-	2,827,426
Equipment	504,488	172,030	582,047	1,258,565
Vehicles	<u>4,907,220</u>	<u>227,130</u>	<u>(582,047)</u>	<u>4,552,303</u>
Total Accumulated Depreciation	<u>12,101,272</u>	<u>1,109,868</u>	<u>-</u>	<u>13,211,140</u>
Total Capital Assets being Depreciated, Net	<u>25,359,340</u>	<u>(345,826)</u>	<u>221,061</u>	<u>25,234,575</u>
Total Governmental Type Activities	<u>\$ 32,331,909</u>	<u>\$ (187,366)</u>	<u>\$ -</u>	<u>\$ 32,144,543</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS (CONTINUED)

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

Function	Governmental Funds
General Government	\$ 154,106
Public Safety	281,983
Street	182,519
Economic and Physical Development	118,006
Culture and Recreation	24,589
Internal Service Funds	348,665
Total	\$ 1,109,868

Capital asset activity for business type activities for the year ended June 30, 2022 was as follows:

BUSINESS TYPE ACTIVITIES CAPITAL ASSETS				
Description	June 30, 2021	Additions	Disposals	June 30, 2022
Capital Assets Not being Depreciated				
Land	\$ 39,150	\$ -	\$ -	\$ 39,150
Intangibles	88,332	-	-	88,332
Construction in Progress	<u>1,405,220</u>	<u>5,736,466</u>	<u>(137,636)</u>	<u>7,004,050</u>
Total Capital Assets not being Depreciated	<u>1,532,702</u>	<u>5,736,466</u>	<u>(137,636)</u>	<u>7,131,532</u>
Other Capital Assets				
Land Improvements	45,093,906	52,990	-	45,146,896
Buildings & Improvements	2,169,558	-	-	2,169,558
Infrastructure	19,796,365	-	-	19,796,365
Equipment	<u>786,411</u>	<u>-</u>	<u>-</u>	<u>786,411</u>
Total other Capital Assets	<u>67,846,240</u>	<u>52,990</u>	<u>-</u>	<u>67,899,230</u>
Less Accumulated Depreciation				
Land Improvements	14,281,274	882,523	-	15,163,797
Buildings & Improvements	1,781,613	71,197	-	1,852,810
Infrastructure	1,942,257	442,335	-	2,384,592
Equipment	<u>574,759</u>	<u>58,251</u>	<u>-</u>	<u>633,010</u>
Total Accumulated Depreciation	<u>18,579,903</u>	<u>1,454,306</u>	<u>-</u>	<u>20,034,209</u>
Total Capital Assets being Depreciated, Net	<u>49,266,337</u>	<u>(1,401,316)</u>	<u>-</u>	<u>47,865,021</u>
Total Business Type Activities	<u>\$ 50,799,039</u>	<u>\$ 4,335,150</u>	<u>\$ (137,636)</u>	<u>\$ 54,996,553</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS (CONTINUED)

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

Function	Business Type Funds
Sewer	\$ 519,390
Water	865,956
Stormwater	68,960
Total	<u>\$ 1,454,306</u>

5. LEASE ASSETS

Lease activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Leased Asset: Copiers	\$ -	\$ 57,054	\$ -	\$ 57,054
Less Accumulated Amortization	-	(906)	-	(906)
Leased Assets, net	<u>\$ -</u>	<u>\$ 56,148</u>	<u>\$ -</u>	<u>\$ 56,148</u>

Amortization expense is recognized in the general government function.

6. LONG TERM OBLIGATIONS

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

	GOVERNMENTAL ACTIVITIES				
	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct Borrowings and Placements:					
Loan - Upland Property (Naito)	\$ 216,721	\$ -	\$ (141,021)	\$ 75,700	\$ -
Loan - Rand Road Financing	879,009	-	(85,647)	793,362	88,430
Public Bond Issuances:					
General Obligation Fire - 2010	710,000	-	(710,000)	-	-
Bond Premiums	19,966	-	(19,966)	-	-
Total Governmental Debt Payable	<u>\$ 1,825,696</u>	<u>\$ -</u>	<u>\$ (956,634)</u>	<u>\$ 869,062</u>	<u>\$ 88,430</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG TERM OBLIGATIONS (CONTINUED)

	BUSINESS-TYPE ACTIVITIES				
	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct Borrowing and Placements:					
Waterline Phase I Refinance FF&C	1,764,561	-	(294,093)	1,470,468	294,094
USDA Waterline Loan 91-03	4,381,264	-	(87,216)	4,294,048	89,614
USDA Waterline Loan 91-04	7,096,774	-	(141,272)	6,955,502	145,157
DEQ Sewer Outfall Project R45761	1,464,232	-	(79,473)	1,384,759	80,589
DEQ Storm Pipe Relocation Project R45762	463,786	127,060	-	590,846	-
USDA Sewer Rev Bond No. 1 Indian Creek	1,762,713	-	(33,652)	1,729,061	34,409
Public Bond Issuances:					
Full Faith & Credit 2010	930,000	-	(220,000)	710,000	230,000
Bond Premiums	8,934	-	(2,978)	5,956	-
Total Business-type Debt Payable	<u>\$ 17,872,264</u>	<u>\$ 127,060</u>	<u>\$ (858,684)</u>	<u>\$ 17,140,640</u>	<u>\$ 873,863</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 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.

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG TERM OBLIGATIONS (CONTINUED)

Direct Borrowings & Placements – Governmental Activities (continued)

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

Fiscal Year	Principle	Interest	Total
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	<u>422,020</u>	<u>27,979</u>	<u>449,999</u>
	<u>\$ 793,362</u>	<u>\$ 107,462</u>	<u>\$ 900,824</u>

Public Bond Issuances – Governmental Activities

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%. The bonds were repaid in the current fiscal year.

Direct Borrowings & Placements – Business Type Activities

Waterline Phase I Refinance FF&C

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 Full Faith and Credit Loan from Columbia Bank 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

6. 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

6. LONG TERM OBLIGATIONS (CONTINUED)

Direct Borrowings & Placements – Business Type Activities (Continued)

DEQ Sewer Outfall Project No. R45762 (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>
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
2026-27	678,600	344,677	1,023,277
2025-31	2,065,895	1,539,685	3,605,580
2032-36	2,328,009	1,266,145	3,594,154
2036-41	2,163,820	973,508	3,137,328
2041-46	2,414,538	672,695	3,087,233
2046-51	2,757,556	329,676	3,087,232
2051-56	798,947	30,100	829,048
	15,833,838	\$ 6,694,903	\$ 22,528,741

