

**HOOD RIVER VALLEY PARK
AND RECREATION DISTRICT
Hood River, Oregon
ANNUAL FINANCIAL REPORT
For Year Ended June 30, 2019**

ONSTOTT, BROEHL & CYPHERS, P.C.
Certified Public Accountants
100 East 4th Street
The Dalles, Oregon 97058

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Names and Addresses of Officers
and Members of the Board of Directors
June 30, 2019

MEMBERS OF THE BOARD OF DIRECTORS

Art Carroll 816 Adams Loop Hood River, Oregon 97031	President
Nan Noteboom 3125 Fairwig Road Odell, Oregon 97031	Vice-president
Mike McCarthy 8405 Clear Creek Road Parkdale, Oregon 97041	Secretary
Anna Cavaleri 1712 Prospect Avenue Hood River, Oregon 97031	Board Member
Glenna Mahurin 5720 Berry Drive Hood River, Oregon 97031	Board Member

OTHER OFFICERS

Mark Hickok, District Director
Registered Office
1601 May Street
Hood River, Oregon 97031

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
NAMES AND ADDRESSES OF OFFICERS AND MEMBERS OF THE DISTRICT BOARD	Preceding
FINANCIAL SECTION	
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 7
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet – Governmental Funds	10
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Notes to Financial Statements	13 - 19
Required Supplementary Information:	
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	20
System Development Charge Fund	21
Notes to Required Supplementary Information	22
Other Supplementary Information:	
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Improvement Fund	23
Debt Service Fund	24
AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS	25 - 26

FINANCIAL SECTION

Onstott, Broehl & Cyphers, P. C.

Certified Public Accountants

KENNETH L. ONSTOTT, c.p.a.
JAMES T. BROEHL, c.p.a.
RICK M. CYPHERS, c.p.a.

WILLIAM S. ROOPER, c.p.a. retired

MEMBERS:

American Institute of c.p.a.'s
Oregon Society of c.p.a.'s

OFFICES:

100 EAST FOURTH STREET
THE DALLES, OREGON 97058
Telephone: (541) 296-9131
Fax: (541) 296-6151

1313 BELMONT STREET
HOOD RIVER, OREGON 97031
Telephone: (541) 386-6661
Fax: (541) 308-0178

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hood River Valley Park and Recreation District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund, of Hood River Valley Park and Recreation District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of Hood River Valley Park and Recreation District, as of June 30, 2019, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7, and 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Budgetary Comparison Schedules – General and System Development Charges Special Revenue Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Budgetary Comparison Schedules – General and System Development Charges Special Revenue Fund, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hood River Valley Park and Recreation District's basic financial statements. The introductory section and other individual fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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 19, 2019 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.

Onstott, Broehl & Cyphers, P.C.
The Dalles, Oregon

By: Kenneth Onstott

a Shareholder

December 19, 2019

**Hood River Valley Parks and Recreation District
Hood River, Oregon
Management's Discussion and Analysis
For the Year Ended June 30th, 2019**

Background

The Hood River Valley Parks and Recreation District was formed in 1988 to continue the operations of the Aquatic Center and to provide aquatic recreation opportunities. The pool was once owned and maintained by the City of Hood River. In 1994 a referendum was passed to expand the District's ability to expand recreational programs, trails, parks, and other recreation options. The District has a 5-member board of Directors that are elected by citizens of the District. The District includes all of Hood River County excluding the city of Cascade Locks. The total population served by the District is approximately 21,000.

In 1998 a bond was passed to improve playfields at School District facilities and eliminate debt on the Aquatic Center. This bond expired in 2018.

The District began collecting System Development Charges in the City of Hood in 1996 after a methodology was developed. These SDC's are used to enhance and increase recreation opportunities for the expanding District population. In 2006 SDC's were collected throughout the District.

Our discussion and analysis of the Hood River Valley Parks and Recreation District (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the year ended June 30th, 2019.

The Management's Discussion and Analysis is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 issued in June 1999. This is the 17th year that the District has implemented this model, and certain comparative information with the previous year, which is by design included in this reporting model, will be included in the analysis as permitted by GASB Statement No. 34.

