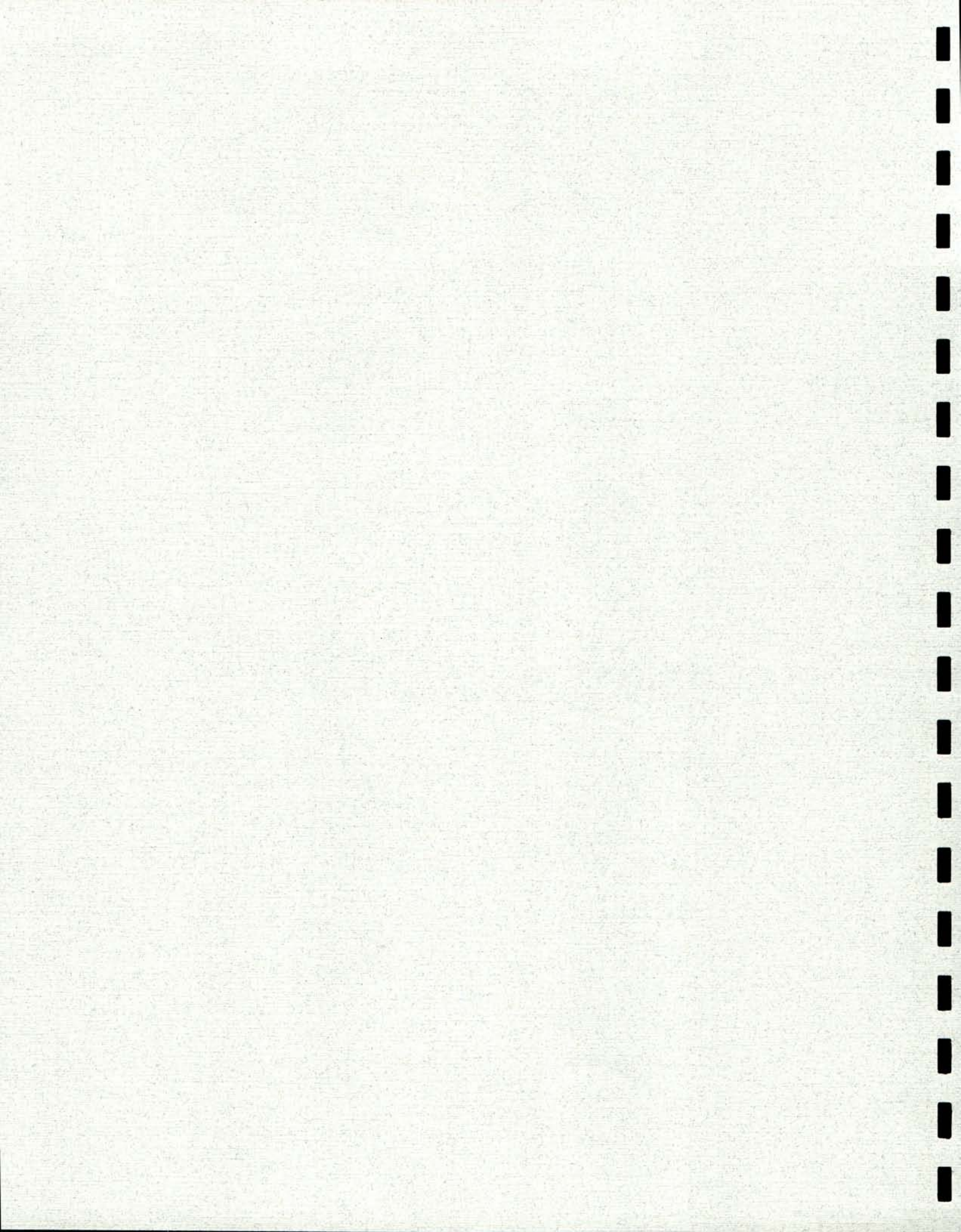


**HOOD RIVER VALLEY PARK
AND RECREATION DISTRICT
Hood River, Oregon
ANNUAL FINANCIAL REPORT
For Year Ended June 30, 2014**