DEQ Storm Pipe Relocation

Proj. R45762 - schedule undetermined

590,846
\$ 16,424,684

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG TERM OBLIGATIONS (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 1st. Interest is payable semi-annually on December 1 and June 1. Annual installments range between \$140,000 and \$245,000. Interest is payable at rates that range between 2.00-4.35% per annum. The funds were used to retire the previously outstanding bonds that were issued on April 12, 2000, in the amount of \$3,708,300, and October 21, 1994, in the amount of \$812,861. Total debt service payable on the bond, including principal and interest, was \$4,159,702. Total debt service after the refunding was \$3,797,560 for a total reduction of debt service amounting to \$362,142. The net present value of the savings was \$281,946.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG TERM DEBT (CONTINUED)

Public Bond Issuances – Business Type Activities (Continued)

Full Faith & Credit 2010 (Continued)

f) Legislation shall hereafter be enacted, or actively considered for enactment, or a decision by a court of the United States shall hereafter be rendered, or a ruling, stop order or regulation by the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall hereafter be made, the effect of which is or would be that the offering and sale of the Obligations would be illegal; g) Any litigation, except as described in the Final Official Statement, shall be instituted or pending at Closing to restrain or enjoin the authorization, issuance, execution, sale or delivery of the Obligations or the execution and delivery of any of the Financing Documents, or in any way contesting or affecting any authority for or the validity or enforceability of the Obligations, the Resolution or any of the other Financing Documents, any moneys or securities provided for the payment of the Obligations or the existence or powers of the Issuer; or h) Any legislation, ordinance, rule or regulation shall be introduced in or enacted by any governmental body, board, department or agency of the State of Oregon or of the United States, or a decision by any court of competent jurisdiction within the State of Oregon or any court of the United States shall be rendered materially adversely affecting the Issuer or the Obligations; or i) There shall have been established any new restrictions on transactions in securities materially affecting the free market for securities or the extension of credit by, or the charge to the net capital requirements of the Underwriter, including without limitation, the fixing of minimum or maximum prices for trading or maximum ranges of 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:

Fiscal Year	Principle	Interest	Total
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>\$ 710,000</u>	<u>\$ 46,340</u>	<u>\$ 756,340</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG TERM DEBT (CONTINUED)

Compensated Absences

The compensated absences balances at June 30, 2022 were as follows:

	Beginning	Additions	Deletions	Ending
Governmental	\$ 665,590	\$ 363,521	\$ (332,795)	\$ 696,316
Business-type	65,619	51,078	(32,810)	83,887
Total	<u>\$ 731,209</u>	<u>\$ 414,599</u>	<u>\$ (365,605)</u>	<u>\$ 780,203</u>

7. LEASE LIABILITY

	Original Amount	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:						
Copiers Lease, at 4.75%, principal and interest of \$1,025 monthly; due 2028	<u>\$ 57,054</u>	<u>\$ -</u>	<u>\$ 57,054</u>	<u>\$ (906)</u>	<u>\$ 56,148</u>	<u>\$ 10,872</u>
Fiscal Year						
2022-23	\$ 10,872	\$ 3,570				
2023-24	10,872	4,240				
2024-25	10,872	4,932				
2025-26	10,872	5,643				
2026-27	10,872	6,378				
2028	<u>1,788</u>	<u>33,545</u>				
	<u>\$ 56,148</u>	<u>\$ 58,308</u>				

8. 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

8. 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 disabled 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

8. 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, 2019 actuarial valuation, which became effective July 1, 2021. 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, 2022 were \$1,306,108, excluding amounts to fund employer specific liabilities.

At June 30, 2022, the City reported a net pension liability of \$5,811,009 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019.

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, 2021 and 2020, the City's proportion was 0.0486 and 0.0515 percent, respectively. Pension expense for the year ended June 30, 2022 was (\$144,484).

The rates in effect for the year ended June 30, 2022 were:

- (1) – Tier1/Tier 2 – 28.27%
- (2) OPSRP general services – 19.92%
- (3) OPSRP police and fire – 24.28%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 543,948	\$ -
Changes in assumptions	1,454,670	(15,293)
Net difference between projected and actual earnings on pension plan investments	-	(4,301,845)
Changes in proportionate share	219,795	(653,169)
Changes in proportion and differences between City contributions and proportionate share of contributions	1,965,166	(31,144)
Net deferred outflow/inflow of resources	4,183,579	(5,001,451)
Contributions subsequent to measurement date	1,267,485	-
Total Deferred Outflows / Inflows	<u>\$ 5,451,064</u>	<u>\$ (5,001,451)</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

8. 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, 2022.

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

Net Deferred Inflows/Outflows					
	PERS Schedule	Cont. After MD		Total	
1st Fiscal Year	\$ (12,671)	\$ 1,267,485	\$	1,254,814	
2nd Fiscal Year	(49,309)	-		(49,309)	
3rd Fiscal Year	(310,334)	-		(310,334)	
4th Fiscal Year	(714,445)	-		(714,445)	
5th Fiscal Year	268,887	-		268,887	
Thereafter	-	-		-	
Total	<u>\$ (817,872)</u>	<u>\$ 1,267,485</u>	<u>\$</u>	<u>449,613</u>	

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, 2021. 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, 2011, through June 30, 2023, 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

8. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Valuation date	December 31, 2019
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	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Cost-of-living adjustments (COLA)	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, 2021*

Asset Class/Strategy	OIC Policy		OIC Target Allocation	Asset Class/Strategy	Actual Allocation ²
	Range	%			
Debt Securities	15.0	- 25.0	20.0 %	Debt Securities	20.8 %
Public Equity	27.5	- 37.5	32.5	Public Equity	29.4
Real Estate	9.5	- 15.5	12.5	Real Estate	10.5
Private Equity	14.0	- 21.0	17.5	Private Equity	25.1
Alternatives Portfolio	7.5	- 17.5	15.0	Alternatives Portfolio	9.5
Opportunity Portfolio ¹	0.0	- 5.0	0.0	Opportunity Portfolio	2.3
Risk Parity	0.0	- 2.5	2.5	Risk Parity	2.4
Total			100.0 %	Total	100.0 %

*Opportunity Portfolio is an investment strategy and it may be invested up to 5% of total Fund assets.
²Based on the actual investment value at 6/30/2021.

(Source: June 30, 2021 PERS ACFR; p. 104)

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

NOTES TO BASIC FINANCIAL STATEMENTS

8. 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.

Asset Class	<u>Long-Term Expected Rate of Return</u> ¹		Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
	Target Allocation				
Global Equity	30.62 %		7.11 %	5.85 %	17.05 %
Private Equity	25.50		11.35	7.71	30.00
Core Fixed Income	23.75		2.80	2.73	3.85
Real Estate	12.25		6.29	5.66	12.00
Master Limited Partnerships	0.75		7.65	5.71	21.30
Infrastructure	1.50		7.24	6.26	15.00
Commodities	0.63		4.68	3.10	18.85
Hedge Fund of Funds - Multistrategy	1.25		5.42	5.11	8.45
Hedge Fund Equity - Hedge	0.63		5.85	5.31	11.05
Hedge Fund - Macro	5.62		5.33	5.06	7.90
US Cash	-2.50 ³		1.77	1.76	1.20
Assumed Inflation - Mean				2.40 %	1.65 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on June 2, 2021.