**Hood River Valley Parks and Recreation District
Hood River, Oregon**

Management's Discussion and Analysis
For the Year Ended June 30th, 2019

Financial and Operation Highlights

General Operations

- Continue to operate the Aquatic Center. In September, 2017 we updated the methodology for how we collect fees from user groups. We now charge swim teams and water polo for swim lane per hour. This has added to our billing efficiency and revenue has increased;
- Received 10% insurance discount for Special Districts Association Best Practices.
- Notice was given to increase SDC rates as of Effective July 1st, 2019, the rates for System Development Charges throughout the entire District increased.
- District is partnering with other local agencies to develop a multi-agency Master Plan. We are contracting with Conservation Technix to prepare this report. The goal is that this is adopted by the City of Hood River and the Hood River County.

Park Development

- Partnered with the Hood River Area Trail Stewards (HRATS) to develop a pump track at Golden Eagle Park adjacent to the High School. The HRATS raised \$160,000 in system development charges and the parks district contributed \$45,000 in system development charges toward the project.
- Continue to search for suitable land to develop for parks.

Partnerships

- Continued positive relations with other agencies including the City of Hood River, Hood River School District and Community Education, Port of Hood River, Healthy, Active Hood River County Coalition, Columbia Gorge Community College, and others.
- Staff actively involved with Local, State and National associations.

Trails

- Acquired a tract of land and entered into agreement with the Columbia Land Trust to develop an extension to the Indian Creek South Side Connector Trail.

Resolutions for 2018-19 included

- Resolution for the Adoption 19-20 budget
- Resolution Authorizing SDC Rate Increase for 19/20
- Resolution Setting Meeting dates for 2019-20 year

**Hood River Valley Parks and Recreation District
Hood River, Oregon**

Management's Discussion and Analysis
For the Year Ended June 30th, 2019

FINANCIAL HIGHLIGHTS

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. The District is a Special District, a government entity with its own permanent tax rate of .0003498.

A summary of the basic government-wide financial statements is as follows:

	<u>2019</u>	<u>2018</u>
SUMMARY OF STATEMENT OF NET POSITION		
ASSETS:		
Current and other assets	\$1,638,119	\$1,317,282
Capital assets, net of accumulated depreciation	<u>4,642,146</u>	<u>4,651,631</u>
Total assets	<u>6,280,265</u>	<u>5,968,913</u>
LIABILITIES:		
Long-term liabilities	0	0
Other liabilities	<u>61,373</u>	<u>93,314</u>
Total liabilities	<u>61,373</u>	<u>93,314</u>
NET POSITION:		
Net investment in capital assets	4,642,144	4,651,630
Restricted	835,652	617,882
Unrestricted	<u>741,096</u>	<u>606,087</u>
Total net position	<u><u>\$6,218,892</u></u>	<u><u>\$5,875,599</u></u>

**Hood River Valley Parks and Recreation District
Hood River, Oregon**

Management's Discussion and Analysis
For the Year Ended June 30th, 2019

SUMMARY OF STATEMENT OF ACTIVITIES

	2019	2018
REVENUES:		
Program Revenues:		
Charges for services	\$449,617	\$840,728
General revenues:		
Property taxes	798,060	946,109
System development charges	293,351	270,548
Other	28,283	16,680
Total revenues	1,569,311	2,074,065
EXPENSES:		
Program Expenses:		
General and administrative	534,246	314,433
Operations and maintenance - Pool facility	616,307	588,693
Other operations and maintenance	75,465	412,870
Total expenses	1,226,018	1,315,996
Change in net position	343,293	758,069
Net position - beginning of year	5,875,599	5,117,530
Net position - end of year	\$6,218,892	\$5,875,599

Fund Highlights

- The debt from the 1998 improvement bond was paid in full in January of 2018.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District anticipates a continual increase in tax assessed values as the city continues to annex into the urban growth boundary and development increases.

The Park District does not anticipate large changes in staffing levels.

Overall the District is operating very efficiently. We strive to continue those operations and offer the public safe and affordable recreation options.

Staff believes additional operational funds for non-aquatic center operations are needed to continue to maintain the current level of operations and repair in parks and on trails.