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, 2014

MEMBERS OF THE BOARD OF DIRECTORS

Karen Ford
4445 Snowberry Drive
Hood River, Oregon 97031

President

Art Carroll
816 Adams Loop
Hood River, Oregon 97031

Vice-president

Greg Davis
916 Frankton Road
Hood River, Oregon 97031

Secretary

Glenna Mahurin
5720 Berry Drive
Hood River, Oregon 97031

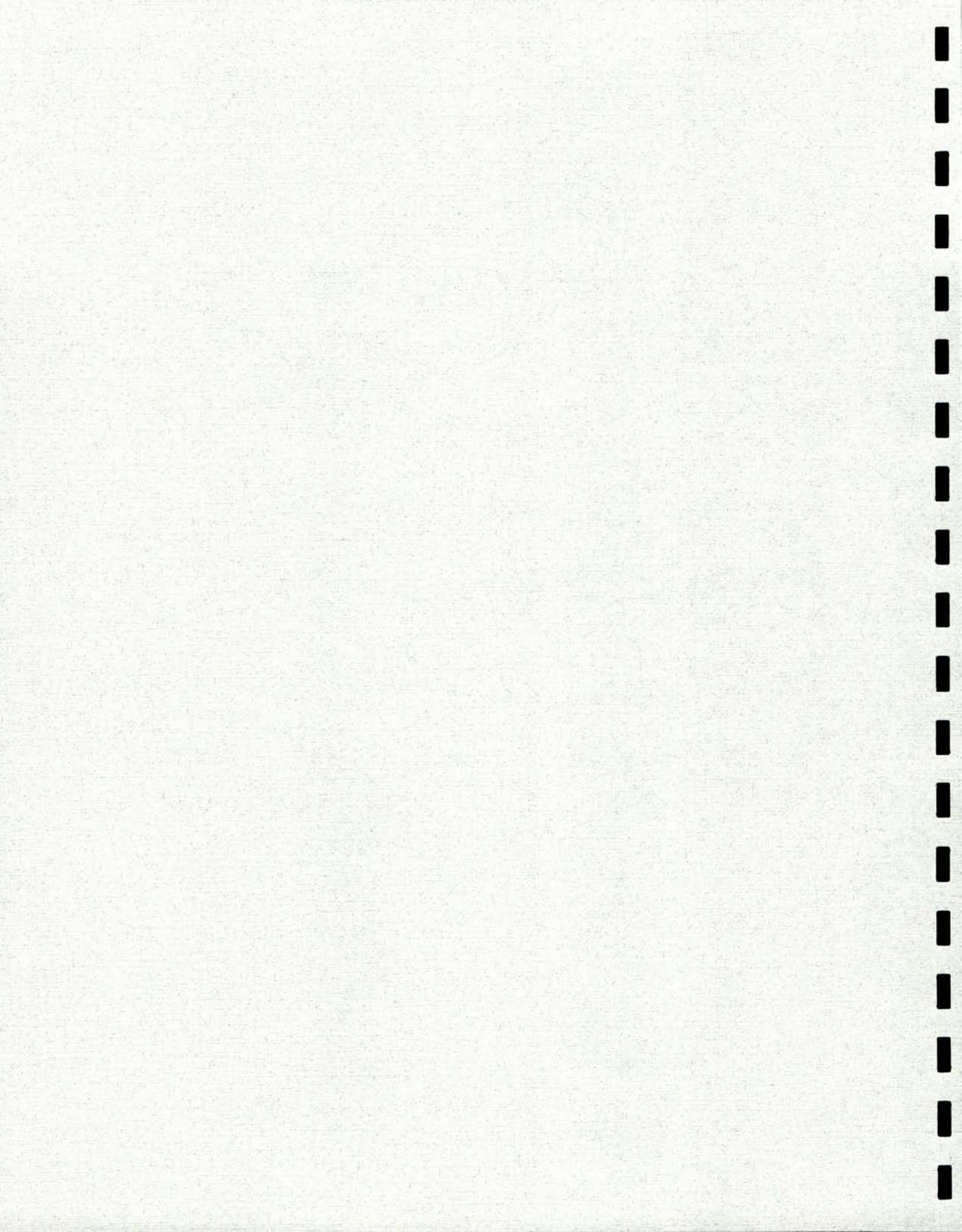
Board Member

Renee van de Griend
1152 Methodist Road
Hood River, Oregon 97031

Board Member

OTHER OFFICERS

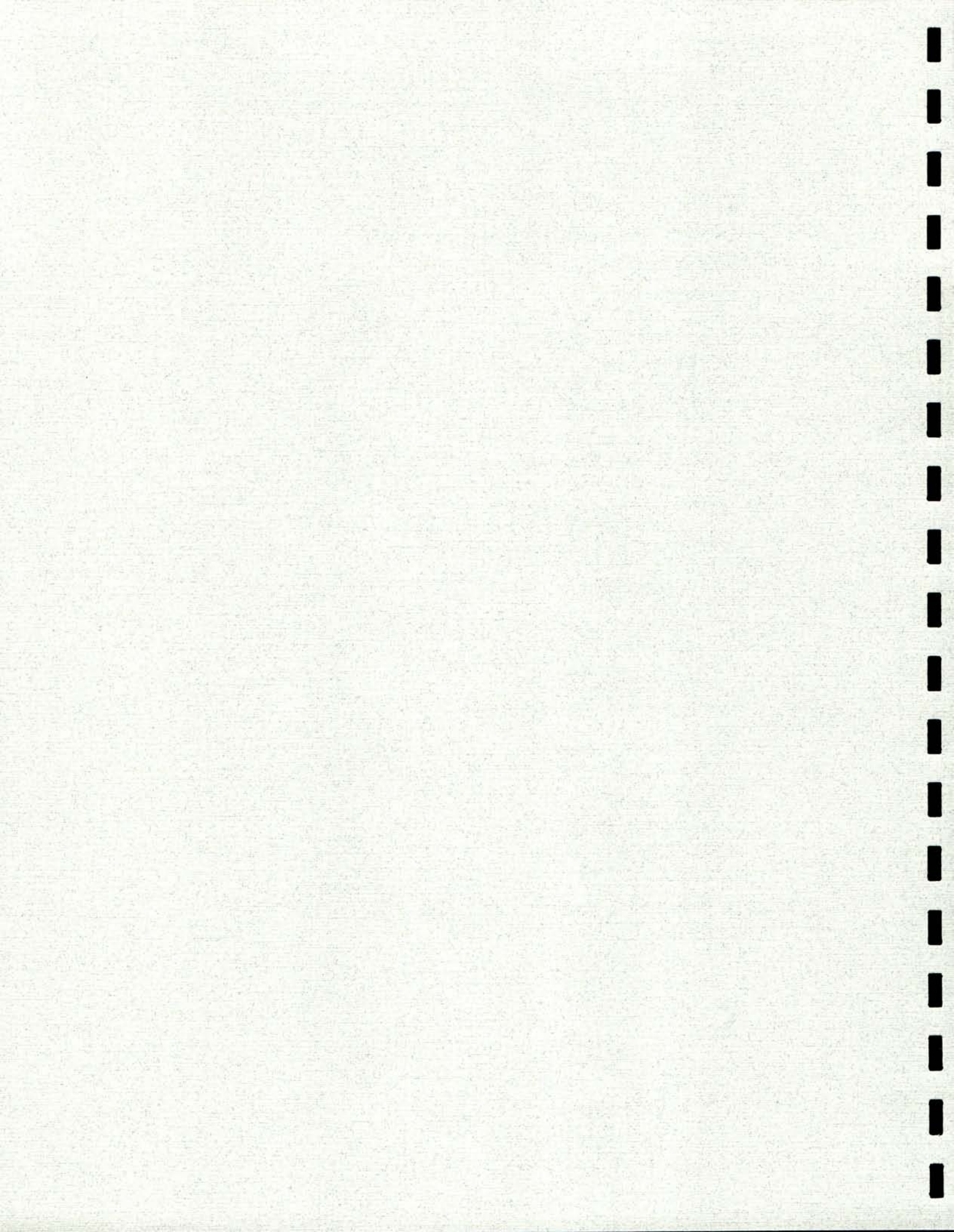
Lori Stirn, District Director
Registered Office
1601 May Street
Hood River, Oregon 97031



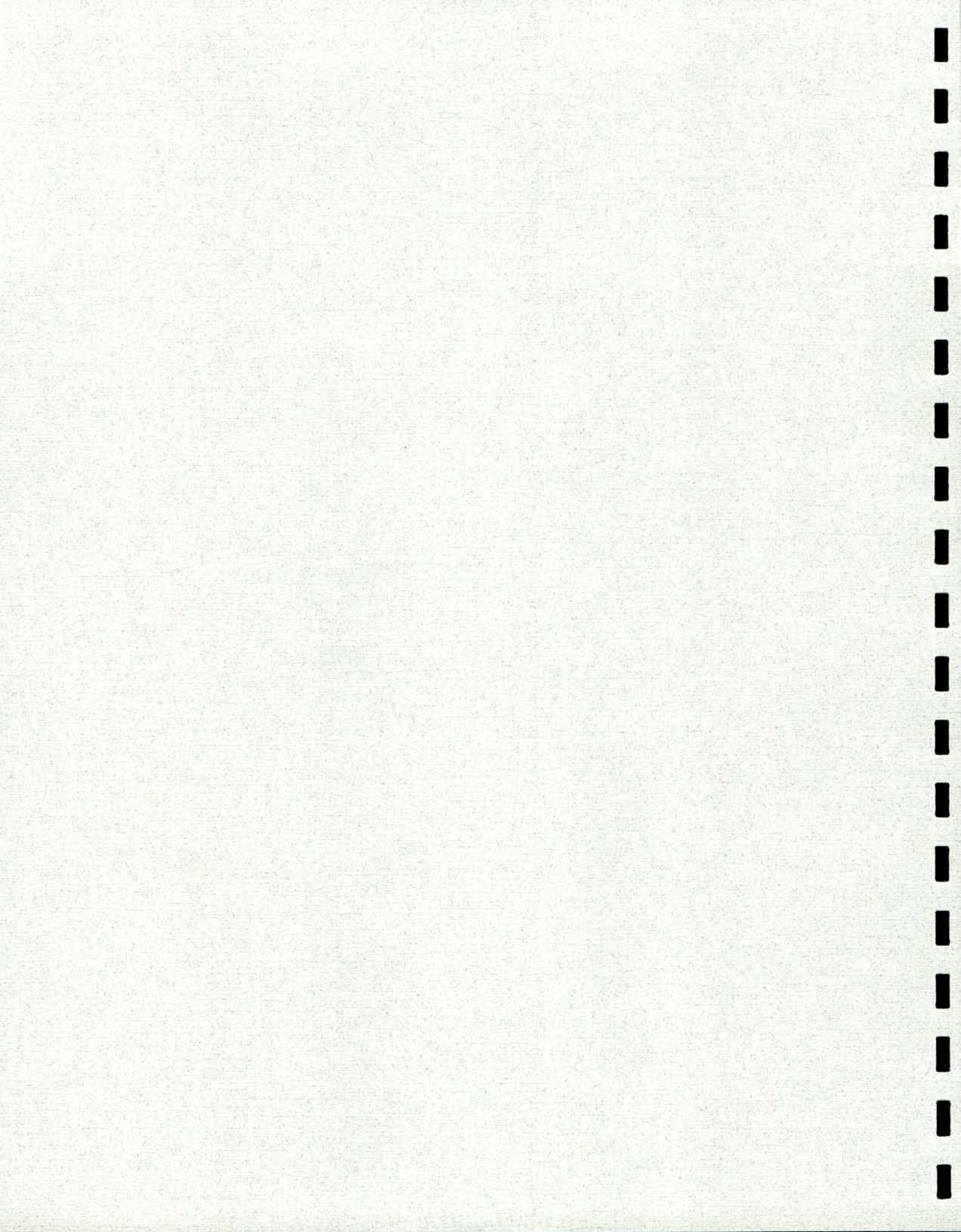
HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