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

³ Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

(Source: June 30, 2021 PERS ACFR; p. 74)

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

NOTES TO BASIC FINANCIAL STATEMENTS

8. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability was 6.90 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 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90) percent than the current rate.

	1% Lower 5.90%	Current 6.90%	1% Higher 7.9%
City's proportionate share of net pension liability	\$ 11,411,431	\$ 5,811,009	\$ 1,125,488

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

8. 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, 2022.

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.

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

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

9. 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

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

The City engaged an actuary to perform an evaluation as of June 30, 2021 using Entry Age Actuarial Cost Method with service cost expressed as a level percent of pay.

Economic Assumptions

Discount Rate: 2.16% 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

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
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, 2021	\$	541,088
Changes for the Year:		
Service Cost		40,703
Interest		12,786
Changes of Benefit Terms		
Effect of economic/demographic gains or		-
Changes of Assumptions or Other Input		2,559
Benefit Payments		(6,486)
Net Changes for the Year		49,562
Total OPEB Liability at June 30, 2022	\$	<u>590,650</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 2.16 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

	1% Decrease	Current Discount Rate	1% Increase
	\$ 645,402	\$ 590,650	\$ 539,528
Total OPEB Liability			

	1% Decrease	Current Trend Rate	1% Increase
	\$ 516,104	\$ 590,650	\$ 678,365
Total OPEB Liability			

<u>Fiscal Year Ending June 30, 2022</u>	Deferred (Inflows) of Resources*	Deferred Outflows of Resources*
	\$ (63,093)	\$ 53,036
Differences between expected and actual experience	\$ (46,376)	\$ 32,275
Changes of assumptions or inputs	-	8,319
Benefit Payments**		
Total as of June 30, 2022	<u>\$ (109,469)</u>	<u>\$ 93,630</u>

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

Year ended June 30:	Net Deferred Inflows/Outflows
	\$ (3,168)
2023	\$ (3,168)
2024	(3,168)
2025	(3,168)
2026	(3,168)
2027	(3,168)
Thereafter	<u>(8,319)</u>
	<u>\$ (24,159)</u>

b) RHIA Plan – Oregon PERS:

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

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

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the City currently contributes 0.05% 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, 2020, 2021, and 2022 were \$1,215, \$1,250, and \$1,146 respectively, which equaled the required contributions each year.

At June 30, 2022, the City reported a net OPEB asset of \$160,418 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, 2021 and 2020, the City's proportion was 0.0467 percent and 0.0170 percent, respectively.

Components of OPEB Expense/(Income)

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (26,236)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	(7,136)
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's Total OPEB Expense/(Income)	<u>\$ (33,372)</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

Components of Deferred Outflows/Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,463
Changes of assumptions or inputs	3,156	2,386
Net difference between projected and actual earnings on pension plan investments	13,479	38,124
Changes in proportionate share	13,479	36,495
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
Net deferred outflow/inflow of resources	16,635	81,468
Contributions subsequent to measurement date	1,146	-
Total Deferred Outflows / Inflows	<u>\$ 17,781</u>	<u>\$ 81,468</u>

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:

Year ended June 30:	Net Deferred Inflows/Outflows
2023	\$ (21,397)
2024	(22,689)
2025	(8,704)
2026	(12,043)
2027	-
Thereafter	-
	<u><u>\$ (64,833)</u></u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

Actuarial Methods and Assumptions:

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, 2021.

Valuation date	December 31, 2019
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	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Cost-of-living adjustments (COLA)	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.

Discount Rate - The discount rates used to measure the total OPEB liability as of the measurement date of June 30, 2021 and 2020 were 6.90 percent and 7.20 percent, respectfully. 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

9. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (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.

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 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate.

	1%	Current		1%
	Decrease	Discount Rate	Increase	
Total OPEB Asset (Liability)	\$ 141,866	\$ 160,418	\$ 176,266	

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2021 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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return ¹			Annual Standard Deviation
		Annual Arithmetic Return ²	20-Year Annualized Geometric Mean		
Global Equity	30.62 %	7.11 %	5.85 %	17.05 %	
Private Equity	25.50	11.35	7.71	30.00	
Core Fixed Income	23.75	2.80	2.73	3.85	
Real Estate	12.25	6.29	5.66	12.00	
Master Limited Partnerships	0.75	7.65	5.71	21.30	
Infrastructure	1.50	7.24	6.26	15.00	
Commodities	0.63	4.68	3.10	18.85	
Hedge Fund of Funds - Multistrategy	1.25	5.42	5.11	8.45	
Hedge Fund Equity - Hedge	0.63	5.85	5.31	11.05	
Hedge Fund - Macro	5.62	5.33	5.06	7.90	
US Cash	-2.50 ³	1.77	1.76	1.20	
Assumed Inflation - Mean			2.40 %	1.65 %	

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on June 2, 2021.
² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.
³ Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

(Source: June 30, 2021 PERS ACFR; p. 74)

10. INTERFUND TRANSFERS / LOANS

	Transfer from other funds	Transfer to other funds
GOVERNMENTAL FUNDS		
URA Columbia Cascades District Fu	\$ -	\$ 16,500
Non-Major Funds	49,500	67,507
PROPRIETARY FUNDS		
Internal Service Fund	34,507	-
	<u>\$ 84,007</u>	<u>\$ 84,007</u>

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

10. INTERFUND TRANSFERS / LOANS (CONTINUED)

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, 2022 is \$95,978.
- \$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, 2022 is \$55,828.
- In the current fiscal year, \$750,000 was issued from the Internal Service Fund (Fleet & Equipment) to the URA-Waterfront Fund for an equipment loan. The June 30, 2022 balance of \$250,000 will be repaid in the subsequent fiscal year at 1.00% interest.

11. RESTRICTED ASSETS

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

	Governmental Activities	Business-type Activities
Road Fund	\$ 2,753,398	-
Misc. Restricted Fund	1,139,150	-
URA - General Fund	62,389	-
URA - Columbia Cascade Plan Fund	4,356,355	-
URA - Waterfront Plan Fund	129,513	-
URA - Heights Plan Fund	671,473	-
Sewer Fund	-	633,417
Water Fund	-	1,877,155
Storm Water Fund	-	222,106
Total	<u>\$ 9,112,278</u>	<u>\$ 2,732,678</u>

12. PROPERTY TAX LIMITATIONS

The State of Oregon has a constitutional limit on property taxes for schools and non-school government operations. The limitation provides that property taxes for non-school 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

13. 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.