**Hood River Valley Parks and Recreation District
Hood River, Oregon**

Management's Discussion and Analysis
For the Year Ended June 30th, 2019

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Mark Hickok, District Director at 1601 May Avenue, Hood River, OR 97031

The Hood River Valley Parks and Recreation District strives to fulfill its mission: to provide recreational opportunities to the citizens of the district, with focus on the youth of our community. Facilities and programs will be developed and maintained to provide safe and economical recreational environments for all users.

BASIC FINANCIAL STATEMENTS

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Statement of Net Position

June 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$1,573,642
Receivables (net of allowance for uncollectibles)	57,473
Prepaid expenses	7,004
Capital assets (net of accumulated depreciation):	
Land	1,900,325
Buildings and improvements	344,233
Equipment	33,478
Skate park improvements	153,154
Parks and improvements	1,778,527
Trails and improvements	429,098
Construction in progress	3,331
	<hr/>
Total Assets	<u>\$6,280,265</u>
 LIABILITIES AND NET POSITION	
Liabilities:	
Accounts payable	\$13,595
Accrued payroll expenses	47,778
	<hr/>
Total Liabilities	<u>61,373</u>
 NET POSITION	
Net investment in capital assets	4,642,144
Restricted for:	
Debt service	5,699
System development	829,953
Unrestricted	741,096
	<hr/>
Total Net Position	<u>6,218,892</u>
Total Liabilities and Net Position	<u>\$6,280,265</u>

The notes to the financial statements are an integral part of this statement.

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Statement of Activities

Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	Governmental Activities
Governmental activities:				
General government	534,246			(\$534,246)
Operations and maintenance - pool facility	616,308	\$234,875		(381,433)
Other operations and maintenance	75,465	214,743		139,278
	<u>\$1,226,019</u>	<u>\$449,618</u>	<u>\$0</u>	<u>(776,401)</u>
Total Governmental Activities				
				798,060
				293,351
				<u>28,283</u>
				<u>1,119,694</u>
				343,293
				<u>5,875,599</u>
				<u>\$6,218,892</u>

General Revenues:

Property taxes
System development charges
Unrestricted investment earnings

Total General Revenues

Change in Net Position

Net Position - July 1, 2018

Net Position - June 30, 2019

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT
 Balance Sheet
 Governmental Funds
June 30, 2019

	General Fund	Debt Service Fund	System Development Charge Fund	Improvement Fund	Total Governmental Funds
ASSETS					
Cash and investments	\$286,956	\$5,699	\$829,953	\$451,034	\$1,573,642
Property taxes receivable	54,186				54,186
Accounts receivable	3,287				3,287
Prepaid expenses	7,004				7,004
Total Assets	<u>\$351,433</u>	<u>\$5,699</u>	<u>\$829,953</u>	<u>\$451,034</u>	<u>\$1,638,119</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$13,595				\$13,595
Accrued payroll	47,778				47,778
Total Liabilities	61,373	0	0	0	61,373
DEFERRED INFLOWS OF RESOURCES					
Unearned taxes	47,848				47,848
FUND EQUITY					
Fund Balances:					
Nonspendable:					
Prepays	7,004				7,004
Restricted to:					
System development			829,953		829,953
Debt service		5,699			5,699
Assigned to - capital improvements				451,034	451,034
Unassigned	235,208				235,208
Total Fund Equity	242,212	5,699	829,953	451,034	1,528,898
Total Liabilities, Deferred Inflows of Resources, and Fund Equity	<u>\$351,433</u>	<u>\$5,699</u>	<u>\$829,953</u>	<u>\$451,034</u>	

Amounts reported for governmental activities in the statement
of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	4,642,146
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds	47,848

Net position of governmental activities	<u>\$6,218,892</u>
---	--------------------