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 - 8
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Notes to Financial Statements	14 - 21
Required Supplementary Information:	
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	22
System Development Charge Fund	23
Notes to Required Supplementary Information	24
Other Information:	
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Debt Service Fund	25
Improvement Fund	26
Schedule of Property Tax Transactions	27
Schedule of Long-Term Debt Transactions	28
Schedule of Future Debt Service Requirements	29
AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS	30 - 31



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, each major fund, and the aggregate remaining fund information of Hood River Valley Park and Recreation District as of and for the year ended June 30, 2014, 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, each major fund, and the aggregate remaining fund information of Hood River Valley Park and Recreation District, as of June 30, 2014, 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 8, and 23 through 25 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.

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 combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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.

Onstott, Broehl & Cyphers, P.C.

By: Kenneth Onstott
a Shareholder

February 5, 2015

Hood River Valley Parks and Recreation District
Hood River, Oregon
Management's Discussion and Analysis
For the Year Ended June 30th, 2014

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 past to expand the District's ability to expand recreational programs, trails, parks, and other recreation options. In 1998 a bond was passed to improve playfields and eliminate debt on the Aquatic Center. This bond will expire 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. An update to this Methodology is in progress and is scheduled to be completed prior to June 30th, 2015, barring any delays or postponements. The current methodology is good until 2017.

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.

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, 2014.

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 12th 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, 2014

General Operations

- Continue to operate the Aquatic Center with increased revenues and patronage; a new Point of Sale (Mind-Body) has been purchased and enables the District to take credit cards for payment.
- Received insurance discount for Special Districts Association Best Practices.
- Notice was given to increase SDC rates as of Effective July 1st, 2014, the rates for System Development Charges throughout the entire District will increase by 6% and be \$2,761 for single family dwellings, \$1,973 for multi-family and \$2,649 for manufactured homes.
- Entered into an agreement with FCS group to update the SDC methodology during the 2014-15 fiscal year.

- In response to community input the Parks District's Master plan identifies several top priorities:
 - Continue to expand a District-wide trail system
 - Improve existing parks and to expand capacity & safety
 - Improve Aquatic Center, Skatepark, Disc golf
 - Develop open space on District Property
 - Partner with other entities to increase sports field use
 - Discussions with Trust for Public Lands to assist the District:
 - TPL survey will be designed to test the following:
 - Specific ballot language and the level of voter support for a land conservation and parks funding measure;
 - Alternative funding sources and amounts;
 - Purposes for the use of funds the voters find most compelling;
 - Timing, i.e., when is the best time to bring a measure to voters; and
 - Various accountability measures that may be incorporated into the measure.
 - Other community priorities

- The survey firm and TPL staff will make a presentation to officials and interested partners of key research findings and poll results, ensuring a completely transparent and public process.

Park Development

- In 2012 the District was awarded \$494,000 grant for Barrett Park improvements; The Park District has until October 2015 to determine an allowed option for the funds for park improvements.
- Partnered with the Mt. Hood Towne Hall and the county for a playground in Mt. Hood.

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

Management's Discussion and Analysis
For the Year Ended June 30th, 2014

SUMMARY OF STATEMENT OF ACTIVITIES

	<u>2014</u>	<u>2013</u>
REVENUES:		
Program Revenues:		
Charges for services	\$270,953	\$274,842
Capital grants and contributions	6,242	60,000
General revenues:		
Property taxes	833,635	822,308
System development charges	230,144	162,839
Other	6,589	10,746
	<u>1,347,563</u>	<u>1,330,735</u>
EXPENSES:		
Program Expenses:		
General and administrative	162,875	200,415
Operations and maintenance -		
Pool facility	697,053	690,792
Other operations and maintenance	140,492	114,752
	<u>1,000,420</u>	<u>1,005,959</u>
Change in net assets	347,143	324,776
Net position - beginning of year	<u>4,108,714</u>	<u>3,783,938</u>
Net position - end of year	<u><u>\$4,455,857</u></u>	<u><u>\$4,108,714</u></u>

The change in net assets indicates a decrease of \$723,225 from operations.