14. SUBSEQUENT EVENTS

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

- On July 11th, the City Council authorized two change order construction contracts, one for SCADA upgrade for \$12,961 and the other for the digester roof project at the wastewater treatment plant.
- On July 25th, the City Council authorized the engineering contract for the primary clarifier repair project at the wastewater treatment plant for \$47,000.
- On August 8th, the City Council authorized a change order for construction contract for the ultra-violet system at the wastewater treatment plant for \$16,137.
- On September 12th, the City Council authorized the funding of Cascade and Rand signalization in partnership with ODOT for \$2,612,164; a contract was awarded for paving in the amount of \$287,963; a change order for the ultra-violet system at the wastewater treatment plant for \$17,442 was approved.
- On September 26th, the City Council authorized a lease extension with American Tower for 35 years.
- On October 11th, the City Council authorized a two year extension for operations at the wastewater treatment plant for \$1,296,366.

15. 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, 2023. The contract amount for FY2022-23 is \$1,296,366 and that amount was recorded for services performed under this agreement for the fiscal year.

As of June 30, 2022, the City has remaining construction and design/engineering contract obligations as follows:

- Montello Ave. Water/Sewer Design. - \$54,075
- Elevated Sewer Line Design - \$181,924
- Supervisory Control and Data Acquisition (SCADA) system - \$141,394
- Wastewater Treatment Plant Ultra-violet Disinfection System - \$1,220,884
- Cascade Ave. Water/Sewer Line Replacement - \$179,240
- Prospect Ave. Water/Sewer Line Replacement - \$727,337
- Sherman Ave. Water/Sewer Line Replacement - \$404,331
- Waterfront Stormwater Line Replacement Design - \$95,424

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

NOTES TO BASIC FINANCIAL STATEMENTS

15. COMMITMENTS & CONTINGENCIES (CONTINUED)

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.

16. 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 will fund elevated stormwater repairs. 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.

17. FUND BALANCE CONSTRAINTS

The specific purposes for each of the categories of fund balance as of June 30, 2022 are as follows:

FUND BALANCES				Rest. Revenue	URA CC		Total Governmental
	General	Road Fund	Fund	District Fund	Non-Major Funds		
Non-spendable	\$ 112,231	\$ 73,486	\$ -	\$ -	\$ -	\$ -	\$ 185,717
Restricted:							
Roads	-	2,795,079	-	-	-	-	2,795,079
Debt Service	-	-	73,596	-	-	-	73,596
Building Services	-	-	300,593	-	-	-	300,593
CET-Local Housing Programs	-	-	164,231	-	-	-	164,231
CET-Development Incentives	-	-	304,147	-	-	-	304,147
Urban Renewal	-	-	-	4,357,467	671,836	5,029,303	
Total Restricted	-	2,795,079	842,567	4,357,467	671,836	8,666,949	
Assigned to:							
Reserves - Affordable Housing	-	-	-	-	21,293	21,293	
Reserves - Parks Facilities	-	-	-	-	105,007	105,007	
Reserves - Other	-	-	-	-	43,088	43,088	
Total Assigned	-	-	-	-	169,388	169,388	
Unassigned	4,094,953	-	(11,376)	-	(215,111)	3,868,466	
Total Fund Balances	\$ 4,207,184	\$ 2,868,565	\$ 831,191	\$ 4,357,467	\$ 626,113	\$ 12,890,520	

**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, 2022**

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
2022	0.05 %	\$ 5,811,009	\$ 5,986,994	97.06%	87.6 %
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
2022	\$ 1,306,108	\$ 1,306,108	\$ -	\$ 5,820,120	22.44 %
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 INSURANCE ACCOUNT (RHIA)**
For the Year Ended June 30, 2022

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
2022	\$ -	\$ (4,463)		\$ 770	\$ (38,124)	\$ (1,146)	\$ (23,016)	\$ 34,651	
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
2022	\$ (34,661)	\$ (125,757)	\$ (160,418)	\$ 5,820,120	-2.8%		6.90%
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, 2022**

	2022	2021	2020	2019	2018
Total OPEB Liability - Beginning of the year	\$ 541,088	\$ 571,594	\$ 535,524	\$ 459,986	\$ 457,813
<u>Changes for the year:</u>					
Service cost	40,703	31,140	27,625	29,214	31,348
Interest on total OPEB liability	12,786	20,674	21,191	17,305	13,830
Effect of economic/demographic gains or losses	-	(78,672)	-	85,176	-
Effect of assumptions changes or inputs	2,559	20,654	18,697	(44,430)	(35,134)
Benefit payments	(6,486)	(24,302)	(31,443)	(11,727)	(7,870)
Net Changes for the Year	<u>49,562</u>	<u>(30,506)</u>	<u>36,070</u>	<u>75,538</u>	<u>2,174</u>
Total OPEB Liability - End of the year	<u>\$ 590,650</u>	<u>\$ 541,088</u>	<u>\$ 571,594</u>	<u>\$ 535,524</u>	<u>\$ 459,987</u>
Covered Payroll	5,820,120	5,986,994	5,280,466	5,016,367	4,656,307
Total OPEB Plan as a Percentage of Covered Payroll	10.1%	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, 2022

	<u>GENERAL FUND</u>			VARIANCE TO FINAL BUDGET
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Taxes	\$ 4,553,949	\$ 5,062,893	\$ 5,113,209	\$ 50,316
Licenses and Permits	1,983,097	1,983,097	2,159,333	176,236
Intergovernmental	1,101,941	1,101,941	1,169,821	67,880
Charges for Services	1,139,404	1,289,404	1,517,659	228,255
Fines and Forfeitures	386,279	386,279	311,218	(75,061)
Investment Earnings (Losses)	21,600	21,600	(11,633)	(33,233)
Miscellaneous	111,182	111,182	147,743	36,561
Total Revenue	<u>9,297,452</u>	<u>9,956,396</u>	<u>10,407,350</u>	<u>450,954</u>
EXPENDITURES:				
Public Safety - Police	2,823,423	2,823,423 (1)	2,670,561	152,862
Public Safety - Fire	4,057,187	4,057,187 (1)	3,890,806	166,381
Parks	738,988	738,988 (1)	561,518	177,470
Planning	666,685	676,685 (1)	621,511	55,174
Parking	529,686	544,686 (1)	516,865	27,821
Municipal Court	147,851	147,851 (1)	87,756	60,095
City Council	23,806	43,806 (1)	34,357	9,449
Engineering	287,768	437,768 (1)	341,347	96,421
Expenditures Not Allocated:				
Non-Departmental	321,200	321,200 (1)	194,557	126,643
Contingency	<u>259,197</u>	<u>125,559</u> (1)	-	<u>125,559</u>
Total Expenditures	<u>9,855,791</u>	<u>9,917,153</u>	<u>8,919,278</u>	<u>997,875</u>
Net Change in Fund Balance	(558,339)	39,243	1,488,072	1,448,829
Beginning Fund Balance	<u>3,260,866</u>	<u>2,663,284</u>	<u>2,663,284</u>	-
Ending Fund Balance	<u>\$ 2,702,527</u>	<u>\$ 2,702,527</u>	<u>4,151,356</u>	<u>\$ 1,448,829</u>
Reconciliation to Governmental Fund Statements:				
		Interfund Loan to Storm Water	<u>55,828</u>	
		Governmental Fund Statements	<u>\$ 4,207,184</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, 2022**