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	General Fund	Debt Service Fund	System Development Charge Fund	Improvement Funds	Total Governmental Funds
REVENUES					
Property taxes	\$797,270				\$797,270
Pool receipts	234,875				234,875
Interest on investments	15,235		\$13,047		28,282
System development charges			293,351		293,351
Donations and other	177,996		36,747		214,743
Total Revenues	1,225,376	0	343,145	0	1,568,521
EXPENDITURES					
Current:					
General administration	473,460		102,329		575,789
Operations and maintenance - pool facility	574,918				574,918
Other operations and maintenance	15,786				15,786
Capital outlay			23,046	26,993	50,039
Debt service:					
Principal					0
Interest					0
Total Expenditures	1,064,164	0	125,375	26,993	1,216,532
Revenues Over (Under) Expenditures	161,212	0	217,770	(26,993)	351,989
OTHER FINANCING SOURCES (USES)					
Operating transfers in				60,000	60,000
Operating transfers out	(60,000)			0	(60,000)
Total Other Financing Sources (Uses)	(60,000)	0	0	60,000	0
Revenues and Other Sources (Uses) Over (Under) Expenditures	101,212	0	217,770	33,007	351,989
FUND BALANCE - July 1, 2018	141,000	5,699	612,183	418,027	1,176,909
FUND BALANCE - June 30, 2019	<u>\$242,212</u>	<u>\$5,699</u>	<u>\$829,953</u>	<u>\$451,034</u>	<u>\$1,528,898</u>

The notes to the financial statements are an integral part of this statement.

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$351,989
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The difference between these two amounts is:</p>		
Capitalized expenditures	\$101,072	
Depreciation expense	<u>(110,558)</u>	(9,486)
<p>Some revenue reported in the statement of activities does not provide current financial resources in the governmental funds</p>		
		790
<p>Repayment of long-term debt obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the government wide statements</p>		
		<u> </u>
Change in net position of governmental activities		<u><u>\$343,293</u></u>

The notes to the financial statements are an integral part of this statement.

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Hood River Valley Park and Recreation District (the District) is a municipal corporation governed by a five-member board of directors elected by the citizens of the District. Administrative functions are delegated to individuals who report to and are responsible to the board. The chief administrative officer is the District director.

The accompanying financial statements present all funds and component units for which the District is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of these criteria, the District is a primary government with no includable component units.

Government-wide and Fund Financial Statements

The government-wide financials statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the District. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment 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 programs revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus

The government-wide financial statements are presented on a full accrual basis of accounting with an economic resource measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Measurement Focus - continued

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, the District considers revenues to be available if they are collected within 60 days 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* accounts for the principal and interest payments due under the 1998 bond issue.

The *system development charge fund* accounts for the fees received from the permits issued by the District and County for new dwellings constructed within the District. The proceeds from these charges are for development of recreation facilities within the District.

Capital projects funds that account for financial resources to be used for the acquisition or construction of major capital facilities. The *improvement fund* is considered a major fund.

Non-major funds:

None

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.

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Measurement Focus – continued

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, and Net position or Equity

Cash and Cash Equivalents

For financial reporting purposes, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Deposits and Investments

Oregon Revised Statutes authorize the District to invest in obligations of the U.S. Treasury and its agencies, certain bonded obligations of Oregon municipalities, certificates of deposit, certain commercial paper, banker's acceptance, corporate debt, bank repurchase agreements, and the Oregon State Treasurer's Local Government Investment Pool. The District has no formal investment policy that further restricts its investment choices.

Investments for the District are reported at cost, which approximates fair value.

Receivables and payables

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Ad valorem property taxes are levied on all taxable property as of January 1 preceding the beginning of the fiscal year. Property taxes become a lien on January 1 for personal property and on July 1 for real property. Collection dates are November 15, February 15, and May 15. 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. Uncollected property taxes are shown in the combined balance sheet. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. Property taxes collected within approximately sixty days after fiscal year end are recognized as revenue. The remaining balance of taxes receivable is recorded as deferred revenue because it is not deemed available to finance operations of the current period. All property taxes receivable are due from property owners within the District.

Capital Assets

Capital assets, which include land, buildings and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life extending beyond a single reporting period. Such assets are stated 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.

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.

The District's policy is to capitalize material interest costs as part of the cost of capital assets based on the borrowing costs incurred. Such costs were not considered material in 2019.

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, Liabilities, and Net Position or Equity – continued

Capital Assets - continued

Property, plant, and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	3-30
Equipment	3-10
Skate park improvements	10-20
Parks and improvements	3-20

Fund Equity

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., District Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board of Directors or by an official or body to which the District Board of Directors delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Use of Estimates

In preparing the District's financial statements, management is required 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 reported amounts of revenues and expenditures and expenses during the reporting period. Actual results could differ from those estimates.