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual revenues were less than the budgeted amount by \$466,549 while expenditures were \$1,052,320 under budget. The decrease in the revenues is attributed to budgeted grants and donations not received. Other categories of revenues increased slightly from the prior year.

Hood River Valley Parks and Recreation District
Hood River, Oregon
Management's Discussion and Analysis
For the Year Ended June 30th, 2014

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

SUMMARY OF STATEMENT OF NET ASSETS

	2014	2013
ASSETS:		
Current and other assets	\$1,528,015	\$1,494,093
Capital assets, net of accumulated depreciation	3,708,805	3,715,401
Total assets	5,236,820	5,209,494
LIABILITIES:		
Long-term liabilities	685,000	1,015,000
Other liabilities and deferred inflows of resources	95,963	85,780
Total liabilities and deferred inflows of resources	780,963	1,100,780
NET POSITION:		
Investment in capital assets, net of related debt	3,063,985	2,743,393
Restricted	666,745	906,612
Unrestricted	725,127	458,709
Total net position	\$4,455,857	\$4,108,714

Hood River Valley Parks and Recreation District
Hood River, Oregon
Management's Discussion and Analysis
For the Year Ended June 30th, 2014

SUMMARY OF STATEMENT OF ACTIVITIES

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Hood River Valley Parks and Recreation District
Hood River, Oregon
Management's Discussion and Analysis
For the Year Ended June 30th, 2014

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District anticipates a continual increase in tax assessed values as well as continued growth. We will have a new methodology for the SDC's by June, 2015.

The District looks forward to working with Trust for Public Lands in making sure that there is ample public input for future park development and ensuring a completely transparent and public process.

The Park District will continue to maintain a staff of quality employees on part-time bases for the aquatic center and throughout the District for maintenance.

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

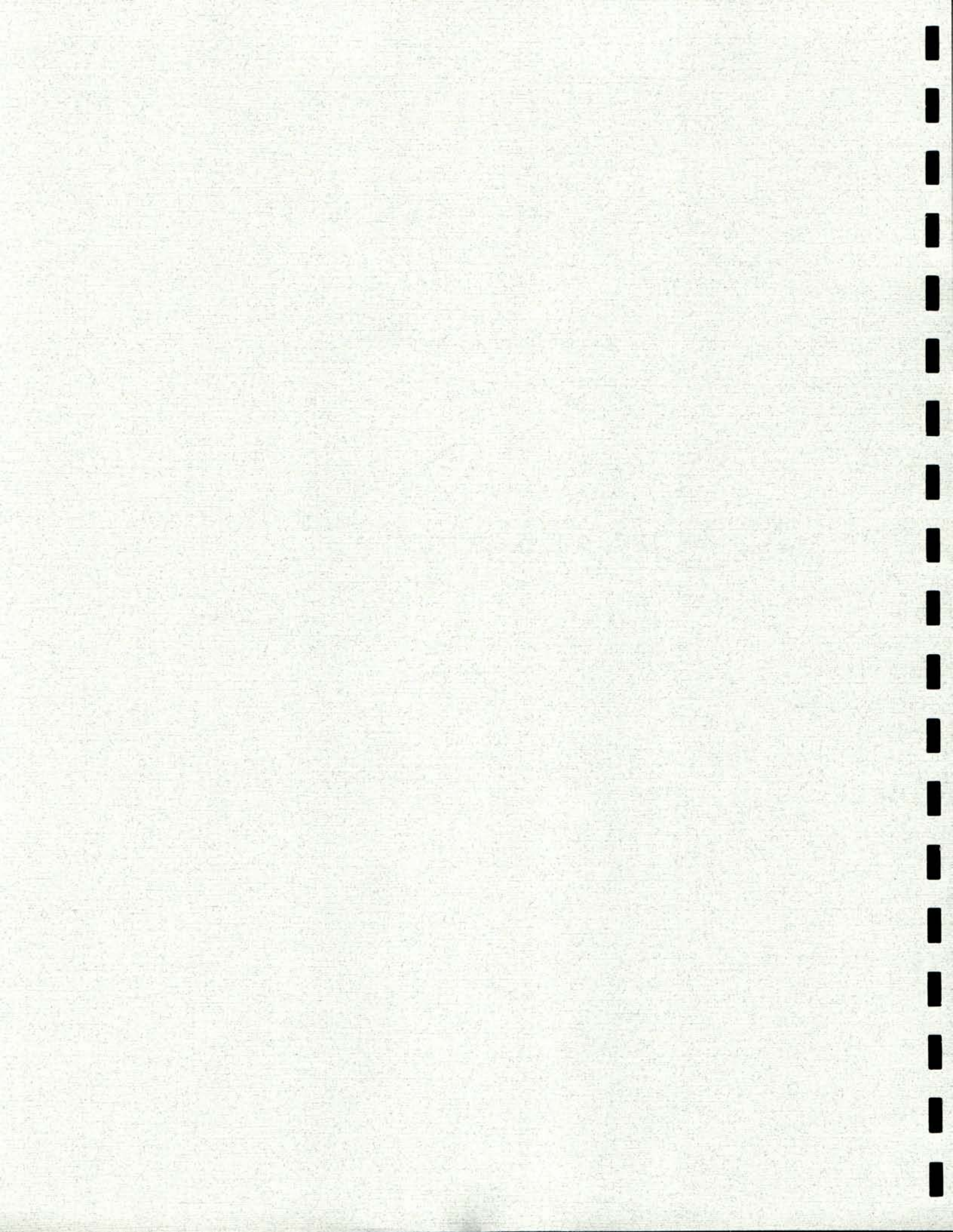
However, staff believes we are at a crossroads where additional operational funds for non-aquatic center operations are needed to continue to maintain the current level of operations and repair.