ROAD FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Taxes	\$ 349,593	\$ 349,593	\$ 1,012,338	\$ 662,745
Licenses and Permits	18,900	18,900	31,407	12,507
Intergovernmental	1,599,570	1,599,570	215,358	(1,384,212)
System Development Charges	225,000	225,000	233,639	8,639
Investment Earnings (Losses)	7,753	7,753	(12,347)	(20,100)
Miscellaneous	3,525	3,525	11,386	7,861
Total Revenues	<u>2,204,341</u>	<u>2,204,341</u>	<u>1,491,781</u>	<u>(712,560)</u>
EXPENDITURES:				
Road Operations	1,327,851	1,327,851	(1)	1,167,679
Road SDC	1,500,000	1,500,000	(1)	21,440
Expenditures Not Allocated:				
Contingency	<u>190,000</u>	<u>190,000</u>	(1)	<u>-</u>
Total Expenditures	<u>3,017,851</u>	<u>3,017,851</u>	<u>1,189,119</u>	<u>1,828,732</u>
Net Change in Fund Balance	(813,510)	(813,510)	302,662	1,116,172
Beginning Fund Balance	<u>1,284,268</u>	<u>2,492,416</u>	<u>2,492,417</u>	<u>1</u>
Ending Fund Balance	<u>\$ 470,758</u>	<u>\$ 1,678,906</u>	<u>\$ 2,795,079</u>	<u>\$ 1,116,173</u>
Reconciliation to Combined Balance Sheet:				
Supply Inventory			<u>73,486</u>	
(1) Appropriation Level		Combined Balance Sheet	<u>\$ 2,868,565</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, 2022**

	<u>RESTRICTED REVENUE FUND</u>			VARIANCE TO FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Taxes	\$ 1,456,570	\$ 1,606,570	\$ 1,586,225	\$ (20,345)
Licenses and Permits	438,041	438,041	377,377	(60,664)
Intergovernmental	60,000	60,000	-	(60,000)
Assessments	34,724	34,724	-	(34,724)
Investment Earnings (Losses)	<u>4,594</u>	<u>4,594</u>	<u>(5,069)</u>	<u>(9,663)</u>
Total Revenue	<u>1,993,929</u>	<u>2,143,929</u>	<u>1,958,533</u>	<u>(185,396)</u>
EXPENDITURES:				
Building Program	450,857	450,857 (1)	308,106	142,751
LID Assessments	34,724	34,724 (1)	-	34,724
Small Grants	70,701	70,701 (1)	30,324	40,377
Tourism Promotion Fund	496,314	646,314 (1)	646,656	(342)
CET State OHCS Distribution	75,000	75,000 (1)	65,481	9,519
Expenditures Not Allocated:				
Debt Service	852,901	852,901 (1)	852,879	22
Contingency	<u>300,000</u>	<u>300,000</u> (1)	-	<u>300,000</u>
Total Expenditures	<u>2,280,497</u>	<u>2,430,497</u>	<u>1,903,446</u>	<u>527,051</u>
Net Change in Fund Balance	(286,568)	(286,568)	55,087	341,655
Beginning Fund Balance	<u>603,642</u>	<u>776,123</u>	<u>776,104</u>	<u>(19)</u>
Ending Fund Balance	<u>\$ 317,074</u>	<u>\$ 489,555</u>	<u>\$ 831,191</u>	<u>\$ 341,636</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, 2022

URA COLUMBIA CASCADE DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property Taxes	\$ 562,262	\$ 562,262	\$ 545,870	\$ (16,392)
Investment Earnings (Losses)	21,976	21,976	(18,415)	(40,391)
Capital Contributions - Assessments	<u>50,568</u>	<u>50,568</u>	-	(50,568)
Total Revenues	<u>634,806</u>	<u>634,806</u>	<u>527,455</u>	<u>(107,351)</u>
EXPENDITURES:				
Operations	4,583,000	4,583,000	(1)	285,811
Expenditures Not Allocated:				4,297,189
Contingency	<u>202,268</u>	<u>202,268</u>	(1)	-
Total Expenditures	<u>4,785,268</u>	<u>4,785,268</u>	<u>285,811</u>	<u>4,499,457</u>
Excess of Revenues, Over (Under) Expenditures	<u>(4,150,462)</u>	<u>(4,150,462)</u>	<u>241,644</u>	<u>4,392,106</u>
Other Financing Sources, (Uses)				
Transfers Out	<u>(16,500)</u>	<u>(16,500)</u>	(1)	<u>(16,500)</u>
Total Other Financing Sources (Uses)	<u>(16,500)</u>	<u>(16,500)</u>	<u>(16,500)</u>	-
Net Change in Fund Balance	(4,166,962)	(4,166,962)	225,144	4,392,106
Beginning Fund Balance	<u>4,166,962</u>	<u>4,166,962</u>	<u>4,132,323</u>	<u>(34,639)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,357,467</u>	<u>\$ 4,357,467</u>

(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, 2022

	SPECIAL REVENUE FUNDS					TOTAL
	RESERVES FUND	URA GENERAL FUND	URA WATERFRONT DISTRICT FUND	URA HEIGHTS DISTRICT FUND		
ASSETS:						
Cash and Investments	\$ 171,301	\$ -	\$ -	\$ -	\$ 171,301	
Receivables						
Taxes	-	-	16,487	5,480	21,967	
Restricted Cash and Investments	-	62,389	129,513	671,473	863,375	
Total Assets	\$ 171,301	\$ 62,389	\$ 146,000	\$ 676,953	\$ 1,056,643	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:						
Liabilities:						
Accounts Payable	\$ 1,914	\$ -	\$ -	\$ 62,480	\$ 64,394	
Interfund Loan Payable	-	-	345,978	-	345,978	
Total Liabilities	1,914	-	345,978	62,480	410,372	
Deferred Inflows of Resources:						
Unavailable Revenue - Taxes	-	-	15,132	5,026	20,158	
Total Deferred Inflows of Resources	-	-	15,132	5,026	20,158	
Fund Balances:						
Unassigned		-	(215,110)	-	(215,110)	
Restricted for Urban Renewal		62,389	-	609,447	671,836	
Assigned	169,387	-	-	-	169,387	
Total Fund Balances	169,387	62,389	(215,110)	609,447	626,113	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 171,301	\$ 62,389	\$ 146,000	\$ 676,953	\$ 1,056,643	

