

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023



12700 SW 72nd Ave.
Tigard, OR 97223

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

For the Year Ended June 30, 2023

ANNUAL FINANCIAL REPORT

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

City Council as of June 30, 2023

<u>NAME</u>	<u>TERM EXPIRES</u>
Paul Blackburn, Mayor & Council President	December 31, 2024
Mark Zanmiller	December 31, 2024
Megan Saunders	December 31, 2024
Gladys Rivera	December 31, 2024
Tim Counihan	December 31, 2026
Grant Polson	December 31, 2026
Doug Stepina	December 31, 2026

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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December 28, 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, 2023,, 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 fairlasly, 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, 2023, 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. 96 – *Subscription-Based Information Technology Agreements* 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 River'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 River'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 River'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, is 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 December 28, 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 cursive script 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, 2023

This discussion and analysis highlights 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 \$4.1 million, of which \$1.6 million is an increase in business-type activities net position and an increase of \$2.5 million in governmental activities net position.

The City's net investment in capital assets, which represents the carrying value of capital assets in excess of related debt balances, increased by \$6.0 million (8.7%) to \$74.9 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	
	2023	2022	2023	2022	2023	2022
Current Assets	\$19.7	\$19.9	\$6.9	\$8.9	\$26.6	\$28.8
Noncurrent Assets	35.2	32.4	58.8	55.1	94.0	87.5
Total Assets	54.9	52.3	65.7	64.0	120.6	116.3
Deferred Outflows of Resources	4.5	4.7	0.8	0.9	5.3	5.6
Current Liabilities	1.6	1.6	1.7	1.7	3.3	3.3
Noncurrent Liabilities	8.7	6.9	18.0	17.7	26.7	24.6
Total Liabilities	10.3	8.5	19.7	19.4	30.0	27.9
Deferred Inflows of Resources	2.9	4.7	0.4	0.7	3.3	5.4
Net Investment in Capital Assets	33.5	31.3	41.6	37.6	75.1	68.9
Restricted	6.6	8.6	2.9	2.8	9.5	11.4
Unrestricted	6.2	3.9	1.9	4.4	8.1	8.3
Total Net Position	\$46.3	\$43.8	\$46.4	\$44.8	\$92.7	\$88.6
Program Revenues	\$4.4	\$3.2	\$9.1	\$8.6	\$13.5	\$11.8
Program Expenses	12.5	11.8	7.7	7.4	20.2	19.2
General Revenues - Taxes	7.7	9.2	0.0	0.0	7.7	9.2
General Revenues - Other	2.9	2.9	0.2	0.1	3.1	3.0
Change in Net Position	\$2.5	\$3.5	\$1.6	\$1.3	\$4.1	\$4.8

FINANCIAL ANALYSIS

Financial Position and Results of Operations

Net position increased by \$4.1 million, of which \$1.6 million is an increase in business-type activities net position and an increase of \$2.5 million in governmental activities net position.

Financial Position and Results of Operations - continued

General Revenues include property taxes, transient lodging taxes, franchise fees, general intergovernmental revenues, and other revenues. Fiscal Year 2023 revenues were 7% greater than budget and represented 8% growth over prior fiscal year receipts. Most major revenue categories were in excess of budget. Items of note include a 10% Current Property Tax growth rate with the return of the Columbia Cascade District property to the city tax rolls, a 7% growth in Transient Room Tax, and a 6% growth in Franchise Fees. Collectively these revenues represent 54% of all General Fund receipts.

General Fund

The General Fund's total fund balance increased by \$0.9 million (23%) to \$5.1 million, due in large part to an \$866 thousand Federal Coronavirus Relief Fund Reimbursement Grant. Fiscal Year 2023 was the final receipt of Federal COVID19 Relief Funds. The cessation of Federal COVID-19 relief reimbursements will have a large budgetary impact for the coming fiscal year, although the long-term outlook for the General Fund is for continued operating surpluses.

CAPITAL ASSETS AND DEBT ACTIVITY

Capital Assets

As of June 30, 2023, the City had invested \$93.0 million in capital assets as reflected in the following table.

Table 2
Capital Asset Balances
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Non-depreciable Assets	\$ 9,433	\$ 6,910	\$ 6,891	\$ 7,132	\$ 16,324	\$ 14,042
Depreciable Assets, Net	24,796	25,235	51,864	47,865	76,660	73,100
Total	<u>\$ 34,229</u>	<u>\$ 32,145</u>	<u>\$ 58,755</u>	<u>\$ 54,997</u>	<u>\$ 92,984</u>	<u>\$ 87,142</u>

Governmental Activities capital assets increased \$2.1 million (6.5%) through FY2022-23 as capital projects, vehicle, and equipment purchases exceeded depreciation. Business-type Activities capital assets increased \$3.8 million (6.8%) as a result of \$5.0 million in capital investment, as offset by depreciation. Major capital projects included Cascade & Rand realignment, multiple water and sewer line replacements, and Wastewater Treatment Plant building maintenance.

Debt Outstanding

Table 3
Debt Balances
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Leases	\$ 233	\$ 56	\$ -	\$ -	\$ 233	\$ 56
Loans	705	869	16,467	16,424	17,172	17,293
Bonds	-	-	483	716	483	716
Intergovernmental	-	96	134	56	134	152
Total	<u>\$ 938</u>	<u>\$ 1,021</u>	<u>\$ 17,084</u>	<u>\$ 17,196</u>	<u>\$ 18,022</u>	<u>\$ 18,217</u>

Governmental debt decreased by \$0.08 million (8.1%) as the City continued repayment of the Rand Road Financing obligation, however, the recognition of IT Subscription Assets as part of GASB 96 implementation increased recognized lease obligations. This is a result of the changed accounting standard and not representative of significant new leasing activity by the City. Business-type debt decreased by \$0.11 million (0.7%) as the City continues to pay off existing debt, offset in part by the draw down of the balance of the DEQ Sewer Outfall Project Loan. For more detailed information on the City's debt and amortization terms refer to pages 42-49 of the notes.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Property taxes comprise 31% of the projected \$10.7M in General Fund revenues for the 2024 fiscal year. Next year's budget also provides for a return to pre-pandemic revenue in transient lodging tax, and other general fund revenues. The 2023 fiscal year was the final receipt of Federal COVID19 Relief Funds, and the cessation of Federal COVID-19 relief reimbursements will be one of the larger budgetary impacts for the coming fiscal year. Inflationary pressures, and the corresponding increase in materials, labor and services may also provide budgetary challenges. Despite these difficulties, the General Fund is projected to operate with a modest surplus for the coming fiscal year.

The total budget for the 2023-24 fiscal year is \$57.5 million. Utility services and rates were restructured and implemented in July 2021, and the City is in year-three of a five-year utility rate plan. Capital spending is expected to remain a substantial portion of the City budget at about 29% of total budgeted expenditures.

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

- Jackson/Mann Park Playground Renovation
- 2nd & Oak Signalization
- WestCliff Pump Station Rebuild
- Elevated Sewer Replacement Design
- Primary Sewer Clarifier Repair
- Multiple Water and Sewer Line Replacements
- Waterfront Storm Line (Revised Phase Two)

As outlined above, property taxes remain the single largest revenue for the General Fund, providing roughly a third of total revenue. 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, 2023**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments, at Fair Value	\$ 11,125,048	\$ 2,616,287	\$ 13,741,335
Receivables:			
Accounts, Net	449,835	834,651	1,284,486
Property Taxes	136,183	-	136,183
Assessments	17,722	-	17,722
Other	424,460	-	424,460
Prepaid Expenses	113,535	-	113,535
Supply Inventory	81,180	150,520	231,700
Due from Governmental Activities	-	502,880	502,880
Lease Receivable	189,883	-	189,883
Restricted Cash and Investments	7,205,277	2,825,751	10,031,028
Total Current Assets	19,743,123	6,930,089	26,673,212
Noncurrent Assets:			
Interfund Loan Receivable	603,228	-	603,228
Net Other Post-employment Benefits Asset - PERS RHIA	143,395	21,754	165,149
Right-of-Use Assets, Net of Amortization	233,405	-	233,405
Capital Assets:			
Land and Construction in Progress, Not Depreciated	9,433,232	6,891,250	16,324,482
Other Capital Assets, Net of Depreciation	24,796,082	51,863,559	76,659,641
Total Noncurrent Assets	35,209,342	58,776,563	93,985,905
Total Assets	54,952,465	65,706,652	120,659,117
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related Deferral	4,404,865	812,020	5,216,885
Other Benefit-related Deferral - RHI Plan	69,431	12,755	82,186
Other Benefit-related Deferral - PERS RHIA	1,621	1,071	2,692
Total Deferred Outflows of Resources	4,475,917	825,846	5,301,763
LIABILITIES			
Current Liabilities			
Accounts Payable	465,333	502,050	967,383
Retainage Payable	-	172,530	172,530
Payroll and Taxes Payable	453,647	-	453,647
Accrued Interest Payable	1,846	24,970	26,816
Deposits Held	48,047	-	48,047
Due to Business-type Activities	502,880	-	502,880
Unearned Revenue	13,913	-	13,913
Interfund Loan Payable, Due Within One Years	-	134,122	134,122
Right-of-Use Liability, Due Within One Year	49,078	-	49,078
Loan Payable, Due Within One Year	91,304	652,225	743,529
Bonds Payable, Due Within One Year	-	235,000	235,000
Total Current Liabilities	1,626,048	1,720,897	3,346,945
Noncurrent Liabilities:			
Accrued Compensated Absences	609,018	80,763	689,781
Net Proportion of Pension Liability	6,867,150	1,339,813	8,206,963
Other Post-employment Benefits Liability - RHI Plan	392,866	71,827	464,693
Interfund Loan Payable, Due After One Year	-	469,106	469,106
Right-of-Use Liability, Due After One Year	184,327	-	184,327
Loan Payable, Due After One Year	613,628	15,814,795	16,428,423
Bonds Payable, Due After One Year	-	247,979	247,979
Total Noncurrent Liabilities	8,666,989	18,024,283	26,691,272
Total Liabilities	10,293,037	19,745,180	30,038,217
DEFERRED INFLOWS OF RESOURCES			
Lease Revenue Deferred	189,883	-	189,883
Net Deferred Pension Asset	2,429,616	314,361	2,743,977
Other Benefit-related Deferral - RHI Plan	211,382	38,491	249,873
Other Benefit-related Deferral - PERS RHIA	33,545	4,029	37,574
Total Deferred Inflows of Resources	2,864,426	356,881	3,221,307
NET POSITION			
Net Investment in Capital Assets	33,524,382	41,632,280	75,156,662
Restricted for:			
Roads	251,853	-	251,853
Debt Service	102,535	624,256	726,791
System Development Charges	-	2,201,495	2,201,495
Urban Renewal	5,596,746	-	5,596,746
Construction Excise Programs & Incentives	401,812	-	401,812
Other	217,312	47,000	264,312
Unrestricted	6,176,279	1,925,406	8,101,685
Total Net Position	\$ 46,270,919	\$ 46,430,437	\$ 92,701,356

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

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 1,076,588	\$ 14,020	\$ 896,389	\$ -
Public Safety	7,563,701	1,551,236	457,198	-
Streets	1,082,774	715,490	-	302,837
Economic and Physical Development	2,153,171	442,392	-	(3,408)
Culture and Recreation	608,596	13,366	-	-
Interest Expense on Long-Term Debt	27,160	-	-	-
Total Governmental Activities	12,511,990	2,736,504	1,353,587	299,429
Business- Type Activities				
Sewer	4,085,973	4,877,714	229,848	34,903
Water	2,983,518	3,228,732	-	50,271
Storm Water	583,729	674,779	-	12,246
Total Business-Type Activities	7,653,220	8,781,225	229,848	97,420
Total Government	\$ 20,165,210	\$ 11,517,729	\$ 1,583,435	\$ 396,849