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 Lori Stirn, 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, 2014

ASSETS	<u>Governmental Activities</u>
Cash and cash equivalents	\$1,430,104
Receivables (net of allowance for uncollectibles)	50,730
Prepaid expenses	5,825
Debt issuance costs (net of amortization)	41,356
Capital assets (net of accumulated depreciation):	
Land	877,085
Buildings and improvements	430,863
Equipment	53,030
Skate park improvements	244,889
Parks and improvements	1,791,728
Trails and improvements	311,210
	<hr/>
Total Assets	<u>\$5,236,820</u>
LIABILITIES AND NET POSITION	
Liabilities:	
Accounts payable	\$28,995
Accrued payroll expenses	13,364
Unamortized bond premium	11,496
Non-current liabilities:	
Due within one year	160,000
Due in more than one year	525,000
	<hr/>
Total Liabilities	<u>738,855</u>
Deferred Inflows of Resources - Deferred taxes	<u>42,108</u>
Net Position:	
Invested in capital assets, net of related debt	3,063,985
Restricted for:	
Debt service	10,518
System development	656,227
Unrestricted	725,127
	<hr/>
Total Net Position	<u>4,455,857</u>
	<hr/>
Total Liabilities and Net Position	<u>\$5,236,820</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, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	
Governmental activities:				
General government	162,875			(\$162,875)
Operations and maintenance - pool facility	697,053	\$219,516	\$6,242	(471,295)
Other operations and maintenance	140,492	51,437		(89,055)
Total Governmental Activities	\$1,000,420	\$270,953	\$6,242	(723,225)
	General Revenues:			833,635
	Property taxes			230,144
	System development charges			6,589
	Unrestricted investment earnings			
	Total General Revenues			1,070,368
	Change in Net Position			347,143
	Net Position - July 1, 2013			4,108,714
	Net Position - June 30, 2014			\$4,455,857

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

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Debt Service Fund	System Development Charge Fund	Improvement Fund	Total Governmental Funds
ASSETS					
Cash and investments	\$324,941	\$10,518	\$826,226	\$268,419	\$1,430,104
Property taxes receivable	45,592				45,592
Accounts receivable	5,138				5,138
Prepaid expenses	5,826				5,826
Total Assets	<u>\$381,497</u>	<u>\$10,518</u>	<u>\$826,226</u>	<u>\$268,419</u>	<u>\$1,486,660</u>
LIABILITIES					
Accounts payable	\$28,995				\$28,995
Accrued payroll	13,364				13,364
Deferred revenue	42,108				42,108
Total Liabilities	<u>84,467</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>84,467</u>
FUND EQUITY					
Fund Balances:					
Nonspendable:					
Prepays	5,826				5,826
Restricted to:					
Debt service		10,518			10,518
System development			826,226		826,226
Assigned to - capital improvements				268,419	268,419
Unassigned	291,204				291,204
Total Fund Equity	<u>297,030</u>	<u>10,518</u>	<u>826,226</u>	<u>268,419</u>	<u>1,402,193</u>
Total Liabilities and Fund Equity	<u>\$381,497</u>	<u>\$10,518</u>	<u>\$826,226</u>	<u>\$268,419</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	3,708,805
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	(685,000)
Debt issuance costs and bond premium are reported as expenses in the funds statement but are amortized over the life of the issue in the statement of net position	29,859
Net position of governmental activities	<u>\$4,455,857</u>