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 2 – DETAILED NOTES ON ALL FUNDS

Deposits

Cash and investments are reflected on the government-wide Statement of Net Position as follows:

Cash in bank	\$153,393
Cash with Hood River County	<u>1,420,249</u>
Total cash and cash equivalents	<u>\$1,573,642</u>

At June 30, 2019 the District's investment balance was as follows:

	Carrying Amount	Reported Amount/ Fair Value
Cash with Hood River County	<u>\$ 1,420,249</u>	<u>\$ 1,420,249</u>

Deposits with financial institutions are comprised of bank demand deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. For deposits in excess of federal depository insurance, Oregon Revised Statutes require that public officials report to the Office of the State Treasurer all bank depositories in which they deposit public funds and bank depositories will then report financial information and total public funds deposits quarterly to OST. OST will then calculate the required collateral that must be pledged by the bank based on this information and the depository's assigned capitalization category. Bank depositories will then have a shared liability in the event of a bank loss. At June 30, 2019, the carrying amount of the District's deposits was \$153,393 and the bank balance was \$166,661. Of the bank balance, all was covered by federal depository insurance. Investments in external investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Investments

The District has delegated investment responsibilities to the District Director, who is primarily responsible for implementing investment policy. The District has no formal written investment policy.

Cash on deposit with Hood River County is subject to the same regulatory oversight as all deposits of the County.

Concentration of Credit Risk

The District's only investments are maintained by Hood River County, Oregon, which, as an Oregon municipality, is governed by the same investment restrictions as the District. This external investment pool is unrated as to its credit quality.

Interest Rate Risk

The District has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 2 – DETAILED NOTES ON ALL FUNDS – continued

Receivables

Receivables as of June 30, 2019 for the District's individual major funds and nonmajor in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>
Receivables:	
Accounts	\$ 3,287
Taxes	54,186
	\$57,473

Capital assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balances July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances June 30, 2019</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$2,278,783	\$20,357		\$2,299,140
Construction in progress	3,331			3,331
Total capital assets not being depreciated	2,282,114	20,357	0	2,302,471
Capital assets, being depreciated:				
Buildings and improvements	1,962,531	26,993		1,989,524
Equipment	105,643	11,549		117,192
Skate park improvements	423,889			423,889
Parks and improvements	2,209,231	42,173		2,251,404
Trails and improvements	46,899			46,899
Total capital assets being depreciated	4,748,193	80,715	0	4,828,908
Less accumulated depreciation for:				
Buildings and improvements	(1,594,949)	(50,343)		(1,645,292)
Equipment	(74,161)	(9,553)		(83,714)
Skate park improvements	(252,388)	(18,347)		(270,735)
Parks and improvements	(443,447)	(29,430)		(472,877)
Trails and improvements	(13,731)	(2,885)		(16,616)
Total accumulated depreciation	(2,378,676)	(110,558)	0	(2,489,234)
Total capital assets, being depreciated, net	2,369,517	(29,843)	0	2,339,674
Governmental activities capital assets, net	\$4,651,631	(\$9,486)	\$0	\$4,642,145

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Financial Statements

June 30, 2019

NOTE 2 – DETAILED NOTES ON ALL FUNDS – continued

Capital Assets - continued

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:	
General administration	\$630
Operations and maintenance - pool facility	52,938
Other operations and maintenance	<u>56,990</u>
 Total depreciation expense - governmental activities	 <u><u>\$110,558</u></u>

Interfund Transfers

The District routinely makes transfers between funds, primarily to other funds for future major capital purchases. Interfund transfers for the year were as follows:

	<u>Transfer In</u>		
Transfer Out:	<u>General</u>	<u>Improvement</u>	<u>Total</u>
General		\$60,000	\$60,000
Improvement	\$26,993		26,993
System Development	<u>62,530</u>		<u>62,530</u>
	<u><u>\$89,523</u></u>	<u><u>\$60,000</u></u>	<u><u>\$149,523</u></u>

NOTE 3 – OTHER INFORMATION

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

Employee Retirement Plan

The District participates in the Oregon Savings Growth Plan (a 457b plan). Under this plan employees can contribute up to \$18,000 annually (with catch-up provisions for individuals age 50 and above) with the District matching 3% of the total income each employee contributes to the plan (up to the maximum allowed by law).