General Revenues
Property Taxes
Transient Room Taxes
Other Taxes
Franchise & Utility Fees
Intergovernmental Revenues
Investment Earnings (Losses)
Elimination of profit on internal service funds
Gain (Loss) on sale of assets
Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Governmental Activities	Business-Type Activities	Total
\$ (166,179)	\$ -	\$ (166,179)
(5,555,267)	-	(5,555,267)
(64,447)	-	(64,447)
(1,714,187)	-	(1,714,187)
(595,230)	-	(595,230)
(27,160)	-	(27,160)
(8,122,470)	-	(8,122,470)
-	1,056,492	1,056,492
-	295,485	295,485
-	103,296	103,296
-	1,455,273	1,455,273
(8,122,470)	1,455,273	(6,667,197)
4,383,160	-	4,383,160
2,657,539	-	2,657,539
614,941	-	614,941
1,470,212	-	1,470,212
843,203	14,365	857,568
441,785	190,222	632,007
-	27,521	27,521
29,402	-	29,402
129,612	-	129,612
10,569,854	232,108	10,801,962
2,447,384	1,687,381	4,134,765
43,823,535	44,743,056	88,566,591
\$ 46,270,919	\$ 46,430,437	\$ 92,701,356

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

**COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023**

	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	\$ 5,116,046	\$ -	\$ -	\$ -	\$ 188,201	\$ 5,304,247
Receivables:						
Property Taxes	90,729	-	10,374	7,198	27,882	136,183
Transient Room Taxes	294,530	-	-	-	-	294,530
Franchise Fees	129,930	-	-	-	-	129,930
Accounts, Net	333,374	94,285	22,176	-	-	449,835
Assessments Receivable	-	-	17,722	-	-	17,722
Prepaid Items	113,535	-	-	-	-	113,535
Supply Inventory	-	81,180	-	-	-	81,180
Interfund Loan Receivable	28,228	-	-	-	-	28,228
Lease Receivable	189,883	-	-	-	-	189,883
Restricted Cash and Investments	-	693,255	881,469	4,269,530	1,361,023	7,205,277
Total Assets	<u>\$ 6,296,255</u>	<u>\$ 868,720</u>	<u>\$ 931,741</u>	<u>\$ 4,276,728</u>	<u>\$ 1,577,106</u>	<u>\$ 13,950,550</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:						
Liabilities:						
Accounts Payable	\$ 184,186	\$ 9,442	\$ 180,456	\$ 2,354	\$ 39,378	\$ 415,816
Payroll and Taxes Payable	453,647	-	-	-	-	453,647
Deposits Held	21,802	26,245	-	-	-	48,047
Interfund Loan Payable	-	500,000	-	-	-	500,000
Unearned Revenue	13,913	-	-	-	-	13,913
Total Liabilities	<u>673,548</u>	<u>535,687</u>	<u>180,456</u>	<u>2,354</u>	<u>39,378</u>	<u>1,431,423</u>
Deferred Inflows of Resources:						
Lease Revenue Deferred	189,883	-	-	-	-	189,883
Unavailable Revenue - Taxes	74,979	-	9,632	6,522	22,364	113,497
Unavailable Revenue - Ambulance Services	176,422	-	-	-	-	176,422
Unavailable Revenue - Assessments	-	-	17,722	-	-	17,722
Unavailable Revenue - Other	55,538	-	-	-	-	55,538
Total Deferred Inflows of Resources	<u>496,822</u>	<u>-</u>	<u>27,354</u>	<u>6,522</u>	<u>22,364</u>	<u>553,062</u>
Fund Balances:						
Nonspendable	113,535	81,180	-	-	-	194,715
Restricted	-	251,853	723,931	4,267,852	1,328,894	6,572,530
Assigned	-	-	-	-	186,470	186,470
Unassigned	5,012,350	-	-	-	-	5,012,350
Total Fund Balances	<u>5,125,885</u>	<u>333,033</u>	<u>723,931</u>	<u>4,267,852</u>	<u>1,515,364</u>	<u>11,966,065</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,296,255</u>	<u>\$ 868,720</u>	<u>\$ 931,741</u>	<u>\$ 4,276,728</u>	<u>\$ 1,577,106</u>	<u>\$ 13,950,550</u>

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

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

June 30, 2023

Total Fund Balances		\$ 11,966,065
Capital and right-to-use 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.		
Right-of-Use Assets, Net of Accumulated Amortization	\$ 233,405	
Capital Assets Cost, net of Accumulated Depreciation	<u>32,390,612</u>	32,624,017
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.		113,497
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.		249,682
Activities of the Internal Service Fund are allocated to Governmental Functions and reported in the Government Wide Statements		8,684,986
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.		(502,880)
Net Pension Liability		(6,867,150)
Pension related deferral - outflow		4,404,865
Pension related deferral - inflow		(2,429,616)
Net Other Post-employment Benefits Liability - RHI Plan, PERS RHIA		(249,471)
Other Benefit-related deferral - outflow - - RHI Plan, PERS RHIA		71,052
Other benefit-related deferral - inflow - - RHI Plan, PERS RHIA		(244,927)
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		(1,846)
Accrued Compensated Absences		(609,018)
Right-of-Use Liability		(233,405)
Loans Payable		<u>(704,932)</u>
Total Net Position		<u><u>\$ 46,270,919</u></u>

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

**COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023**

	GENERAL FUND	ROAD FUND	RESTRICTED REVENUE FUND	URA COLUMBIA CASCADE DISTRICT FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Property Taxes	\$ 3,187,421	\$ -	\$ 24,064	\$ 22,935	\$ 1,165,677	\$ 4,400,097
Transient Room Taxes	2,067,732	-	589,807	-	-	2,657,539
Other Taxes	191,983	363,408	47,789	-	11,761	614,941
Franchise and Utility Fees	1,467,383	-	-	-	-	1,467,383
Licenses and Permits	739,527	23,015	227,940	-	-	990,482
Intergovernmental	1,661,229	768,831	-	-	-	2,430,060
Charges for Services	1,335,055	-	-	-	6,198	1,341,253
Fines and Forfeitures	366,055	-	-	-	-	366,055
Capital Contribution - Assessments	6,734	-	2,455	2,496	-	11,685
Capital Contribution - System Development	-	63,368	-	-	-	63,368
Investment Earnings (Losses)	182,662	48,856	27,508	138,210	44,549	441,785
Miscellaneous	96,986	2,274	30,352	-	-	129,612
Total Revenues	11,302,767	1,269,752	949,915	163,641	1,228,185	14,914,260
EXPENDITURES:						
Current:						
General Government	976,435	-	1,184	-	9,630	987,249
Public Safety	7,312,872	-	-	253,256	-	7,566,128
Streets	-	882,652	-	-	-	882,652
Culture and recreation	579,385	-	-	-	-	579,385
Economic and Physical Development	833,465	-	942,999	-	261,979	2,038,443
Capital Outlay	33,589	2,922,632	-	-	-	2,956,221
Debt Service	-	-	112,992	-	82,325	195,317
Total Expenditures	9,735,746	3,805,284	1,057,175	253,256	353,934	15,205,395
Excess of Revenues Over, (Under) Expenditures	1,567,021	(2,535,532)	(107,260)	(89,615)	874,251	(291,135)
Other Financing Sources, (Uses)						
Transfers Out	(648,320)	-	-	-	-	(648,320)
Sale of capital assets	-	-	-	-	15,000	15,000
Total Other Financing Sources, (Uses)	(648,320)	-	-	-	15,000	(633,320)
Net Change in Fund Balance	918,701	(2,535,532)	(107,260)	(89,615)	889,251	(924,455)
Fund Balance - Beginning of Year	4,207,184	2,868,565	831,191	4,357,467	626,113	12,890,520
Fund Balance - End of Year	\$ 5,125,885	\$ 333,033	\$ 723,931	\$ 4,267,852	\$ 1,515,364	\$ 11,966,065

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, 2023**

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

Net Change in Fund Balance		\$	(924,455)
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.			
Capital Asset Additions, net of Disposals	\$	3,116,145	
Current Year Depreciation & Amortization		<u>(866,371)</u>	2,249,774
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).			
			27,397
Activities of the Internal Service Fund are allocated to Governmental Functions and reported in the Government Wide Statements			
			1,166,682
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.			
			(27,521)
Interest expenditures are recorded when due in governmental funds. In the Statement of Activities, interest is accrued.			
			4,027
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		10,872	
Payments on Loans		<u>164,130</u>	175,002
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			
			(310,820)
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.			
			87,298
Changes in net position of governmental activities			<u>\$ 2,447,384</u>

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2023

	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	\$ 1,219,860	\$ 1,168,880	\$ 227,547	\$ 2,616,287	\$ 5,820,801
Accounts Receivable, Net	450,301	325,702	58,648	834,651	-
Supply Inventories	25,475	125,045	-	150,520	-
Interfund Loan Receivable	-	-	-	-	1,075,000
Restricted Cash and Investments	620,904	1,965,577	239,270	2,825,751	-
Total Current Assets	2,316,540	3,585,204	525,465	6,427,209	6,895,801
Noncurrent Assets:					
Other Post-employment Benefits Asset - PERS RHIA	7,352	10,140	4,262	21,754	-
Right-of-Use Assets, Net of Amortization	-	-	-	-	233,405
Capital Assets:					
Capital Assets Not Being Depreciated	5,231,299	346,434	1,313,517	6,891,250	5,065
Other Capital assets, Net	16,774,090	32,668,447	2,421,022	51,863,559	1,833,637
Total Noncurrent Assets	22,012,741	33,025,021	3,738,801	58,776,563	2,072,107
Total Assets	24,329,281	36,610,225	4,264,266	65,203,772	8,967,908
DEFERRED OUTFLOWS OF RESOURCES:					
Pension Related Deferral	263,370	421,249	127,401	812,020	-
Other Benefits Related Deferral - RHI Plan	4,508	5,907	2,340	12,755	-
Other Benefits Related Deferral - PERS RHIA	301	727	43	1,071	-
Total Deferred Outflows of Resources	268,179	427,883	129,784	825,846	-
LIABILITIES:					
Current Liabilities					
Accounts Payable	442,634	58,425	991	502,050	49,517
Retainage Payable	95,247	77,283	-	172,530	-
Accrued Interest Payable	10,318	14,652	-	24,970	-
Interfund Loan Payable, Due Within One Year	105,894	-	28,228	134,122	-
Lease Liability, Due Within One Year	-	-	-	-	49,078
Loan Payable, Due Within One Year	81,721	570,504	-	652,225	-
Bonds Payable, Due Within One Year	235,000	-	-	235,000	-
Total Current Liabilities	970,814	720,864	29,219	1,720,897	98,595
Noncurrent Liabilities:					
Accrued Compensated Absences	24,640	38,328	17,795	80,763	-
Proportionate Share of Pension Liability	435,986	689,146	214,681	1,339,813	-
Other Post-employment Benefits Liability	26,999	32,219	12,609	71,827	-
Interfund Loan Payable, Due After One Year	469,106	-	-	469,106	-
Right-of-Use Liability, Due After One Year	-	-	-	-	184,327
Loan Payable, Due After One Year	2,917,102	11,620,648	1,277,045	15,814,795	-
Bonds Payable, Due After One Year	247,979	-	-	247,979	-
Total Noncurrent Liabilities	4,121,812	12,380,341	1,522,130	18,024,283	184,327
Total Liabilities	5,092,626	13,101,205	1,551,349	19,745,180	282,922
DEFERRED INFLOWS OF RESOURCES:					
Pension Related Deferral	115,304	130,164	68,893	314,361	-
Other Benefits Related Deferral - RHI Plan	11,385	21,187	5,919	38,491	-
Other Benefits Related Deferral - PERS RHIA	1,675	1,366	988	4,029	-
Total Deferred Outflows of Resources	128,364	152,717	75,800	356,881	-
Net Position:					
Net Investment in Capital Assets	18,428,340	20,746,446	2,457,494	41,632,280	1,838,702
Restricted					
System Development Charges	547,879	1,414,346	239,270	2,201,495	-
Short-lived Asset Reserve - USDA	-	47,000	-	47,000	-
Debt Service Reserves - USDA	73,025	551,231	-	624,256	-
Unrestricted	327,226	1,025,163	70,137	1,422,526	6,846,284
Total Net Position	\$ 19,376,470	\$ 23,784,186	\$ 2,766,901	\$ 45,927,557	\$ 8,684,986