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

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2014

	General Fund	Debt Service Fund	System Development Charge Fund	Improvement Funds	Total Governmental Funds
REVENUES					
Property taxes	\$631,997	\$201,638			\$833,635
Pool receipts	219,516				219,516
Interest on investments	5,782		\$807		6,589
System development charges			230,144		230,144
Donations and other	57,679				57,679
Total Revenues	914,974	201,638	230,951	0	1,347,563
EXPENDITURES					
Current:					
General administration	165,036	900			165,936
Operations and maintenance - pool facility	607,616				607,616
Other operations and maintenance	28,761		66,043		94,804
Capital outlay	48,822		29,106		77,928
Debt service:					
Principal		160,000	170,000		330,000
Interest		26,913	7,495		34,408
Total Expenditures	850,235	187,813	272,644	0	1,310,692
Revenues Over Expenditures	64,739	13,825	(41,693)	0	36,871
OTHER FINANCING SOURCES (USES)					
Operating transfers in	42,000			76,006	118,006
Operating transfers out	(76,006)		(42,000)		(118,006)
Total Other Financing Sources (Uses)	(34,006)	0	(42,000)	76,006	0
Revenues and Other Sources (Uses) Over Expenditures	30,733	13,825	(83,693)	76,006	36,871
FUND BALANCE (DEFICIT) - July 1, 2013	266,297	(3,307)	909,919	192,413	1,365,322
FUND BALANCE - June 30, 2014	\$297,030	\$10,518	\$826,226	\$268,419	\$1,402,193

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, 2014

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

Net change in fund balances - total governmental funds		\$36,871
<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	\$95,548	
Depreciation expense	<u>(102,146)</u>	(6,598)
<p>Amortization of bond issuance and refunding costs is reported as an expense in the government wide statement but was reported as an expenditure in the government funds statement when incurred</p>		
		(13,130)
<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>330,000</u>
Change in net position of governmental activities		<u><u>\$347,143</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, 2014

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, 2014

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.

Additionally the District reports the following fund types:

Special revenue funds that account for revenues derived from specific sources that have been restricted to finance particular functions or activities. The *improvement fund* is considered a non-major fund.

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, 2014

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.

During a prior year the District entered into an intergovernmental agreement to loan the District of Hood River \$64,000 with interest at 5%. The last of the annual payments of interest plus principal was made during the year.

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.

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Financial Statements

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Assets, Liabilities, and Net Position or Equity - continued

Capital Assets - 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.

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 2014.

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

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

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.

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Financial Statements

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, Liabilities, and Net Position or Equity – continued

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.

NOTE 2 – DETAILED NOTES ON ALL FUNDS

Deposits

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

Cash on hand	\$35,047
Cash in bank	674,930
Cash with Hood River County	<u>720,127</u>
Total cash and cash equivalents	<u>\$1,430,104</u>

At June 30, 2014 the District's investment balance was as follows:

	Carrying Amount	Reported Amount/ Fair Value
Cash with Hood River County	<u>\$ 720,127</u>	<u>\$ 720,127</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, 2014, the carrying amount of the District's deposits was \$674,930 and the bank balance was \$681,394. Of the bank balance \$258,120 was covered by Federal depository insurance and the balance was collateralized in accordance with Oregon Revised Statutes.

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.

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Financial Statements

June 30, 2014

NOTE 2 – DETAILED NOTES ON ALL FUNDS – continued

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.

Receivables

Receivables as of June 30, 2014 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	\$ 5,138
Taxes	<u>45,592</u>
	<u>\$50,730</u>

Capital assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Balances</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2014</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	<u>\$1,145,254</u>	<u>\$45,793</u>		<u>\$1,191,047</u>
Capital assets, being depreciated:				
Buildings and improvements	1,829,802	11,016	\$2,000	1,838,818
Equipment	90,290	11,952	10,000	92,242
Skate park improvements	423,889			423,889
Parks and improvements	<u>2,094,452</u>	<u>26,789</u>		<u>2,121,241</u>
Total capital assets being depreciated	<u>4,438,433</u>	<u>49,757</u>	<u>12,000</u>	<u>4,476,190</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,364,498)	(45,457)	(2,000)	(1,407,955)
Equipment	(42,485)	(6,727)	(10,000)	(39,212)
Skate park improvements	(159,982)	(19,018)		(179,000)
Parks and improvements	<u>(301,321)</u>	<u>(30,944)</u>		<u>(332,265)</u>
Total accumulated depreciation	<u>(1,868,286)</u>	<u>(102,146)</u>	<u>(12,000)</u>	<u>(1,958,432)</u>
Total capital assets, being depreciated, net	<u>2,570,147</u>	<u>(52,389)</u>	<u>0</u>	<u>2,517,758</u>
Governmental activities capital assets, net	<u>\$3,715,401</u>	<u>(\$6,596)</u>	<u>\$0</u>	<u>\$3,708,805</u>

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Financial Statements

June 30, 2014

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:	
Operations and maintenance - pool facility	\$52,184
Other operations and maintenance	49,962
Total depreciation expense - governmental activities	\$102,146

Interfund Transfers

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

	Transfer In		
Transfer Out:	General	Improvement	Total
General		\$76,006	\$76,006
System Development	\$42,000		42,000
	\$42,000	\$76,006	\$118,006

Long-term Debt

Series 2010 Bonds

On June 1, 2010, the District issued \$1,320,000 of General Obligation Bonds, Series 2010, with an average interest rate of 2.867%. The bonds consist of serial bonds bearing various fixed rates ranging from 2.0% to 4.0% with annual maturities from January, 2010 through January, 2018. The principal payments are payable January 1 of each year with interest payments due January 1 and July 1 of each year. Interest in the amount of \$26,913 is included as a direct expense on the statement of activities.