**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, 2022**

	SPECIAL REVENUE FUNDS				
	RESERVES FUND	URA GENERAL FUND	URA WATERFRONT DISTRICT FUND	URA HEIGHTS DISTRICT FUND	TOTAL
REVENUES:					
Property Taxes	\$ -	\$ -	\$ 811,654	\$ 270,136	\$ 1,081,790
Charges for Services	29,550	-	-	-	29,550
Investment Earnings (Losses)	(648)	(267)	(60)	(2,802)	(3,777)
Miscellaneous	5,000	-	-	-	5,000
Total Revenue	<u>33,902</u>	<u>(267)</u>	<u>811,594</u>	<u>267,334</u>	<u>1,112,563</u>
EXPENDITURES:					
General Government	93,019	-	-	-	93,019
Economic and Physical Development	-	38,785	48,000	285,215	372,000
Debt Service	-	-	<u>151,474</u>	-	151,474
Total Expenditures	<u>93,019</u>	<u>38,785</u>	<u>199,474</u>	<u>285,215</u>	<u>616,493</u>
Excess of Revenues Over, (Under) Expenditures	<u>(59,117)</u>	<u>(39,052)</u>	<u>612,120</u>	<u>(17,881)</u>	<u>496,070</u>
Other Financing Sources, (Uses)					
Transfers In	-	49,500	-	-	49,500
Transfers Out	<u>(34,507)</u>	-	<u>(16,500)</u>	<u>(16,500)</u>	<u>(67,507)</u>
Total Other Financing Sources, (Uses)	<u>(34,507)</u>	<u>49,500</u>	<u>(16,500)</u>	<u>(16,500)</u>	<u>(18,007)</u>
Net Change in Fund Balance	(93,624)	10,448	595,620	(34,381)	478,063
Beginning Fund Balance	<u>263,011</u>	<u>51,941</u>	<u>(810,730)</u>	<u>643,828</u>	<u>148,050</u>
Ending Fund Balance	<u>\$ 169,387</u>	<u>\$ 62,389</u>	<u>\$ (215,110)</u>	<u>\$ 609,447</u>	<u>\$ 626,113</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, 2022**

	<u>RESERVES FUND</u>			VARIANCE TO FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Charges for Services	\$ 1,002	\$ -	\$ 29,550	\$ 29,550
Investment Earnings (Losses)		1,002	(648)	(1,650)
Miscellaneous	-	-	5,000	5,000
Total Revenue	<u>1,002</u>	<u>1,002</u>	<u>33,902</u>	<u>32,900</u>
EXPENDITURES:				
Reserve - Parking In Lieu	12,294	12,294	(1)	-
Reserve - Affordable Housing	100,000	100,000	(1)	93,019
Reserve - Parks Facilities Replacement	105,500	105,500	(1)	-
Expenditures Not Allocated:				105,500
Contingency	-	-	(2)	-
Total Expenditures	<u>217,794</u>	<u>217,794</u>	<u>93,019</u>	<u>124,775</u>
Excess of Revenues Over, (Under) Expenditures	<u>(216,792)</u>	<u>(216,792)</u>	<u>(59,117)</u>	<u>157,675</u>
Other Financing Sources, (Uses)				
Transfers Out	-	-	(1)	(34,507)
Total Other Financing Sources, (Uses)	<u>-</u>	<u>-</u>	<u>(34,507)</u>	<u>(34,507)</u>
Net Change in Fund Balance	(216,792)	(216,792)	(93,624)	123,168
Beginning Fund Balance	<u>240,330</u>	<u>228,504</u>	<u>263,011</u>	<u>34,507</u>
Ending Fund Balance	<u>\$ 23,538</u>	<u>\$ 11,712</u>	<u>\$ 169,387</u>	<u>\$ 157,675</u>
(1) Appropriation Level				
(2) Contingency Appropriation Level	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 25,000</u>

**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, 2022

URA GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Investment Earnings (Losses)	\$ 311	\$ 311	\$ (267)	\$ (578)
Total Revenues	<u>311</u>	<u>311</u>	<u>(267)</u>	<u>(578)</u>
EXPENDITURES:				
Operations	65,083	65,083	(1)	38,785
Expenditures Not Allocated:				26,298
Contingency	<u>4,500</u>	<u>4,500</u>	<u>(1)</u>	<u>4,500</u>
Total Expenditures	<u>69,583</u>	<u>69,583</u>	<u>38,785</u>	<u>30,798</u>
Excess of Revenues, Over (Under) Expenditures	<u>(69,272)</u>	<u>(69,272)</u>	<u>(39,052)</u>	<u>30,220</u>
Other Financing Sources, (Uses)				
Transfers In	<u>49,500</u>	<u>49,500</u>	<u>49,500</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>49,500</u>	<u>49,500</u>	<u>49,500</u>	<u>-</u>
Net Change in Fund Balance	<u>(19,772)</u>	<u>(19,772)</u>	<u>10,448</u>	<u>30,220</u>
Beginning Fund Balance	<u>48,459</u>	<u>48,459</u>	<u>51,941</u>	<u>3,482</u>
Ending Fund Balance	<u>\$ 28,687</u>	<u>\$ 28,687</u>	<u>\$ 62,389</u>	<u>\$ 33,702</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, 2022**

URA WATERFRONT DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property Taxes	\$ 994,342	\$ 994,342	\$ 811,654	\$ (182,688)
Investment Earnings (Losses)	3,711	3,711	(60)	(3,771)
Total Revenues	998,053	998,053	811,594	(186,459)
EXPENDITURES:				
Operations	1,251,000	1,251,000	(1)	48,000
Expenditures Not Allocated:				
Debt Service	995,935	995,935	(1)	745,990
Contingency	15,000	15,000	(1)	-
Total Expenditures	2,261,935	2,261,935	793,990	1,467,945
Excess of Revenues, Over (Under) Expenditures	(1,263,882)	(1,263,882)	17,604	1,281,486
Other Financing Sources, (Uses)				
Transfers Out	(16,500)	(16,500)	(1)	(16,500)
Loan Proceeds	1,200,000	1,200,000	-	(1,200,000)
Total Other Financing Sources, (Uses)	1,183,500	1,183,500	(16,500)	(1,200,000)
Net Change in Fund Balance	(80,382)	(80,382)	1,104	81,486
Beginning Fund Balance	131,281	131,281	129,764	(1,517)
Ending Fund Balance	\$ 50,899	\$ 50,899	130,868	\$ 79,969
Reconciliation to Governmental Fund Statements:				
Interfund Loan from Fleet & Equipment				(250,000)
Interfund Loan from Sewer				(95,978)
				<u>\$ (215,110)</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, 2022**