**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, 2023**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	SEWER FUND	WATER FUND	STORM WATER FUND	TOTAL	INTERNAL SERVICE FUND
OPERATING REVENUES:					
Charges for Services	\$ 4,876,284	\$ 3,194,214	\$ 674,779	\$ 8,745,277	\$ 2,741,728
Miscellaneous	1,430	34,518	-	35,948	-
Total Operating Revenues	4,877,714	3,228,732	674,779	8,781,225	2,741,728
OPERATING EXPENSES:					
Salaries, Wages and Benefits	400,534	829,135	225,108	1,454,777	1,216,758
Operating Supplies and Services	2,996,254	917,854	288,392	4,202,500	510,984
Depreciation and Amortization	600,330	922,087	68,960	1,591,377	495,767
Total Operating Expenses	3,997,118	2,669,076	582,460	7,248,654	2,223,509
Operating Income (Loss)	880,596	559,656	92,319	1,532,571	518,219
Nonoperating Revenues (Expenses):					
Intergovernmental	229,848	14,365	-	244,213	-
Sale of Capital Assets	-	-	-	-	64,402
Investment Earnings (Losses)	65,145	113,047	12,030	190,222	179,942
Interest Expense	(88,855)	(314,442)	(1,269)	(404,566)	(688)
Total Nonoperating Revenues (Expenses)	206,138	(187,030)	10,761	29,869	243,656
Income Before Contributions and Transfers	1,086,734	372,626	103,080	1,562,440	761,875
Capital Contributions - System Development Charges	34,903	50,271	12,246	97,420	-
Capital Contributions - Asset Transfers	-	-	-	-	(243,513)
Transfers In	-	-	-	-	648,320
Change in Net Position	1,121,637	422,897	115,326	1,659,860	1,166,682
Net Position - Beginning	18,254,833	23,361,289	2,651,575	44,267,697	7,518,304
Ending Net Position	\$ 19,376,470	\$ 23,784,186	\$ 2,766,901	\$ 45,927,557	\$ 8,684,986

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2023**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	SEWER FUND	WATER FUND	STORM WATER	TOTAL	INTERNAL
Cash Flows from Operating Activities:					
Receipts From Customers	\$ 4,911,847	\$ 3,155,212	\$ 665,580	\$ 8,732,639	\$ 2,741,728
Payments to Suppliers	(3,139,351)	(979,562)	(423,306)	(4,542,219)	(473,511)
Payments to Employees	(386,541)	(799,749)	(217,419)	(1,403,709)	(1,216,758)
Net Cash Provided (Used) by Operating Activities	1,385,955	1,375,901	24,855	2,786,711	1,051,459
Cash Flows From Investing Activities					
Interfund Loan Repayments	-	-	-	-	250,000
Interfund Loan Distribution	-	-	-	-	(1,075,000)
Investment Earnings (Losses)	65,145	113,047	12,030	190,222	179,942
Net Cash Flows From Investing Activities	65,145	113,047	12,030	190,222	(645,058)
Cash Flows From Noncapital Financing Activities					
Transfer From Other Funds	-	-	-	-	648,320
Net Cash Flows From Noncapital Financing Activities	-	-	-	-	648,320
Cash Flows from Capital and Related Financing Activities:					
Purchases of Capital Assets, net of Sales and Adjustments	(3,492,233)	(1,260,347)	(597,053)	(5,349,633)	(187,069)
Debt Payments	(344,997)	(528,865)	-	(873,862)	-
Debt Proceeds	575,000	-	686,199	1,261,199	-
IT Subscription Financing, net of Payments	-	-	-	-	-
Lease Financing, net of Payments	-	-	-	-	(68,421)
Repayment of Interfund Loans	-	-	(27,600)	(27,600)	-
Grants and Contributions	229,848	14,365	-	244,213	(243,513)
Interest	(90,294)	(343,182)	(1,269)	(434,745)	(688)
System Development Fees	34,903	50,271	12,246	97,420	-
Net Cash Flows From Capital and Related Financing Activities	(3,087,773)	(2,067,758)	72,523	(5,083,008)	(499,691)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,636,673)	(578,810)	109,408	(2,106,075)	555,030
Balances - Beginning of the Year	3,477,437	3,713,267	357,409	7,548,113	5,265,771
Balances - End of the Year	<u>\$ 1,840,764</u>	<u>\$ 3,134,457</u>	<u>\$ 466,817</u>	<u>\$ 5,442,038</u>	<u>\$ 5,820,801</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	\$ 880,596	\$ 559,656	\$ 92,319	\$ 1,532,571	\$ 518,219
Cash Flow Reported in Other Activities:					
Depreciation and Amortization Expense	600,330	922,087	68,960	1,591,377	495,767
Changes in Assets and Liabilities:					
Receivables	34,133	(73,520)	(9,199)	(48,586)	-
Payables	(145,913)	(62,437)	(134,914)	(343,264)	37,473
Prepaid Expenses	840	3,000	-	3,840	-
Inventory	1,976	(2,271)	-	(295)	-
Pension related items	14,945	30,869	8,378	54,192	-
Compensated Absences	(952)	(1,483)	(689)	(3,124)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,385,955</u>	<u>\$ 1,375,901</u>	<u>\$ 24,855</u>	<u>\$ 2,786,711</u>	<u>\$ 1,051,459</u>

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

STATEMENT OF NET POSITION
FIDUCIARY FUND
June 30, 2023

CUSTODIAL FUND

ASSETS:

Cash and Investments, at Fair Value	\$ 123,579
Accounts Receivable, Net	<u>51,095</u>
Total Assets	<u>174,674</u>

LIABILITIES:

Due to Other Government	<u>124,061</u>
Total liabilities	<u>124,061</u>

NET POSITION:

Restricted - Other Government	<u>50,613</u>
Total net position	<u><u>\$ 50,613</u></u>

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2023

CUSTODIAL FUND

Additions	
Investment Earnings (Losses)	\$ 592
Utility Service Charges	
Sewer Billing	276,922
Water Billing	<u>247,640</u>
Total additions	<u>525,154</u>
Deductions	
Distributions to Other Government	502,715
Billing Service Charge	<u>14,365</u>
Total Deductions	<u>517,080</u>
Change in Net Position	8,074
Net Position - Beginning	<u>42,539</u>
Net Position - Ending	<u><u>\$ 50,613</u></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 State of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

THE FINANCIAL REPORTING ENTITY

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

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

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following major governmental funds are reported:

General Fund

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

Road Fund

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

Restricted Revenue Fund

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

URA Columbia Cascade District Fund

This fund accounts 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

These 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, 2023 with the exception of Sewer Fund – USDA SLARRA expenditures by \$193,987.

BUDGETARY BASIS OF ACCOUNTING

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

Right to use assets

Right-to-Use assets include Lease and IT Subscriptions. 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. Subscription assets are assets in which the government obtains control of the right to use the underlying IT asset. The value of the subscription asset is initially measured as the sum of the initial subscription liability amount, any payments made to the IT software vendor before commencement of the subscription term, and any capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized in a straight-line manner over the course of the subscription term.

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.

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term obligations

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

IT Subscriptions payable

In the government-wide financial statements, subscription liabilities are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of subscription payments expected to be made during the subscription term is reported as other financing sources. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. Amortization of the discount on the subscription liability is recognized as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

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	1,448,577
Investments	22,444,815
Total Cash and Investments	<u>\$ 23,895,942</u>

Financial Statements:

Unrestricted Cash and Investments	\$ 13,741,335
Restricted Cash and Investments	<u>10,031,028</u>
Government-wide - Statement of Net Position	23,772,363
Fiduciary Fund - Statement of Net Position	<u>123,579</u>
Total Cash and Investments	<u>\$ 23,895,942</u>

Deposits

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

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, 2023, bank balances totaled \$1,991,758, 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.

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2023.

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, 2023, the position in the LGIP is 99.63% 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.

As of June 30, 2023, there were the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
Local Government Investment Pool	\$ 22,444,815	\$ 22,444,815	-	-
Total Investments	\$ 22,444,815	\$ 22,444,815	-	-

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.

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. LEASE RECEIVABLE

	<u>Original Amount</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:							
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>\$ 170,325</u>	<u>\$ -</u>	<u>\$ (19,308)</u>	<u>\$ 38,866</u>	<u>\$ 189,883</u>	<u>\$ 19,308</u>

Future maturities are as follows:

<u>Fiscal Year</u>	<u>Principle</u>	<u>Interest</u>
2023-24	19,308	2,508
2024-25	19,308	3,162
2025-26	19,308	3,834
2026-27	19,308	4,530
2027-28	19,308	5,244
2028-33	<u>93,343</u>	<u>36,065</u>
	<u>\$ 189,883</u>	<u>\$ 55,343</u>

4. RIGHT-TO-USE ASSETS

Lease and IT Subscription asset activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Leased Asset: Copiers	\$ 57,054	\$ -	\$ -	\$ 57,054
Less Accumulated Amortization	(906)	(10,872)	-	(11,778)
Leased Assets, net	<u>\$ 56,148</u>	<u>\$(10,872)</u>	<u>\$ -</u>	<u>\$ 45,276</u>

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. RIGHT-TO-USE ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
IT Subscription Assets				
Adobe Contract	\$ -	\$ 5,465	\$ -	\$ 5,465
Aruba UXI Contract	-	1,325	-	1,325
Microsoft Office Contract	-	22,962	-	22,962
VEEAM Contract	-	3,545	-	3,545
Zoom Meeting Platform	-	9,624	-	9,624
ESRI ArcGIS Contract	-	5,466	-	5,466
Express BillPay Contract	-	197,291	-	197,291
Total Subscription Assets	-	245,678	-	245,678
Accumulated Amortization				
Adobe Contract	-	2,976	-	2,976
Aruba UXI Contract	-	216	-	216
Microsoft Office Contract	-	21,192	-	21,192
VEEAM Contract	-	1,368	-	1,368
Zoom Meeting Platform	-	1,041	-	1,041
ESRI ArcGIS Contract	-	792	-	792
Express BillPay Contract	-	29,964	-	29,964
Total Accumulated Amortization	-	57,549	-	57,549
Total IT Subscription Assets, Net	<u>\$ -</u>	<u>\$ 188,129</u>	<u>\$ -</u>	<u>\$ 188,129</u>

Amortization expense is recognized in the general government function.