Total contributions for the fiscal year ended June 30, 2019, were \$10,415 by the District and \$15,340 by employees. The Board of Directors has the authority to establish or amend the District's retirement plan.

REQUIRED SUPPLEMENTARY INFORMATION

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund
Year Ended June 30, 2019

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$765,227	\$797,270	\$32,043
General admission	193,826	186,105	(7,721)
Innovative revenues	16,060	45,087	29,027
Lessons	48,000	43,695	(4,305)
Merchandise sales	27,955	21,274	(6,681)
Interest on investments	6,500	15,235	8,735
Rentals	55,395	76,206	20,811
Grants	-	21,904	21,904
Miscellaneous	1,200	8,890	7,690
Total Revenues	<u>1,114,163</u>	<u>1,215,666</u>	<u>101,503</u>
EXPENDITURES			
Personal Services:			
Payroll expenses	677,948	685,082	(7,134)
Total Personal Services	<u>677,948</u>	<u>685,082</u>	<u>(7,134)</u>
Materials and Services:			
Advertising	1,000	192	808
Audit services	13,200	11,000	2,200
Bank charges	500	225	275
Chemicals, gasses and fuel	20,714	18,660	2,054
Credit card and processing fees	6,800	5,929	871
Dues and fees	6,500	11,876	(5,376)
Furniture and equipment	2,700	8,893	(6,193)
Insurance	13,500	13,570	(70)
Insurance - workers compensation	2,900	5,920	(3,020)
Legal services	5,000	3,182	1,818
Meetings and conferences	2,500	2,031	469
Merchandise purchases	19,500	12,304	7,196
Miscellaneous	0	913	(913)
Office expenses	9,500	1,334	8,166
Professional fees	38,500	24,956	13,544
Programming	2,500	2,193	307
Promotional and marketing	10,000	6,446	3,554
Rent or lease	0	2,911	(2,911)
Repairs and maintenance	71,600	51,590	20,010
Staff wellness	1,000	570	430
Subcontractors	0	9,110	(9,110)
Supplies	30,000	29,432	568
Taxes, licenses and fees	2,000	1,080	920
Tools	1,200	2,266	(1,066)
Travel and training	8,500	12,906	(4,406)
Uniforms	5,000	4,818	182
Utilities	137,036	133,829	3,207
Total Materials and Services	<u>411,650</u>	<u>378,136</u>	<u>33,514</u>
Contingency	38,000	0	38,000
Total Expenditures	<u>1,127,598</u>	<u>1,063,218</u>	<u>64,380</u>
Revenues Over (Under) Expenditures	(13,435)	152,448	165,883
OTHER FINANCING SOURCES (USES)			
Operating transfers out	(60,000)	(60,000)	0
Total Other Financing Sources (Uses)	<u>(60,000)</u>	<u>(60,000)</u>	<u>0</u>
Revenues and Other (Uses) Over (Under) Expenditures	(73,435)	92,448	165,883
FUND BALANCE - July 1, 2018	248,435	141,000	(107,435)
FUND BALANCE - June 30, 2019	<u>\$175,000</u>	<u>\$233,448</u>	<u>\$58,448</u>

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
System Development Charge Fund
Year Ended June 30, 2019

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Investment earnings	\$5,000	\$13,047	\$8,047
Grants	10,000	36,747	26,747
License, fees, & permits	217,436	293,351	75,915
 Total Revenues	 232,436	 343,145	 110,709
EXPENDITURES			
Materials and services:			
Credit card & processing fees	600	615	(15)
Development projects	30,000	600	29,400
Legal services	30,000	35	29,965
Professional fees	49,000	58,906	(9,906)
Subcontractors	0	42,173	(42,173)
 Total Materials and Services	 109,600	 102,329	 7,271
 Capital outlay	 649,836	 23,046	 626,790
 Total Expenditures	 759,436	 125,375	 641,332
 Revenues Over (Under) Expenditures	 (527,000)	 217,770	 744,770
 FUND BALANCE - July 1, 2018	 527,000	 612,183	 85,183
 FUND BALANCE - June 30, 2019	 \$0	 \$829,953	 \$829,953

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Required Supplementary Information
June 30, 2019

NOTE 1 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 - Local Budget Law) for all governmental funds. All annual appropriations lapse at fiscal year end.