URA HEIGHTS DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property Taxes	\$ 290,149	\$ 290,149	\$ 270,136	\$ (20,013)
Investment Earnings (Losses)	4,024	4,024	(2,802)	(6,826)
Total Revenues	<u>294,173</u>	<u>294,173</u>	<u>267,334</u>	<u>(26,839)</u>
EXPENDITURES:				
Operations	197,921	197,921	(1)	285,215
Expenditures Not Allocated:				
Contingency	125,000	125,000	(1)	-
Total Expenditures	<u>322,921</u>	<u>322,921</u>	<u>285,215</u>	<u>37,706</u>
Excess of Revenues, Over (Under) Expenditures	<u>(28,748)</u>	<u>(28,748)</u>	<u>(17,881)</u>	<u>10,867</u>
Other Financing Sources, (Uses)				
Transfers Out	(16,500)	(16,500)	(1)	(16,500)
Total Other Financing Sources, (Uses)	<u>(16,500)</u>	<u>(16,500)</u>	<u>(16,500)</u>	<u>-</u>
Net Change in Fund Balance	(45,248)	(45,248)	(34,381)	10,867
Beginning Fund Balance	<u>423,139</u>	<u>423,139</u>	<u>643,828</u>	<u>220,689</u>
Ending Fund Balance	<u>\$ 377,891</u>	<u>\$ 377,891</u>	<u>\$ 609,447</u>	<u>\$ 231,556</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, 2022**

	<u>SEWER FUND</u>			VARIANCE TO FINAL BUDGET
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 16,708	\$ 16,708
Charges for Services	4,382,886	4,382,886	4,567,912	185,026
System Development Charges	131,600	131,600	70,400	(61,200)
Investment Earnings (Losses)	29,216	29,216	(8,440)	(37,656)
Miscellaneous	215,668	215,668	116,370	(99,298)
Total Revenues	<u>4,759,370</u>	<u>4,759,370</u>	<u>4,762,950</u>	<u>3,580</u>
EXPENDITURES:				
Sewer Operations - Distribution	6,617,683	6,617,683 (1)	3,279,562	3,338,121
Sewer Operation - WWTP	4,572,480	4,572,480 (1)	3,165,805	1,406,675
Sewer SDC	700,000	700,000 (1)	361,900	338,100
USDA SLARRA	820,000	820,000 (1)	554,088	265,912
Expenditures Not Allocated:				
Debt Service	434,810	434,810 (1)	434,803	7
Contingency	225,000	225,000 (1)	-	225,000
Total Expenditures	<u>13,369,973</u>	<u>13,369,973</u>	<u>7,796,158</u>	<u>(5,573,815)</u>
Excess of Revenues Over, (Under) Expenditures	<u>(8,610,603)</u>	<u>(8,610,603)</u>	<u>(3,033,208)</u>	<u>5,577,395</u>
Other Financing Sources (Uses):				
Transfers In	148,218	148,218	148,218	-
Transfers Out	(148,218)	(148,218) (1)	(148,218)	-
Loan Proceeds	<u>3,750,000</u>	<u>3,750,000</u>	<u>-</u>	<u>(3,750,000)</u>
Total Other Financing Sources (Uses)	<u>3,750,000</u>	<u>3,750,000</u>	<u>-</u>	<u>(3,750,000)</u>
Net Change in Fund Balance	<u>(4,860,603)</u>	<u>(4,860,603)</u>	<u>(3,033,208)</u>	<u>1,827,395</u>
Beginning Fund Balance	<u>5,453,735</u>	<u>6,196,777</u>	<u>6,196,778</u>	<u>1</u>
Ending Fund Balance	<u>\$ 593,132</u>	<u>\$ 1,336,174</u>	<u>3,163,570</u>	<u>\$ 1,827,396</u>
Reconciliation to Net Position:				
Capital Assets, Net		19,113,486		
Inventory		27,451		
Interfund Loan to Urban Renewal Agency		95,978		
Net Pension Liability		(337,890)		
Pension related deferrals, net		65,228		
Post-employment Benefits Liability - RHI Plan		(32,156)		
Post-employment Benefits Asset - PERS RHIA		7,158		
Other benefits related deferrals, net - RHI Plan		(660)		
Other benefits related deferrals, net - PERS RHIA		(2,553)		
Unavailable Revenue		19,369		
Accrued Compensated Absences		(25,592)		
Accrued Interest		(8,779)		
Long Term Debt		<u>(3,829,777)</u>		
Statement of Net Position		<u>\$ 18,254,833</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, 2022**

WATER FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 8,465	\$ 8,465
Charges for Services	3,123,095	3,123,095	3,134,331	11,236
System Development Charges	153,234	153,234	145,147	(8,087)
Investment Earnings (Losses)	20,453	20,453	(13,055)	(33,508)
Miscellaneous	<u>35,483</u>	<u>35,483</u>	<u>37,292</u>	<u>1,809</u>
Total Revenues	<u>3,332,265</u>	<u>3,332,265</u>	<u>3,312,180</u>	<u>(20,085)</u>
EXPENDITURES:				
Water Operations	4,578,365	4,578,365	(1) 2,896,133	1,682,232
Water SDC	-	-	(1) 1,142	(1,142)
Expenditures Not Allocated:				
Debt Service	879,217	879,217	(1) 878,812	405
Contingency	<u>125,000</u>	<u>125,000</u>	<u>(1)</u> <u>-</u>	<u>125,000</u>
Total Expenditures	<u>5,582,582</u>	<u>5,582,582</u>	<u>3,776,087</u>	<u>1,806,495</u>
Excess of Revenues Over, (Under) Expenditures	<u>(2,250,317)</u>	<u>(2,250,317)</u>	<u>(463,907)</u>	<u>1,786,410</u>
Other Financing Sources (Uses):				
Loan Proceeds	1,469,360	1,469,360	-	(1,469,360)
Total Other Financing Sources (Uses)	<u>1,469,360</u>	<u>1,469,360</u>	<u>-</u>	<u>(1,469,360)</u>
Net Change in Fund Balance	<u>(780,957)</u>	<u>(780,957)</u>	<u>(463,907)</u>	<u>317,050</u>
Beginning Fund Balance	<u>3,706,021</u>	<u>4,228,333</u>	<u>4,228,333</u>	<u>-</u>
Ending Fund Balance	<u>\$ 2,925,064</u>	<u>\$ 3,447,376</u>	<u>3,764,426</u>	<u>\$ 317,050</u>
Reconciliation to Net Position:				
Capital Assets, Net			32,676,621	
Net Pension Liability			(486,521)	
Pension related deferrals, net			119,975	
Post-employment Benefits Liability - RHI Plan			(42,871)	
Post-employment Benefits Asset - PERS RHIA			9,740	
Other benefits related deferrals, net - RHI Plan			(2,438)	
Other benefits related deferrals, net - PERS RHIA			(3,075)	
Unavailable Revenue			5,878	
Inventory			122,774	
Loans Payable			(12,720,017)	
Accrued Interest Payable			(43,392)	
Accrued compensated absences			<u>(39,811)</u>	
(1) Appropriation Level		Statement of Net Position	<u>\$ 23,361,289</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, 2022**