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS

Governmental Activities

Capital asset activity for governmental activities for the year ended June 30, 2023 was as follows:

Description	June 30, 2022	Additions	Disposals	Transfers / Adjustments	June 30, 2023
Capital Assets Not being Depreciated					
Land	\$ 5,071,952	\$ -	\$ (50,000)	\$ -	\$ 5,021,952
Intangibles	6,750	-	-	-	6,750
Construction in Progress	1,831,266	2,710,055	-	(136,791)	4,404,530
Total Capital Assets not being Depreciated	6,909,968	2,710,055	(50,000)	(136,791)	9,433,232
Other Capital Assets					
Land Improvements	9,689,479	-	-	-	9,689,479
Buildings & Improvements	6,613,568	-	-	-	6,613,568
Infrastructure	14,378,369	220,801	-	-	14,599,170
Equipment	2,566,550	21,348	(13,720)	136,791	2,710,969
Vehicles	5,197,749	465,412	(129,709)	-	5,533,452
Total other Capital Assets	38,445,715	707,561	(143,429)	136,791	39,146,638
Less Accumulated Depreciation					
Land Improvements	2,868,974	189,371	-	-	3,058,345
Buildings & Improvements	1,703,872	176,740	-	-	1,880,612
Infrastructure	2,827,426	428,960	-	-	3,256,386
Equipment	1,258,565	267,601	(13,720)	-	1,512,446
Vehicles	4,552,303	220,173	(129,709)	-	4,642,767
Total Accumulated Depreciation	13,211,140	1,282,845	(143,429)	-	14,350,556
Total Capital Assets being Depreciated, Net	25,234,575	(575,284)	-	136,791	24,796,082
Total Governmental Type Activities	\$ 32,144,543	\$ 2,134,771	\$ (50,000)	\$ -	\$ 34,229,314

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

Function	Governmental Activities
General Government	\$ 157,429
Public Safety	288,064
Street	266,881
Economic and Physical Development	118,006
Culture and Recreation	25,119
Internal Service Funds	427,346
Total	\$ 1,282,845

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS (CONTINUED)

Business-type Activities

Capital asset activity for business type activities for the year ended June 30, 2023 was as follows:

Description	June 30, 2022	Additions	Disposals	Transfers / Adjustments	June 30, 2023
Capital Assets Not being Depreciated					
Land	\$ 39,150	\$ -	\$ -	\$ -	\$ 39,150
Intangibles	88,332	-	-	-	88,332
Construction in Progress	7,004,050	5,023,351	-	(5,263,633)	6,763,768
Total Capital Assets not being Depreciated	7,131,532	5,023,351	-	(5,263,633)	6,891,250
Other Capital Assets					
Land Improvements	45,146,896	326,051	-	4,937,813	50,410,760
Buildings & Improvements	2,169,558	-	-	-	2,169,558
Infrastructure	19,796,365	-	-	326,051	20,122,416
Equipment	786,411	-	-	-	786,411
Total other Capital Assets	67,899,230	326,051	-	5,263,864	73,489,145
Less Accumulated Depreciation					
Land Improvements	15,163,797	998,444	-	-	16,162,241
Buildings & Improvements	1,852,810	71,196	-	-	1,924,006
Infrastructure	2,384,592	474,941	-	-	2,859,533
Equipment	633,010	46,796	-	-	679,806
Total Accumulated Depreciation	20,034,209	1,591,377	-	-	21,625,586
Total Capital Assets being Depreciated, Net	47,865,021	(1,265,326)	-	5,263,864	51,863,559
Total Business Type Activities	<u>\$ 54,996,553</u>	<u>\$ 3,758,025</u>	<u>\$ -</u>	<u>\$ 231</u>	<u>\$58,754,809</u>

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

Function	Business Type Funds
Sewer	600,330
Water	922,087
Stormwater	68,960
Total	<u>1,591,377</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

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)	\$ 75,700	\$ -	\$ (75,700)	\$ -	\$ -
Loan - Rand Road Financing	793,362	-	(88,430)	704,932	91,304
Total Governmental Debt Payable	<u>\$ 869,062</u>	<u>\$ -</u>	<u>\$ (164,130)</u>	<u>\$ 704,932</u>	<u>\$ 91,304</u>

BUSINESS-TYPE ACTIVITIES					
	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct Borrowing and Placements:					
Waterline Phase I Refinance FF&C	\$ 1,470,468	\$ -	\$ (294,094)	\$ 1,176,374	\$ 294,094
USDA Waterline Loan 91-03	4,294,048	-	(89,614)	4,204,434	92,079
USDA Waterline Loan 91-04	6,955,502	-	(145,157)	6,810,345	149,148
DEQ Sewer Outfall Project R45761	1,384,759	-	(80,588)	1,304,171	81,721
DEQ Storm Pipe Relocation Project R45762	590,846	686,199	-	1,277,045	-
USDA Sewer Rev Bond No. 1 Indian Creek	1,729,061	-	(34,409)	1,694,652	35,183
Public Bond Issuances:					
Full Faith & Credit 2010	710,000	-	(230,000)	480,000	235,000
Bond Premiums	5,956	-	(2,978)	2,978	-
Total Business-type Debt Payable	<u>\$ 17,140,640</u>	<u>\$ 686,199</u>	<u>\$ (876,840)</u>	<u>\$ 16,949,999</u>	<u>\$ 887,225</u>

Direct Borrowings and Placements – Governmental Activities

Loan – Upland Property (Naito)

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG TERM OBLIGATIONS (CONTINUED)

Direct Borrowings & Placements – Governmental Activities (continued)

Loan – Rand Road Financing

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

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

<u>Fiscal Year</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2023-24	\$ 91,304	\$ 21,427	\$ 112,731
2024-25	94,272	18,411	112,683
2025-26	97,336	15,297	112,633
2026-27	100,499	12,083	112,582
2027-28	103,765	8,763	112,528
2028-30	217,756	7,134	224,890
	<u>\$ 704,932</u>	<u>\$ 83,114</u>	<u>\$ 788,046</u>

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)

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 \$1,277,045 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; (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.

**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.

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>
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
2027-28	393,746	328,247	721,993
2028-33	2,115,723	1,487,635	3,603,358
2033-38	2,334,651	1,207,275	3,541,926
2038-43	2,171,206	916,026	3,087,232
2043-48	2,479,533	607,699	3,087,232
2048-53	2,823,825	255,411	3,079,236
2053-56	210,083	9,516	219,599
	15,189,976	\$ 6,286,787	\$ 21,476,763
DEQ Storm Pipe Relocation			
Proj. R45762 - schedule undetermined	1,277,045		
	<u>\$ 16,467,021</u>		

**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 f) Legislation shall hereafter be enacted, or actively considered for enactment, or a decision by a court of the United States shall hereafter be rendered, or a ruling, stop order or regulation by the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall hereafter be made, the effect of which is or would be that the offering and sale of the Obligations would be illegal;

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG TERM OBLIGATIONS (CONTINUED)

Public Bond Issuances – Business Type Activities (Continued)

Full Faith & Credit 2010 (Continued)

g) Any litigation, except as described in the Final Official Statement, shall be instituted or pending at Closing to restrain or enjoin the authorization, issuance, execution, sale or delivery of the Obligations or the execution and delivery of any of the Financing Documents, or in any way contesting or affecting any authority for or the validity or enforceability of the Obligations, the Resolution or any of the other Financing Documents, any moneys or securities provided for the payment of the Obligations or the existence or powers of the Issuer; or h) Any legislation, ordinance, rule or regulation shall be introduced in or enacted by any governmental body, board, department or agency of the State of Oregon or of the United States, or a decision by any court of competent jurisdiction within the State of Oregon or any court of the United States shall be rendered materially adversely affecting the Issuer or the Obligations; or i) There shall have been established any new restrictions on transactions in securities materially affecting the free market for securities or the extension of credit by, or the charge to the net capital requirements of the Underwriter, including without limitation, the fixing of minimum or maximum prices for trading or maximum ranges of prices, by any exchange, the Securities and Exchange Commission, any other federal or state agency or the Congress of the United States, or by Executive Order; or j) Except for such changes to the Final Official.

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

Future Minimum Annual Debt Service

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

<u>Fiscal Year</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2023-24	\$ 235,000	\$ 15,651	\$ 250,651
2024-25	245,000	5,329	250,329
	<u>\$ 480,000</u>	<u>\$ 20,980</u>	<u>\$ 500,980</u>

Compensated Absences

The compensated absences balances at June 30, 2023 were as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Governmental	\$ 696,316	\$ 86,781	\$ (174,079)	\$ 609,018
Business-type	83,887	17,848	(20,972)	80,763
Total	<u>\$ 780,203</u>	<u>\$ 104,629</u>	<u>\$ (195,051)</u>	<u>\$ 689,781</u>

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. IT SUBSCRIPTION LIABILITY

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize A subscription liability and an intangible right-to-use subscription asset.

	<u>Original Amount</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:						
Adobe Contract; interest at 2.75%, principal and interest of \$3,064 paid annually; due 2024	\$ 5,465	\$ -	\$ 5,465	\$ (2,976)	\$ 2,489	\$ 2,489
Aruba UXI Contract; interest at 5.00%; principal and interest of \$1,646 paid at beginning of 5-year term; due 2028	1,325	-	1,325	(216)	1,109	288
Microsoft Office Contract; interest at 2.00%, principal and interest of \$1,787 monthly; due 2024	22,962	-	22,962	(21,192)	1,770	1,770
VEEAM Contract; interest at 3.00% principal and interest of \$3,681 paid at beginning of 3-year term	3,545	-	3,545	(1,368)	2,177	1,368
Zoom Meeting Platform; annual payments of varying principal and interest; due 2028-2029	9,624	-	9,624	(1,041)	8,583	1,535
ESRI ArcGIS Contract; interest at 3.00% principal and interest of \$880 paid annually; due 2029	5,466	-	5,466	(792)	4,674	792
Express BillPay Contract; interest at 3.25%, est. principal and interest of \$2,500-\$3,200 monthly; due 2029	197,291	-	197,291	(29,964)	167,327	29,964
Total Subscription Liability	<u>\$245,678</u>	<u>\$ -</u>	<u>\$245,678</u>	<u>\$ (57,549)</u>	<u>\$188,129</u>	<u>\$ 38,206</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

7. IT SUBSCRIPTION LIABILITY (CONTINUED)

Future Minimum Payments on IT Subscription Liabilities:

<u>Fiscal Year</u>	<u>Principle</u>	<u>Interest</u>
2023-24	\$ 38,206	\$ 1,709
2024-25	33,388	2,795
2025-26	32,579	3,971
2026-27	32,536	5,160
2027-28	32,290	6,335
2028-2033	19,130	5,102
	<u>\$ 188,129</u>	<u>\$ 25,072</u>

8. LEASE LIABILITY

	<u>Original Amount</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:						
Copiers Lease, at 4.75%, principal and interest of \$1,025 monthly; due 2028	<u>\$ 57,054</u>	<u>\$ 56,148</u>	<u>\$ -</u>	<u>\$(10,872)</u>	<u>\$ 45,276</u>	<u>\$ 10,872</u>

<u>Fiscal Year</u>	<u>Principle</u>	<u>Interest</u>
2023-24	\$ 10,872	\$ 4,240
2024-25	10,872	4,932
2025-26	10,872	5,643
2026-27	10,872	6,378
2028-28	<u>1,788</u>	<u>33,545</u>
	<u>\$ 45,276</u>	<u>\$ 54,738</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

9. EMPLOYEE RETIREMENT PLAN

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

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

- General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
 - A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.
- ii. Death Benefits. Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
- iii. Disability Benefits. A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
- iv. Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

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, 2023 were \$1,225,177, excluding amounts to fund employer specific liabilities.

At June 30, 2023, the City reported a net pension liability of \$8,206,963 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020.

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, 2022 and 2021, the City's proportion was 0.0536 and 0.0486 percent, respectively. Pension expense for the year ended June 30, 2023 was \$372,659.

The rates in effect for the year ended June 30, 2023 were:

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 398,382	\$ (51,180)
Changes in assumptions	1,287,717	(11,765)
Net difference between projected and actual earnings on pension plan investments	-	(1,467,246)
Changes in proportionate share	809,882	(458,577)
Changes in proportion and differences between City contributions and proportionate share of contributions	1,495,727	(755,209)
Net deferred outflow/inflow of resources	3,991,708	(2,743,977)
Contributions subsequent to measurement date	1,225,177	-
Total Deferred Outflows / Inflows	<u>\$ 5,216,885</u>	<u>\$ (2,743,977)</u>

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, 2024.