Each year, the budget officer submits a proposed budget to the Budget Committee for public hearing. The budget committee consists of the board of directors and an equal number of lay citizens of the District appointed by the board. The budget committee reviews the proposed budget and approves the budget document. The board holds a public hearing and adopts a final budget no later than June 30.

The budget is prepared by category (i.e., personal service, materials and services, capital outlay, debt service and other requirements) within funds. Adjustments to the budgetary appropriations require approval of the board. Expenditure appropriations may not be overexpended except in the case of grant funding issued during the fiscal year. The board may transfer amounts between categories by resolution. Unexpected additional resources may be added to the budget through the use of a supplemental budget.

Overexpenditures reflected in budgeted categories in the General Fund are not violations of Oregon Local Budget Law as this fund was appropriated on a fund-wide basis rather than by category in the adopted budget.

Reconciliation of Budgetary Information with GAAP Information

Following is a reconciliation of the budgetary basis of accounting with the GAAP basis of accounting for the General Fund:

Revenues over expenditures and other uses - Budget basis	\$152,448
Capitalized expenses	101,173
Depreciation expense	(110,558)
Property taxes accrued	790
 Change in net position - GAAP basis	 <u><u>\$143,853</u></u>

OTHER INFORMATION

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

Improvement Fund

Year Ended June 30, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES - Miscellaneous	<u>\$0</u>	<u>\$8,763</u>	<u>\$8,763</u>
EXPENDITURES			
Materials and Services - Tools	20,000		20,000
Capital outlay	<u>458,027</u>	<u>26,993</u>	<u>431,034</u>
Total Expenditures	<u>478,027</u>	<u>26,993</u>	<u>451,034</u>
Revenues Over (Under) Expenditures	(478,027)	(18,230)	459,797
OTHER FINANCING SOURCES			
Transfers in	<u>60,000</u>	<u>60,000</u>	<u>0</u>
Revenues and Other Sources Over (Under) Expenditures	(418,027)	41,770	459,797
FUND BALANCE - July 1, 2018	<u>418,027</u>	<u>418,027</u>	<u>0</u>
FUND BALANCE - June 30, 2019	<u><u>\$0</u></u>	<u><u>\$459,797</u></u>	<u><u>\$459,797</u></u>

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

Debt Service Fund

Year Ended June 30, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$0	\$0	\$0
Investment earnings	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES			
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Revenues Over (Under) Expenditures	0	0	0
FUND BALANCE - July 1, 2018	<u>5,699</u>	<u>5,699</u>	<u>0</u>
FUND BALANCE - June 30, 2019	<u><u>\$5,699</u></u>	<u><u>\$5,699</u></u>	<u><u>\$0</u></u>

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS**

Onstott, Broehl & Cyphers, P. C.

Certified Public Accountants

KENNETH L. ONSTOTT, c.p.a.
JAMES T. BROEHL, c.p.a.
RICK M. CYPHERS, c.p.a.

WILLIAM S. ROOPER, c.p.a. retired

MEMBERS:

American Institute of c.p.a.'s
Oregon Society of c.p.a.'s

OFFICES:

100 EAST FOURTH STREET
THE DALLES, OREGON 97058
Telephone: (541) 296-9131
Fax: (541) 296-6151

1313 BELMONT STREET
HOOD RIVER, OREGON 97031
Telephone: (541) 386-6661
Fax: (541) 308-0178

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

We have audited the basic financial statements of the Hood River Park and Recreation District as of and for the year ended June 30, 2019 and have issued our report thereon dated December 19, 2019. 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 District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 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 statement 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 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS 294).
- Insurance and fidelity bond in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS 294).
- Public contracts and purchasing (ORS 279A, 279B, and 279C).

In connection with our testing nothing came to our attention that caused us to believe the District 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 as noted below.

Oregon Local Budget Law Compliance

As stated in note 1 of the notes to required supplementary information, the results of our tests disclosed no instances of noncompliance with Oregon Local Budget Law. See note 1 of the notes to required supplementary information of the District's financial statements.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for determining our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control. We have issued a separate management letter outlining deficiencies and suggestions for improvements in internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

This report is intended solely for the information of Hood River Valley Park and Recreation District's management, and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Onstott, Broehl & Cyphers, PC
December 19, 2019