STORM WATER FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Charges for Services	\$ 1,776,809	\$ 1,776,809	\$ 593,652	\$ (1,183,157)
System Development Charges	50,726	50,726	49,889	(837)
Investment Earnings (Losses)	919	919	(2,400)	(3,319)
Miscellaneous	-	-	730	730
Total Revenues	1,828,454	1,828,454	641,871	(1,186,583)
EXPENDITURES:				
Storm Water Operations	3,095,785	3,095,785 (1)	981,488	2,114,297
Expenditures Not Allocated:				
Debt Service	28,872	28,872 (1)	28,869	3
Contingency	110,000	110,000 (1)	-	110,000
Total Expenditures	3,234,657	3,234,657	1,010,357	2,224,300
Excess of Revenues Over, (Under) Expenditures	(1,406,203)	(1,406,203)	(368,486)	1,037,717
Other Financing Sources, (Uses)				
Loan Proceeds	2,021,000	2,021,000	127,060	(1,893,940)
Total Other Financing Sources, (Uses)	2,021,000	2,021,000	127,060	(1,893,940)
Net Change in Fund Balance	614,797	614,797	(241,426)	(856,223)
Beginning Fund Balance	492,879	512,379	512,379	-
Ending Fund Balance	\$ 1,107,676	\$ 1,127,176	270,953	\$ (856,223)
Reconciliation to Net Position:				
Capital Assets, Net		3,206,446		
Interfund Loan from General Fund		(55,828)		
Net Pension Liability		(159,681)		
Pension related deferrals, net		12,062		
Post-employment Benefits Liability - RHI Plan		(15,500)		
Post-employment Benefits Asset - PERS RHI		4,153		
Other benefits related deferrals, net - RHI Plan		(93)		
Other benefits related deferrals, net - PERS RHI		(1,607)		
Loans Payable		(590,846)		
Accrued Compensated Absences		(18,484)		
Statement of Net Position		\$ 2,651,575		
(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, 2022

CUSTODIAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Charges for Services	\$ 500,000	\$ 520,000	\$ 471,377	\$ (48,623)
Total Revenues	<u>500,000</u>	<u>520,000</u>	<u>471,377</u>	<u>(48,623)</u>
EXPENDITURES:				
Mosier Sewer Billing	300,000	300,000	(1)	274,880
Mosier Water Billing	200,000	220,000	(1)	213,600
Total Expenditures	<u>500,000</u>	<u>520,000</u>	<u>488,480</u>	<u>31,520</u>
Net Change in Fund Balance	-	-	(17,103)	(17,103)
Beginning Fund Balance	-	-	59,642	59,642
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,539</u>	<u>\$ 42,539</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, 2022**

INTERNAL SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Interdepartmental Charges	\$ 2,715,959	\$ 2,715,959	\$ 2,726,564	\$ 10,605
Investment Earnings (Losses)	39,142	39,142	(24,727)	(63,869)
Miscellaneous	<u>40,499</u>	<u>40,499</u>	-	(40,499)
Total Revenues	<u>2,795,600</u>	<u>2,795,600</u>	2,701,837	(93,763)
EXPENDITURES:				
Equipment Replacement	1,322,500	1,322,500 (1)	712,693	609,807
Administration	1,515,365	1,515,365 (1)	1,514,126	1,239
Compensated Absences	86,000	86,000 (1)	65,334	20,666
Expenditures Not Allocated:				
Contingency	<u>130,000</u>	<u>130,000</u> (1)	-	130,000
Total Expenditures	<u>3,053,865</u>	<u>3,053,865</u>	2,292,153	761,712
Excess of Revenues Over, (Under) Expenditures	<u>(258,265)</u>	<u>(258,265)</u>	409,684	667,949
Other Financing Sources, (Uses)				
Transfer In	-	-	34,507	34,507
Transfers Out	(3,500,000)	(3,500,000) (1)	-	3,500,000
Interfund Loan Repayment	757,500	757,500	507,500	(250,000)
Lease financing	<u>-</u>	<u>-</u>	<u>57,054</u>	<u>57,054</u>
Total Other Financing Sources, (Uses)	<u>(2,742,500)</u>	<u>(2,742,500)</u>	599,061	3,341,561
Net Change in Fund Balance	(3,000,765)	(3,000,765)	1,008,745	4,009,510
Beginning Fund Balance	<u>4,154,272</u>	<u>4,279,489</u>	4,244,982	(34,507)
Ending Fund Balance	<u>\$ 1,153,507</u>	<u>\$ 1,278,724</u>	5,253,727	<u>\$ 3,975,003</u>
Reconciliation to Net Position:				
Fair Value Adjustment - LGIP				
Interfund Loan to Urban Renewal Agency	250,000			
Capital Assets, Net	<u>2,014,577</u>			
Statement of Net Position			<u>\$ 7,518,304</u>	

(1) Appropriation Level

**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, 2022**

Taxable Property Values Fiscal Year	RMV*	Total AV	UR Excess	AV Used to Calculate Rates**
2021/22	2,187,905,804	1,217,471,536	147,062,800	1,070,408,736
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 2021-22 Representative Levy Rate

Rates per \$1,000 of Assessed Value

General Government	Billing Rate	Bond/UR Special Levy Rate	Local Option Rate*	Consolidated Rate	Urban Renewal Portion of the Consolidated Rate**
Hood River County	1.4171	0.0000	0.7800	2.1971	0.1713
911 Communications District	0.5644	0.0000	0.0000	0.5644	0.0680
City of Hood River	2.8112	0.6208	0.0000	3.4320	0.3400
Port of Hood River	0.0332	0.0000	0.0000	0.0332	0.0039
Hood River Parks & Recreation District	0.3498	0.0000	0.0000	0.3498	0.0422
HRC Transportation District	0.0723	0.0000	0.0000	0.0723	0.0086
Library District	0.3900	0.0000	0.0000	0.3900	0.0470
Total General Government	5.6380	0.6208	0.7800	7.0388	0.6810

Education

Columbia Gorge Community College	0.2703	0.2273	0.0000	0.4976	0.0326
Columbia Gorge ESD	0.4678	0.0000	0.0000	0.4678	0.0564
Hood River County School District	4.8119	1.5831	1.2500	7.6450	0.5821
Total Education	5.5500	1.8104	1.2500	8.6104	0.6711
Total Tax Rate	11.1880	2.4312	2.0300	15.6492	1.3521

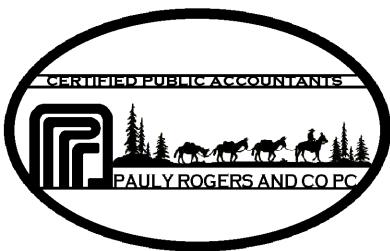
* Local Option Levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local Option Levy rates compress to zero before there is any compression of district billing rates.

** 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**



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March 15, 2023

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, 2022, and have issued our report thereon dated March 15, 2023. 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:

- Budget over-expenditure as noted on page 29 of the report

OAR 162-10-0230 Internal Control

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

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

A handwritten signature in black ink that reads "Tara M. Kamp, CPA". The signature is fluid and cursive, with "Tara M." on top, "Kamp," in the middle, and "CPA" at the end.

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