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	\$ 467,168	\$ 1,225,177	\$ 1,692,345
2nd Fiscal Year	186,653	-	186,653
3rd Fiscal Year	(262,008)	-	(262,008)
4th Fiscal Year	842,833	-	842,833
5th Fiscal Year	13,085	-	13,085
Thereafter	-	-	-
Total	<u>\$ 1,247,731</u>	<u>\$ 1,225,177</u>	<u>\$ 2,472,908</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, 2022. 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, 2021, 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.

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

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.

Actuarial Methods and Assumptions:

Valuation date	December 31, 2020
Measurement date	June 30, 2022
Experience Study Report	2020, Published July 20, 2021
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> : Pub-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> : Pub-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> : Pub-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 2020 Experience Study that was reviewed for the four-year period ending December 31, 2020.

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

NOTES TO BASIC FINANCIAL STATEMENTS

9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Assumed Asset Allocation:

Asset Class/Strategy	OIC Policy Range			OIC Target Allocation	Asset Class/Strategy	Actual Allocation ²
Debt Securities	15.0	-	25.0 %	20.0 %	Debt Securities	19.8 %
Public Equity	25.0	-	35.0	30.0	Public Equity	21.2
Real Estate	7.5	-	17.5	12.5	Real Estate	13.6
Private Equity	15.0	-	27.5	20.0	Private Equity	28.0
Risk Parity	0.0	-	3.5	2.5	Risk Parity	2.0
Real Assets	2.5	-	10.0	7.5	Real Assets	7.9
Diversifying Strategies	2.5	-	10.0	7.5	Diversifying Strategies	4.9
Opportunity Portfolio ¹	0.0	-	5.0	0.0	Opportunity Portfolio	2.6
Total				100.0 %	Total	100.0 %

¹Opportunity Portfolio is an investment strategy and it may be invested up to 5% of total Fund assets.

²Based on the actual investment value at 6/30/2022.

³In October 2021 the Alternatives Portfolio was split into Real Assets and Diversifying Strategies.

(Source: June 30, 2022 PERS ACFR; p. 104)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June, 2021, the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

NOTES TO BASIC FINANCIAL STATEMENTS

9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

<u>Long-Term Expected Rate of Return</u> ¹				
Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
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, 2022 PERS ACFR; p. 74)

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 7.90%
City's proportionate share of net pension liability	\$ 14,554,339	\$ 8,206,963	\$ 2,894,502

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

NOTES TO BASIC FINANCIAL STATEMENTS

9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

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.

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, 2023.

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

NOTES TO BASIC FINANCIAL STATEMENTS

9. EMPLOYEE RETIREMENT PLAN (CONTINUED)

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>

10. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

a) Retiree Health Insurance Plan

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

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

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

The City engaged an actuary to perform a valuation as of June 30, 2022 using Entry Age Actuarial Cost Method with service cost expressed as a level percent of pay.

Economic Assumptions

Discount Rate: 3.54% 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

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 trend rate for 2022 includes an adjustment for known January 1, 2023 premiums.

Medical and vision:

Year	Pre-65 Trend
2022	4.25%
2023	6.75
2024	6.50
2025	6.00
2026	5.25
2027	5.00
2028 – 2029	4.75
2030	4.50
2031 – 2065	4.25
2066 - 2071	4.00
2072+	3.75

Dental: 1.75% for 2022, 4.00% per year until 2072, then 3.75% thereafter. The trend rate for 2022 includes an adjustment for known January 1, 2023 premiums.

Health care cost trend affects both the projected health care costs as well as the projected health care premiums. Health trend prior to the valuation date uses the ultimate trend rates shown above.

General Inflation

2.40% per year, used to develop other economic assumptions

Annual Pay Increases

3.40% 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

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, 2022	\$	590,650
Changes for the Year:		
Service Cost		41,945
Interest		13,575
Changes of Benefit Terms		-
Effect of economic/demographic gains or losses		(94,386)
Changes of Assumptions or Other Input		(78,772)
Benefit Payments		(8,319)
Net Changes for the Year		(125,957)
Total OPEB Liability at June 30, 2023	\$	464,693

Sensitivity of the Net Other Post-Employment Benefit Liability to Changes in Discount and Trend Rates

The following presents the net other post-employment benefit liability (NOL), calculated using the discount rate of 3.54 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 506,477	\$ 464,693	\$ 426,020

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 411,643	\$ 464,693	\$ 526,474

<u>Fiscal Year Ending June 30, 2023</u>	<u>Deferred (Inflows) of Resources*</u>	<u>Deferred Outflows of Resources*</u>
Differences between expected and actual experience	\$ (140,158)	\$ 45,001
Changes of assumptions or inputs	(109,715)	28,213
Benefit Payments**	-	8,972
Total as of June 30, 2023	\$ (249,873)	\$ 82,186

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

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

1st Fiscal Year	\$	(11,687)
2nd Fiscal Year		(20,659)
3rd Fiscal Year		(20,659)
4th Fiscal Year		(20,659)
5th Fiscal Year		(19,669)
Thereafter		(74,353)
Total	\$	<u>(167,686)</u>

b) RHIA Plan – Oregon PERS:

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

Funding Policy - Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the 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, 2022. 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, 2021, 2022, and 2023 were \$1,250, \$1,146 and \$1,037 respectively, which equaled the required contributions each year.

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

At June 30, 2023, the City reported a net OPEB asset of \$165,419 for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2022, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2020. 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, 2022, and 2021, the City's proportion was 0.0465 percent and 0.0467 percent, respectively.

Components of OPEB Expense/(Income)

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (24,727)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	(7,776)
- 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>\$ (32,503)</u>

Components of Deferred Outflows/Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,475
Changes of assumptions or inputs	1,293	5,505
Net difference between projected and actual earnings on pension plan investments	-	12,595
Changes in proportionate share	362	14,999
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
Net deferred outflow/inflow of resources	1,655	37,574
Contributions subsequent to measurement date	1,037	-
Total Deferred Outflows / Inflows	<u>\$ 2,692</u>	<u>\$ 37,574</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, 2024.

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

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
1st Fiscal Year	\$ (24,459)
2nd Fiscal Year	(7,546)
3rd Fiscal Year	(7,948)
4th Fiscal Year	4,034
5th Fiscal Year	-
Thereafter	-
	\$ (35,919)

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, 2022.

Valuation date	December 31, 2020
Measurement date	June 30, 2022
Experience Study Report	2020, Published July 20, 2021
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> Pub-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> Pub-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> Pub-2010 Disabled retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2020 Experience Study that was reviewed for the four-year period ending December 31, 2020.

Discount Rate - The discount rates used to measure the total OPEB liability as of the measurement date of June 30, 2022 and 2021 were 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return - To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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)	\$ 148,846	\$	165,149	\$	179,125

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2022 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

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

<u>Long-Term Expected Rate of Return</u> ¹				
Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
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, 2022 PERS ACFR; p. 74)

11. INTERFUND TRANSFERS / LOANS

	Transfer from other funds	Transfer to other funds
GOVERNMENTAL FUNDS		
General Fund	\$ -	\$ 648,320
PROPRIETARY FUNDS		
Internal Service Fund	648,320	-
	<u>\$ 648,320</u>	<u>\$ 648,320</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

11. 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 was to be repaid over five years at 1.55% interest, with the final payment made in fiscal year 2022-23.
- \$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, 2023 is \$28,228.
- 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 balance of \$250,000 was repaid in fiscal year 2022-23.
- \$500,000 issued in FY 2022-23 from the Internal Service Fund (Fleet & Equipment) to the Road SDC Fund to be used for the construction of the Cascade & Rand Intersection. The amount is to be repaid over five years at 4.05% interest.
- \$550,000 issued in FY 2022-23 from the Internal Service Fund (Fleet & Equipment) to the Sewer Fund to be used to replace the UV System. The amount is to be repaid over five years at 4.05% interest.

12. RESTRICTED ASSETS

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

	Governmental Activities	Business-type Activities
Road Fund	\$ 693,255	\$ -
Misc. Restricted Fund	881,469	-
URA - General Fund	54,675	-
URA - Columbia Cascade Plan Fund	4,269,530	-
URA - Waterfront Plan Fund	538,697	-
URA - Heights Plan Fund	767,651	-
Sewer Fund	-	620,904
Water Fund	-	1,965,577
Storm Water Fund	-	239,270
Total	<u>\$7,205,277</u>	<u>\$ 2,825,751</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

13. 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.

14. 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.

15. SUBSEQUENT EVENTS

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

- On July 11th, the City Council authorized Resolution 2023-13 adopting Building Schedule of City Fees, Rates, and Charges for Services for FY23-24.
- On August 14th, the City Council authorized the contract award for Advanced Metering Infrastructure (AMI) System Enhancement for \$499,896.
- On August 28th, the City Council authorized a Hood River Garbage rate adjustment averaging approximately 7.37% which increases the City's franchise fee share by approximately \$9,236 per year.
- On August 28th the City Council authorized an amendment to the Strategic Communications Agreement with Pageworks Design Inc for \$50,000.
- On September 11th the City Council authorized the contract award for the Wastewater Treatment Plant Facility Plan project for \$312,000.
- In August 2023, the U.S. Environmental Protection Agency awarded the City a \$575,000 grant for Final Design of the Elevated Sewer Replacement Project.

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

16. 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, 2024. The contract amount for FY2023-24 is \$1,540,000.

As of June 30, 2023, the City has remaining construction and design/engineering contract obligations as follows:

- Wastewater Treatment Plant Ultra-Violet Disinfection System Construction: \$12,500
- Wastewater Treatment Plant Digester Gas Mixing Design: \$243,076
- Wastewater Treatment Plant Municipal Engineering Inspection: \$18,893
- Dee In-Line Hydro Design: \$222,342
- 20th Street/ Rand & Cascade PRV Replacement Design: \$28,175
- Primary Clarifier Repair Design: \$32,047
- Waucoma Park & 13th Alley Sewer Design: \$61,587
- Cascade 6th-10th Water/Sewer/Storm Design: \$86,534
- Eugene 9th-12th Water/Sewer Design: \$12,337
- Montello Ave 2nd-7th Water/Sewer Design: \$12,856
- Hull Street 9th-12th Water/Sewer/Storm Design: \$127,567
- Rebuild Westcliff Pump Station Design: \$173,746
- 2nd & Oak Signalization Construction: \$1,206,132

On August 14th, the City Council authorized the Collective Bargaining Agreement for IAFF Local 3256 through June 2026. This agreement is anticipated in the FY2023-24 budget. The retroactive pay attributable to FY2022-23 is \$15,277.32 and will be addressed in the Supplemental Budget.

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

17. 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.

18. FUND BALANCE CONSTRAINTS

The specific purposes for each of the categories of fund balance as of June 30, 2023, are as follows:

FUND BALANCES	General	Road Fund	Rest. Revenue Fund	URA CC District Fund	Non-Major Funds	Total Governmental
Non-spendable	\$ 113,535	\$ 81,180	\$ -	\$ -	\$ -	\$ 194,715
Restricted:						
Roads	-	251,853	-	-	-	251,853
Debt Service	-	-	102,535	-	-	102,535
Building Services	-	-	199,602	-	-	199,602
Small Grants	-	-	17,710	-	-	17,710
CET-Local Housing Programs	-	-	66,028	-	-	66,028
CET-Development Incentives	-	-	335,784	-	-	335,784
CET-State OHCS Distribution	-	-	2,272	-	-	2,272
Urban Renewal	-	-	-	4,267,852	1,328,894	5,596,746
Total Restricted	-	251,853	723,931	4,267,852	1,328,894	6,572,530
Assigned to:						
Reserves - Affordable Housing	-	-	-	-	27,713	27,713
Reserves - Parks Facilities	-	-	-	-	108,355	108,355
Reserves - Other	-	-	-	-	50,402	50,402
Total Assigned	-	-	-	-	186,470	186,470
Unassigned	5,012,350	-	-	-	-	5,012,350
Total Fund Balances	\$ 5,125,885	\$ 333,033	\$ 723,931	\$ 4,267,852	\$ 1,515,364	\$ 11,966,065

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, 2023**

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
2023	0.05 %	\$ 8,206,963	\$ 5,820,120	141.01%	84.5 %
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
2023	\$ 1,225,177	\$ 1,225,177	\$ -	\$ 5,943,765	20.61 %
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 ACCOUNT (RHIA)
For the Year Ended June 30, 2023**

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
2023	\$ -	\$ (4,475)	\$ (4,212)	\$ (12,595)	\$ (1,037)	\$ (14,637)	\$ (32,503)
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
2023	\$ (160,418)	\$ (4,731)	\$ (165,149)	\$ 5,943,765	-2.8%	6.90%
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, 2023**

	2023	2022	2021	2020	2019	2018
Total OPEB Liability - Beginning of the year	\$ 590,650	\$ 541,088	\$ 571,594	\$ 535,524	\$ 459,986	\$ 457,813
<u>Changes for the year:</u>						
Service cost	41,945	40,703	31,140	27,625	29,214	31,348
Interest on total OPEB liability	13,575	12,786	20,674	21,191	17,305	13,830
Change of benefit terms	-	-	-	-	-	-
Effect of economic/demographic gains or losses	(94,386)	-	(78,672)	-	85,176	-
Effect of assumptions changes or inputs	(78,772)	2,559	20,654	18,697	(44,430)	(35,134)
Benefit payments	(8,319)	(6,486)	(24,302)	(31,443)	(11,727)	(7,870)
Net Changes for the Year	<u>(125,957)</u>	<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>\$ 464,693</u>	<u>\$ 590,650</u>	<u>\$ 541,088</u>	<u>\$ 571,594</u>	<u>\$ 535,524</u>	<u>\$ 459,987</u>
 Covered Payroll	 5,943,765	 5,820,120	 5,986,994	 5,280,466	 5,016,367	 4,656,307
Total OPEB Plan as a Percentage of Covered Payroll	7.8%	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, 2023

	<u>GENERAL FUND</u>			VARIANCE TO FINAL BUDGET
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Taxes	\$ 5,373,718	\$ 5,373,718	\$ 5,447,136	\$ 73,418
Licenses and Permits	2,265,396	2,265,396	2,206,910	(58,486)
Intergovernmental	1,189,841	1,189,841	1,661,229	471,388
Charges for Services	1,309,904	1,309,904	1,335,055	25,151
Fines and Forfeitures	341,889	341,889	366,055	24,166
Investment Earnings (Losses)	34,714	34,714	182,662	147,948
Miscellaneous	99,195	99,195	131,320	32,125
Total Revenue	<u>10,614,657</u>	<u>10,614,657</u>	<u>11,330,367</u>	<u>715,710</u>
EXPENDITURES:				
Public Safety - Police	3,039,525	3,100,025 (1)	2,968,334	131,691
Public Safety - Fire	4,236,004	4,523,504 (1)	4,220,390	303,114
Parks	697,359	697,359 (1)	612,974	84,385
Planning	646,930	661,930 (1)	536,136	125,794
Parking	557,317	607,317 (1)	592,762	14,555
Municipal Court	127,076	139,576 (1)	124,148	15,428
City Council	24,206	24,206 (1)	14,266	9,940
Engineering	389,997	389,997 (1)	297,329	92,668
Expenditures Not Allocated:				
Non-Departmental	383,000	458,000 (1)	369,407	88,593
Contingency	291,661	- (1)	-	-
Total Expenditures	<u>10,393,075</u>	<u>10,601,914</u>	<u>9,735,746</u>	<u>866,168</u>
Excess of Revenues Over, (Under) Expenditures	<u>221,582</u>	<u>12,743</u>	<u>1,594,621</u>	<u>1,581,878</u>
Other Financing Sources, (Uses)				
Transfers Out	(548,320)	(648,320) (1)	(648,320)	-
Total Other Financing Sources, (Uses)	<u>(548,320)</u>	<u>(648,320)</u>	<u>(648,320)</u>	<u>-</u>
Net Change in Fund Balance	(326,738)	(635,577)	946,301	1,581,878
Beginning Fund Balance	<u>3,789,362</u>	<u>4,151,356</u>	<u>4,151,356</u>	<u>-</u>
Ending Fund Balance	<u>\$ 3,462,624</u>	<u>\$ 3,515,779</u>	<u>5,097,657</u>	<u>\$ 1,581,878</u>
Reconciliation to Governmental Fund Statements:				
Interfund Loan to Storm Water			28,228	
Governmental Fund Statements			<u>\$ 5,125,885</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, 2023**

<u>ROAD FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Taxes	\$ 342,220	\$ 342,220	\$ 363,408	\$ 21,188
Licenses and Permits	18,940	18,940	23,015	4,075
Intergovernmental	744,436	744,436	768,831	24,395
System Development Charges	1,225,000	1,225,000	63,368	(1,161,632)
Investment Earnings (Losses)	12,506	12,506	48,856	36,350
Miscellaneous	3,525	3,525	2,274	(1,251)
Total Revenues	<u>2,346,627</u>	<u>2,346,627</u>	<u>1,269,752</u>	<u>(1,076,875)</u>
EXPENDITURES:				
Road Operations	1,518,061	1,518,061 (1)	1,151,413	366,648
Road SDC	2,500,000	2,700,000 (1)	2,661,565	38,435
Expenditures Not Allocated:				
Contingency	<u>190,000</u>	<u>- (1)</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>4,208,061</u>	<u>4,218,061</u>	<u>3,812,978</u>	<u>405,083</u>
Excess of Revenues Over, (Under)				
Expenditures	<u>(1,861,434)</u>	<u>(1,871,434)</u>	<u>(2,543,226)</u>	<u>(671,792)</u>
Other Financing Sources, (Uses)				
Transfer In	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>(500,000)</u>
Total Other Financing Sources, (Uses)	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Net Change in Fund Balance	<u>(1,861,434)</u>	<u>(1,871,434)</u>	<u>(2,043,226)</u>	<u>(171,792)</u>
Beginning Fund Balance	<u>2,682,228</u>	<u>2,795,079</u>	<u>2,795,079</u>	<u>-</u>
Ending Fund Balance	<u>\$ 820,794</u>	<u>\$ 923,645</u>	<u>\$ 751,853</u>	<u>\$ (171,792)</u>
Reconciliation to Combined Balance Sheet:				
Interfund Loan from ISF			(500,000)	
Supply Inventory			<u>81,180</u>	
Combined Balance Sheet			<u>\$ 333,033</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, 2023

<u>RESTRICTED REVENUE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Taxes	\$ 850,542	\$ 900,542	\$ 661,660	\$ (238,882)
Licenses and Permits	403,240	403,240	227,940	(175,300)
Assessments	14,070	14,070	2,455	(11,615)
Investment Earnings (Losses)	5,652	5,652	27,508	21,856
Miscellaneous	-	-	30,352	30,352
Total Revenue	<u>1,273,504</u>	<u>1,323,504</u>	<u>949,915</u>	<u>(373,589)</u>
EXPENDITURES:				
Building Program	410,726	410,726 (1)	337,837	72,889
LID Assessments	14,070	14,070 (1)	2,496	11,574
Small Grants	8,498	8,498 (1)	1,184	7,314
Tourism Promotion Fund	652,092	702,092 (1)	589,807	112,285
CET State OHCS Distribution	45,000	45,000 (1)	12,859	32,141
Expenditures Not Allocated:				
Debt Service	113,178	113,178 (1)	112,992	186
Contingency	285,000	285,000 (1)	-	285,000
Total Expenditures	<u>1,528,564</u>	<u>1,578,564</u>	<u>1,057,175</u>	<u>521,389</u>
Net Change in Fund Balance	(255,060)	(255,060)	(107,260)	147,800
Beginning Fund Balance	<u>806,956</u>	<u>806,956</u>	<u>831,191</u>	<u>24,235</u>
Ending Fund Balance	<u>\$ 551,896</u>	<u>\$ 551,896</u>	<u>\$ 723,931</u>	<u>\$ 172,035</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, 2023**

URA COLUMBIA CASCADE DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property Taxes	\$ -	\$ -	\$ 22,935	\$ 22,935
Investment Earnings (Losses)	44,176	44,176	138,210	94,034
Capital Contributions - Assessments	14,070	14,070	2,496	(11,574)
Total Revenues	58,246	58,246	163,641	105,395
EXPENDITURES:				
Operations	4,440,861	4,440,861 (1)	253,256	4,187,605
Total Expenditures	4,440,861	4,440,861	253,256	4,187,605
Net Change in Fund Balance	(4,382,615)	(4,382,615)	(89,615)	4,293,000
Beginning Fund Balance	4,382,615	4,382,615	4,357,467	(25,148)
Ending Fund Balance	\$ -	\$ -	\$ 4,267,852	\$ 4,267,852

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, 2023**

	SPECIAL REVENUE FUNDS				TOTAL
	RESERVES FUND	URA GENERAL FUND	URA WATERFRONT DISTRICT FUND	URA HEIGHTS DISTRICT FUND	
ASSETS:					
Cash and Investments	\$ 188,201	\$ -	\$ -	\$ -	\$ 188,201
Receivables					
Taxes	-	-	20,928	6,954	27,882
Restricted Cash and Investments	-	54,675	538,697	767,651	1,361,023
Total Assets	<u>\$ 188,201</u>	<u>\$ 54,675</u>	<u>\$ 559,625</u>	<u>\$ 774,605</u>	<u>\$ 1,577,106</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	<u>\$ 1,731</u>	<u>\$ -</u>	<u>\$ 847</u>	<u>\$ 36,800</u>	<u>\$ 39,378</u>
Total Liabilities	<u>1,731</u>	<u>-</u>	<u>847</u>	<u>36,800</u>	<u>39,378</u>
Deferred Inflows of Resources:					
Unavailable Revenue - Taxes	<u>-</u>	<u>-</u>	<u>16,787</u>	<u>5,577</u>	<u>22,364</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>16,787</u>	<u>5,577</u>	<u>22,364</u>
Fund Balances:					
Restricted for Urban Renewal	-	54,675	541,991	732,228	1,328,894
Assigned	<u>186,470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,470</u>
Total Fund Balances	<u>186,470</u>	<u>54,675</u>	<u>541,991</u>	<u>732,228</u>	<u>1,515,364</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 188,201</u>	<u>\$ 54,675</u>	<u>\$ 559,625</u>	<u>\$ 774,605</u>	<u>\$ 1,577,106</u>

CITY OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	SPECIAL REVENUE FUNDS				
	RESERVES FUND	URA GENERAL FUND	URA WATERFRONT DISTRICT FUND	URA HEIGHTS DISTRICT FUND	TOTAL
REVENUES:					
Property Taxes	\$ -	\$ -	\$ 874,441	\$ 291,236	\$ 1,165,677
Other Taxes	-	-	8,792	2,969	11,761
Charges for Services	6,198	-	-	-	6,198
Investment Earnings (Losses)	5,515	1,804	14,150	23,080	44,549
Total Revenue	11,713	1,804	897,383	317,285	1,228,185
EXPENDITURES:					
General Government	9,630	-	-	-	9,630
Economic and Physical Development	-	9,518	57,957	194,504	261,979
Debt Service	-	-	82,325	-	82,325
Total Expenditures	9,630	9,518	140,282	194,504	353,934
Excess of Revenues Over, (Under) Expenditures	2,083	(7,714)	757,101	122,781	874,251
Other Financing Sources, (Uses)					
Sale of Property	15,000	-	-	-	15,000
Total Other Financing Sources, (Uses)	15,000	-	-	-	15,000
Net Change in Fund Balance	17,083	(7,714)	757,101	122,781	889,251
Beginning Fund Balance	169,387	62,389	(215,110)	609,447	626,113
Ending Fund Balance	<u>\$ 186,470</u>	<u>\$ 54,675</u>	<u>\$ 541,991</u>	<u>\$ 732,228</u>	<u>\$ 1,515,364</u>
Reconciliation to Change in Fund Balance Budget to Actual					
Beginning Fund Balance			(215,110)		
Interfund Loan Payment from Internal Service Fund			250,000		
Interfund Loan Payment from Sewer Fund			95,978		
Beginning Fund Balance			<u>\$ 130,868</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, 2023

	<u>RESERVES FUND</u>			VARIANCE TO FINAL BUDGET
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Charges for Services	\$	\$ -	\$ 6,198	\$ 6,198
Investment Earnings (Losses)	981	981	5,515	4,534
Miscellaneous	<u>350,000</u>	<u>350,000</u>	<u>-</u>	<u>(350,000)</u>
Total Revenue	<u>350,981</u>	<u>350,981</u>	<u>11,713</u>	<u>(339,268)</u>
EXPENDITURES:				
Reserve - Parking In Lieu	13,865	13,865 (1)	-	13,865
Reserve - Affordable Housing	45,000	45,000 (1)	9,630	35,370
Reserve - Parks Facilities Replacement	<u>85,000</u>	<u>85,000 (1)</u>	<u>-</u>	<u>85,000</u>
Total Expenditures	<u>143,865</u>	<u>143,865</u>	<u>9,630</u>	<u>134,235</u>
Excess of Revenues Over, (Under) Expenditures	<u>207,116</u>	<u>207,116</u>	<u>2,083</u>	<u>(205,033)</u>
Other Financing Sources, (Uses)				
Sale of Property	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>
Total Other Financing Sources, (Uses)	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>
Net Change in Fund Balance	207,116	207,116	17,083	(190,033)
Beginning Fund Balance	<u>156,063</u>	<u>156,063</u>	<u>169,387</u>	<u>13,324</u>
Ending Fund Balance	<u>\$ 363,179</u>	<u>\$ 363,179</u>	<u>\$ 186,470</u>	<u>\$ (176,709)</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, 2023

URA GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:					
Investment Earnings (Losses)	\$ 306	\$ 306		\$ 1,804	\$ 1,498
Total Revenues	306	306		1,804	1,498
EXPENDITURES:					
Operations	11,900	16,400	(1)	9,518	6,882
Expenditures Not Allocated:					
Contingency	4,500	-	(1)	-	-
Total Expenditures	16,400	16,400		9,518	6,882
Net Change in Fund Balance	(16,094)	(16,094)		(7,714)	8,380
Beginning Fund Balance	73,651	73,651		62,389	(11,262)
Ending Fund Balance	<u>\$ 57,557</u>	<u>\$ 57,557</u>		<u>\$ 54,675</u>	<u>\$ (2,882)</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, 2023**

URA WATERFRONT DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property Taxes	\$ 792,174	\$ 792,174	\$ 874,441	\$ 82,267
Other Taxes	3,500	3,500	8,792	5,292
Investment Earnings (Losses)	3,711	3,711	14,150	10,439
Total Revenues	799,385	799,385	897,383	97,998
EXPENDITURES:				
Operations	351,000	351,000 (1)	57,957	293,043
Expenditures Not Allocated:				
Debt Service	401,929	431,929 (1)	428,303	3,626
Contingency	50,000	20,000 (1)	-	20,000
Total Expenditures	802,929	802,929	486,260	316,669
Net Change in Fund Balance	(3,544)	(3,544)	411,123	414,667
Beginning Fund Balance	72,929	72,929	130,868	57,939
Ending Fund Balance	<u>\$ 69,385</u>	<u>\$ 69,385</u>	<u>\$ 541,991</u>	<u>\$ 472,606</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, 2023

URA HEIGHTS DISTRICT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property Taxes	\$ 263,503	\$ 263,503	\$ 291,236	\$ 27,733
Other Taxes	1,165	1,165	2,969	1,804
Investment Earnings (Losses)	4,024	4,024	23,080	19,056
Total Revenues	268,692	268,692	317,285	48,593
EXPENDITURES:				
Operations	203,000	233,000 (1)	194,504	38,496
Expenditures Not Allocated: Contingency	125,000	95,000 (1)	-	95,000
Total Expenditures	328,000	328,000	194,504	133,496
Net Change in Fund Balance	(59,308)	(59,308)	122,781	182,089
Beginning Fund Balance	693,988	693,988	609,447	(84,541)
Ending Fund Balance	\$ 634,680	\$ 634,680	\$ 732,228	\$ 97,548

(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, 2023**

	<u>SEWER FUND</u>			VARIANCE TO FINAL BUDGET
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 229,848	\$ 229,848
Charges for Services	4,735,570	4,735,570	4,831,118	95,548
System Development Charges	99,275	99,275	34,903	(64,372)
Investment Earnings (Losses)	33,078	33,078	65,145	32,067
Miscellaneous	3,098,668	3,098,668	97,408	(3,001,260)
Total Revenues	<u>7,966,591</u>	<u>7,966,591</u>	<u>5,258,422</u>	<u>(2,708,169)</u>
EXPENDITURES:				
Sewer Operations - Distribution	3,034,744	3,034,744 (1)	2,478,371	556,373
Sewer Operation - WWTP	4,009,210	4,164,210 (1)	3,647,695	516,515
Sewer SDC	1,225,980	1,225,980 (1)	59,444	1,166,536
USDA SLARRA	493,555	493,555 (1)	687,542	(193,987)
Expenditures Not Allocated:				
Debt Service	435,298	435,298 (1)	435,291	7
Contingency	275,000	120,000 (1)	-	120,000
Total Expenditures	<u>9,473,787</u>	<u>9,473,787</u>	<u>7,308,343</u>	<u>(2,165,444)</u>
Excess of Revenues Over, (Under)				
Expenditures	<u>(1,507,196)</u>	<u>(1,507,196)</u>	<u>(2,049,921)</u>	<u>(542,725)</u>
Other Financing Sources (Uses):				
Transfers In	148,218	148,218	575,000	426,782
Transfers Out	<u>(148,218)</u>	<u>(148,218) (1)</u>	<u>-</u>	<u>148,218</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>575,000</u>	<u>575,000</u>
Net Change in Fund Balance	<u>(1,507,196)</u>	<u>(1,507,196)</u>	<u>(1,474,921)</u>	<u>32,275</u>
Beginning Fund Balance	<u>2,488,251</u>	<u>2,488,251</u>	<u>3,163,570</u>	<u>675,319</u>
Ending Fund Balance	<u>\$ 981,055</u>	<u>\$ 981,055</u>	<u>1,688,649</u>	<u>\$ 707,594</u>
Reconciliation to Net Position:				
Capital Assets, Net			22,005,389	
Inventory			25,475	
Interfund Loan from Internal Service Fund			(575,000)	
Net Pension Liability			(435,986)	
Pension related deferrals, net			148,066	
Post-employment Benefits Liability - RHI Plan			(26,999)	
Post-employment Benefits Asset - PERS RHIA			7,352	
Other benefits related deferrals, net - RHI Plan			(6,877)	
Other benefits related deferrals, net - PERS RHIA			(1,374)	
Unavailable Revenue			64,535	
Accrued Compensated Absences			(24,640)	
Accrued Interest			(10,318)	
Long Term Debt			<u>(3,481,802)</u>	
Statement of Net Position			<u>\$ 19,376,470</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, 2023**

<u>WATER FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 14,365	\$ 14,365
Charges for Services	3,308,886	3,308,886	3,171,511	(137,375)
System Development Charges	151,049	151,049	50,271	(100,778)
Investment Earnings (Losses)	20,453	20,453	113,047	92,594
Miscellaneous	1,037,311	1,037,311	34,518	(1,002,793)
Total Revenues	4,517,699	4,517,699	3,383,712	(1,133,987)
EXPENDITURES:				
Water Operations	3,594,650	3,594,650	(1) 2,980,221	614,429
Expenditures Not Allocated:				
Debt Service	872,452	872,452	(1) 872,047	405
Contingency	125,000	82,700	(1) -	82,700
Total Expenditures	4,592,102	4,549,802	3,852,268	697,534
Excess of Revenues Over, (Under)				
Expenditures	(74,403)	(32,103)	(468,556)	(436,453)
Other Financing Sources (Uses):				
Transfers Out	-	(42,300)	(1) -	(42,300)
Total Other Financing Sources (Uses)	-	(42,300)	-	(42,300)
Net Change in Fund Balance	(74,403)	(74,403)	(468,556)	(478,753)
Beginning Fund Balance	2,878,490	3,400,802	3,764,426	363,624
Ending Fund Balance	\$ 2,804,087	\$ 3,326,399	3,295,870	\$ (115,129)

Reconciliation to Net Position:

Capital Assets, Net	33,014,881
Net Pension Liability	(689,146)
Pension related deferrals, net	291,085
Post-employment Benefits Liability - RHI Plan	(32,219)
Post-employment Benefits Asset - PERS RHIA	10,140
Other benefits related deferrals, net - RHI Plan	(15,280)
Other benefits related deferrals, net - PERS RHIA	(639)
Unavailable Revenue	28,581
Inventory	125,045
Loans Payable	(12,191,152)
Accrued Interest Payable	(14,652)
Accrued compensated absences	(38,328)

(1) Appropriation Level Statement of Net Position \$ 23,784,186

**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, 2023**

<u>STORM WATER FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Charges for Services	\$ 681,977	\$ 681,977	\$ 671,140	\$ (10,837)
System Development Charges	41,782	41,782	12,246	(29,536)
Intergovernmental	595,700	595,700	-	(595,700)
Investment Earnings (Losses)	1,830	1,830	12,030	10,200
Miscellaneous	2,000,000	2,000,000	-	(2,000,000)
Total Revenues	3,321,289	3,321,289	695,416	(2,625,873)
EXPENDITURES:				
Storm Water Operations	3,209,374	3,209,374 (1)	1,102,864	2,106,510
Expenditures Not Allocated:				
Debt Service	28,872	28,872 (1)	28,869	3
Contingency	110,000	110,000 (1)	-	110,000
Total Expenditures	3,348,246	3,348,246	1,131,733	2,216,513
Excess of Revenues Over, (Under) Expenditures	(26,957)	(26,957)	(436,317)	(409,360)
Other Financing Sources, (Uses)				
Loan Proceeds		-	686,199	686,199
Total Other Financing Sources, (Uses)	-	-	686,199	686,199
Net Change in Fund Balance	(26,957)	(26,957)	249,882	276,839
Beginning Fund Balance	551,009	551,009	270,953	(280,056)
Ending Fund Balance	\$ 524,052	\$ 524,052	520,835	\$ (3,217)
Reconciliation to Net Position:				
Capital Assets, Net			3,734,539	
Interfund Loan from General Fund			(28,228)	
Net Pension Liability			(214,681)	
Pension related deferrals, net			58,508	
Post-employment Benefits Liability - RHI Plan			(12,609)	
Post-employment Benefits Asset - PERS RHIA			4,262	
Other benefits related deferrals, net - RHI Plan			(3,579)	
Other benefits related deferrals, net - PERS RHIA			(945)	
Unavailable Revenue			3,639	
Loans Payable			(1,277,045)	
Accrued Compensated Absences			(17,795)	
Statement of Net Position			\$ 2,766,901	

(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, 2023

INTERNAL SERVICE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Interdepartmental Charges	\$ 2,672,317	\$ 2,672,317	\$ 2,741,728	\$ 69,411
Investment Earnings (Losses)	38,151	38,151	179,942	141,791
Total Revenues	2,710,468	2,710,468	2,921,670	211,202
EXPENDITURES:				
Equipment Replacement	1,471,999	1,471,999 (1)	702,145	769,854
Administration	1,561,044	1,611,044 (1)	1,393,801	217,243
Compensated Absences	99,115	199,115 (1)	195,889	3,226
Expenditures Not Allocated:				
Contingency	125,000	75,000 (1)	-	75,000
Total Expenditures	3,257,158	3,357,158	2,291,835	1,065,323
Excess of Revenues Over, (Under) Expenditures	(546,690)	(646,690)	629,835	1,276,525
Other Financing Sources, (Uses)				
Transfer In	548,320	648,320	648,320	-
Transfers Out	(4,000,000)	(4,000,000) (1)	(1,075,000)	2,925,000
Interfund Loan Repayment	250,000	250,000	250,000	-
Sale of Capital Assets	56,999	56,999	64,402	7,403
Total Other Financing Sources, (Uses)	(3,144,681)	(3,044,681)	(112,278)	2,932,403
Net Change in Fund Balance	(3,691,371)	(3,691,371)	517,557	4,208,928
Beginning Fund Balance	5,049,352	5,049,352	5,253,727	204,375
Ending Fund Balance	\$ 1,357,981	\$ 1,357,981	5,771,284	\$ 4,413,303
Reconciliation to Net Position:				
Interfund Loan to Road SDC Fund			500,000	
Interfund Loan to Sewer Fund			575,000	
Capital Assets, Net			1,838,702	
Statement of Net Position			\$ 8,684,986	

(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, 2023

CUSTODIAL FUND

	ORIGINAL BUDGET	FINAL BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:					
Charges for Services	\$ 520,000	\$ 520,000		\$ 525,154	\$ 5,154
Total Revenues	520,000	520,000		525,154	5,154
EXPENDITURES:					
Mosier Sewer Billing	347,095	322,095	(1)	278,824	43,271
Mosier Water Billing	232,545	257,545	(1)	238,256	19,289
Total Expenditures	579,640	579,640		517,080	62,560
Net Change in Fund Balance	(59,640)	(59,640)		8,074	67,714
Beginning Fund Balance	59,640	59,640		42,539	(17,101)
Ending Fund Balance	\$ -	\$ -		\$ 50,613	\$ 50,613

(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, 2023**

Taxable Property Values Fiscal Year	RMV*	Total AV	UR Excess	AV Used to Calculate Rates**
2022/23	2,653,948,878	1,274,902,991	141,425,357	1,133,477,634
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 2022-23 Representative Levy Rate
Rates per \$1,000 of Assessed Value

	Billing Rate	Bond/UR Special Levy Rate	Local Option Rate*	Consolidated Rate	Urban Renewal Portion of the Consolidated Rate**
General Government					
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	0.3711	0.0000	0.6414	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	1.9542	1.2500	8.7542	0.6711
Total Tax Rate	11.1880	2.5750	2.0300	15.7930	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

SCHEDULE OF PROPERTY TAX COLLECTIONS AND UNPAID BALANCES

For the Year Ended June 30, 2023

URA COLUMBIA CASCADE PLAN FUND					
TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/22	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/23
Current:					
2022-23	\$	\$ -	\$ -	\$ -	\$ -
Prior years					
2021-22	7,665	-	(4,188)	3,477	-
2020-21	-	-	3,556	-	3,556
2019-20	4,998	-	(2,309)	2,689	-
2018-19	2,278	-	2,088	1,875	2,491
Prior	1,433	-	22	304	1,151
Total Prior	16,374	-	(831)	8,345	7,198
Total	\$ 16,374	\$ -	\$ (831)	\$ 8,345	\$ 7,198

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 8,345
Other Collections/Credits	14,590
Total per budgetary statement	\$ 22,935

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

SCHEDULE OF PROPERTY TAX COLLECTIONS AND UNPAID BALANCES

For the Year Ended June 30, 2023

URA WATERFRONT PLAN FUND					
TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/22	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/23
Current:					
2022-23	\$ 902,108	\$ 24,368	\$ -	\$ 864,291	\$ 13,449
Prior years					
2021-22	11,870	-	(979)	5,384	5,507
2020-21	-	-	-	-	-
2019-20	2,971	-	109	1,599	1,481
2018-19	113	-	1,053	917	249
Prior	533	-	(159)	132	242
Total Prior	15,487	-	24	8,032	7,479
Total	\$ 917,595	\$ 24,368	\$ 24	\$ 872,323	\$ 20,928

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 872,323
Other Collections/Credits	2,118
Total per budgetary statement	\$ 874,441

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

SCHEDULE OF PROPERTY TAX COLLECTIONS AND UNPAID BALANCES

For the Year Ended June 30, 2023

URA THE HEIGHTS PLAN FUND					
TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED 07/01/22	DEDUCT DISCOUNTS	ADJUSTMENT TO ROLLS	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 06/30/23
Current:					
2022-23	\$ 300,448	\$ 8,116	\$ -	\$ 287,853	\$ 4,479
Prior years					
2021-22	3,950	-	(326)	1,792	1,832
2020-21	-	-	-	-	-
2019-20	928	-	34	499	463
2018-19	410	-	20	338	92
Prior	192	-	(56)	48	88
Total Prior	5,480	-	(328)	2,677	2,475
Total	<u>\$ 305,928</u>	<u>\$ 8,116</u>	<u>\$ (328)</u>	<u>\$ 290,530</u>	<u>\$ 6,954</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	\$ 290,530
Other Collections/Credits	<u>706</u>
Total per budgetary statement	<u>\$ 291,236</u>

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

**USDA RESERVE BALANCES
USDA SEWER REVENUE BOND NO. 1 INDIAN CREEK
For the Year Ended June 30, 2023**

Debt Service Reserve:

The Borrower shall set aside and deposit in the Debt Service Reserve Account the sum of \$7,331.30 annually until there is accumulated in that fund the sum of \$73,313.00 after which no further deposits need be made into said account except to replace withdrawals.

The Debt Service Reserve Account shall be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the Facility which may be caused by any unforeseen catastrophe and when necessary for the purpose of making payments of principal and interest on the Bond hereby authorized in the event the amount of the Debt Service Account is insufficient to meet such payments. Approval by the Government is required prior to the use of the Debt Service Reserve Account funds. Whenever disbursements are made from the Debt Service Reserve Account, the deposits shall be resumed until there is again accumulated the amount of \$73,313 at which time deposits may be again discontinued.

Short-Lived Asset Replacement Reserve (SLARRA)

The Borrower shall establish and maintain a Short-Lived Asset Replacement Reserve Account ("SLARRA"). The Borrower shall set aside and deposit in the SLARRA the sum of not less than \$148,218 annually. Amounts in the SLARRA shall be used and disbursed only for the purpose of replacing facility assets with an estimated life of less than fifteen years. Approval by the Government is not required prior to the use of amounts in the SLARRA.

\$7,331.30/yr to \$73,313.00

Debt Service Reserve

Fiscal year	Required Contribution	Amt Used	Required Balance	Actual Reserve Balance	Over (Under) Funded
2016-17	\$ 7,331	\$ -	\$ 7,331	\$ -	\$ (7,331)
2017-18	7,331	-	14,663		(14,663)
2018-19	7,331	-	21,994		(21,994)
2019-20	7,331	-	29,325		(29,325)
2020-21	7,331	-	36,657	73,313	36,656
2021-22	7,331	-	43,988	73,313	29,325
2022-23	7,331	-	51,319	73,025	21,706

\$148,218/yr

SLARRA

Fiscal year	Required Contribution	Amt Used	Required Balance	Actual Reserve Balance	Over (Under) Funded
2016-17	\$ 148,218	\$ -	\$ 148,218	\$ -	\$ (148,218)
2017-18	148,218	-	296,436		(296,436)
2018-19	148,218	-	444,654		(444,654)
2019-20	148,218	(80,779)	512,093		(512,093)
2020-21	148,218	(45,221)	615,090	846,895	231,805
2021-22	148,218	(554,088)	209,220	445,325	236,105
2022-23	148,218	(687,542)	-	-	-

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

**USDA RESERVE BALANCES
USDA WATERLINE LOANS 91-03 & 91-04
For the Year Ended June 30, 2023**

Debt Service Reserves:

The Reserve Account shall be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the Facility which may be caused by any unforeseen catastrophe and when necessary for the purpose of making payments of principal and interest on the Bond hereby authorized in the event the amount of the Debt Service Account is insufficient to meet such payments. Approval by the Government is required prior to the use of the Reserve Account funds. Whenever disbursements are made from the Reserve Account, the deposits shall be resumed until there is again accumulated the full reserve amount, at which time deposits may be again discontinued.

Loan 91-03 Debt Service Reserve:

There shall be set aside and deposited in the Reserve Account the sum of \$20,770 annually until there is accumulated in that fund the sum of \$207,700 after which no further deposits need be made into said account except to replace withdrawals.

Loan 91-04 Debt Service Reserve:

There shall be set aside and deposited in the Reserve Account the sum of \$33,644 annually until there is accumulated in that fund the sum of \$336,433 after which no further deposits need be made into said account except to replace withdrawals.

COMBINED Short-Lived Asset Replacement Reserve (SLARRA)

The Borrower shall establish and maintain a Short-Lived Asset Replacement Reserve Account ("SLARRA"). The Borrower shall set aside and deposit in the SLARRA the sum of not less than \$4,700 annually for the pipeline only. Amounts in the SLARRA shall be used and disbursed only for the purpose of replacing facility assets with an estimated life of less than fifteen years. Approval by the Government is not required prior to the use of amounts in the SLARRA.

NOTE: The Debt Service Reserve and SLARRA were combined in one Fund until FY 2021-22.

\$54,413/yr to \$544,133

Debt Service Reserves*

Fiscal year	Required Contribution	Amt Used	Required Balance	Actual Reserve Balance*	Over (Under) Funded
2013-14	\$ 54,413	\$ -	\$ 54,413	\$ -	\$ (54,413)
2014-15	54,413	-	108,826	-	(108,826)
2015-16	54,413	-	163,239	-	(163,239)
2016-17	54,413	-	217,652	-	(217,652)
2017-18	54,413	-	272,065	-	(272,065)
2018-19	54,413	-	326,478	-	(326,478)
2019-20	54,413	-	380,891	-	(380,891)
2020-21	54,413	-	435,304	-	(435,304)
2021-22	54,413	-	489,717	544,133	54,416
2022-23	54,413	-	544,130	551,231	7,101

\$4,700/yr

SLARRA

Fiscal year	Required Contribution	Amt Used	Required Balance	Actual Reserve Balance*	Over (Under) Funded
2013-14	\$ 4,700	\$ -	\$ 4,700	\$ 149,144	\$ 144,444
2014-15	4,700	(9,151)	249	217,562	217,313
2015-16	4,700	-	4,949	180,865	175,916
2016-17	4,700	(17,625)	-	193,879	193,879
2017-18	4,700	-	4,700	216,550	211,850
2018-19	4,700	-	9,400	214,641	205,241
2019-20	4,700	-	14,100	155,528	141,428
2020-21	4,700	-	18,800	97,226	78,426
2021-22	4,700	-	23,500	42,300	18,800
2022-23	4,700	-	28,200	47,000	18,800

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

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



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December 28, 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, 2023, and have issued our report thereon dated December 28, 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 30 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 cursive script that reads "Tara M. Kamp, CPA".

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