The net proceeds were used to advance refund the Series 1998 bonds with a total principal amount of \$1,270,000 and an average interest rate of 4.975%.

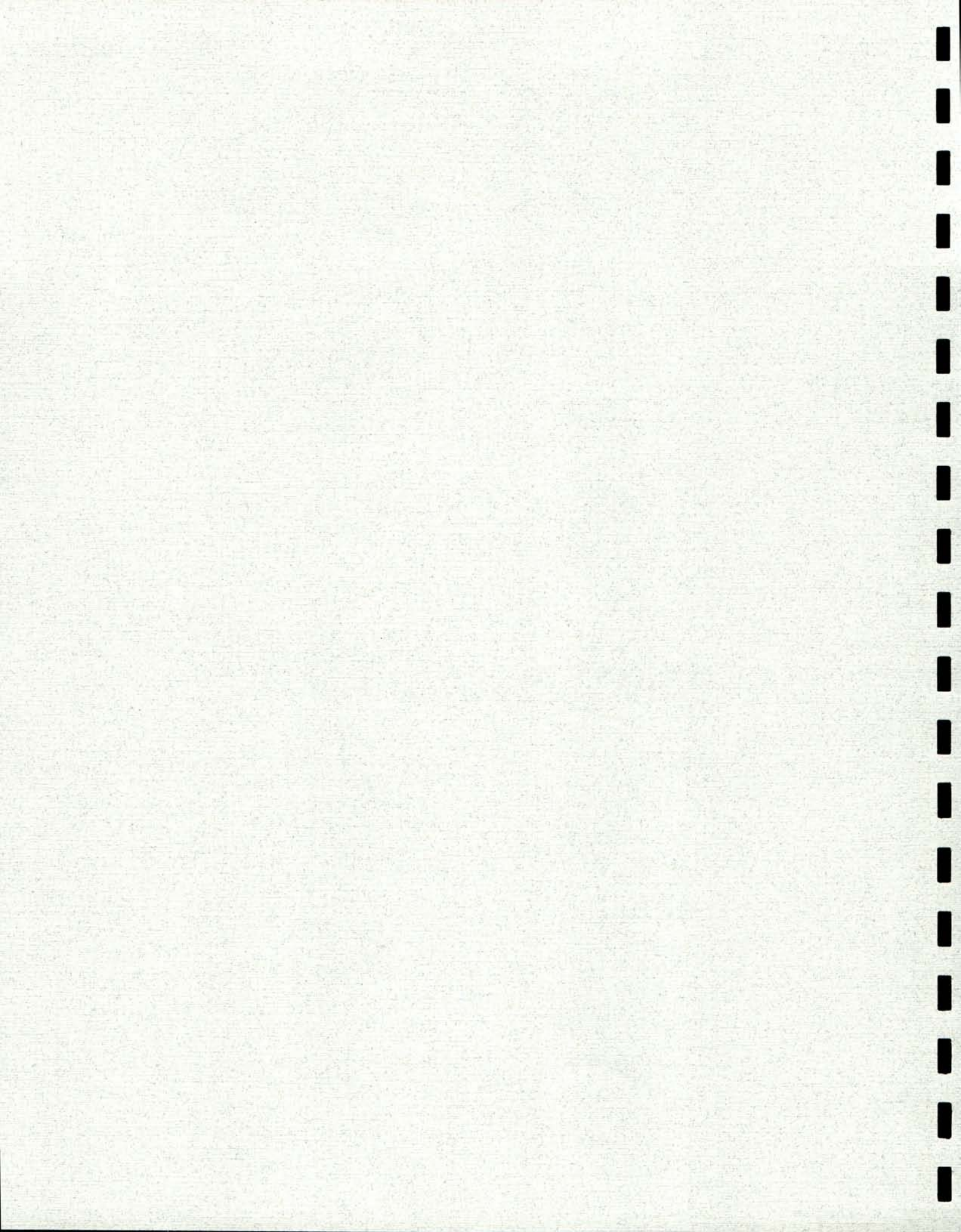
The net proceeds were deposited with an escrow agent to provide for the call and redemption of the refunded bonds on July 1, 2010. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. The advance refunding was done in order to reduce debt payments in the short-term and overall debt service payments.

Flexlease Financing

During a previous year the District incurred long-term debt of \$250,000 under a flexlease program of the Special Districts Association of Oregon. During the year the District repaid the remaining balance in full.

**HOOD RIVER VALLEY PARK
AND RECREATION DISTRICT
Hood River, Oregon
ANNUAL FINANCIAL REPORT
For Year Ended June 30, 2014**

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, 2014

MEMBERS OF THE BOARD OF DIRECTORS

Karen Ford
4445 Snowberry Drive
Hood River, Oregon 97031

President

Art Carroll
816 Adams Loop
Hood River, Oregon 97031

Vice-president

Greg Davis
916 Frankton Road
Hood River, Oregon 97031

Secretary

Glenna Mahurin
5720 Berry Drive
Hood River, Oregon 97031

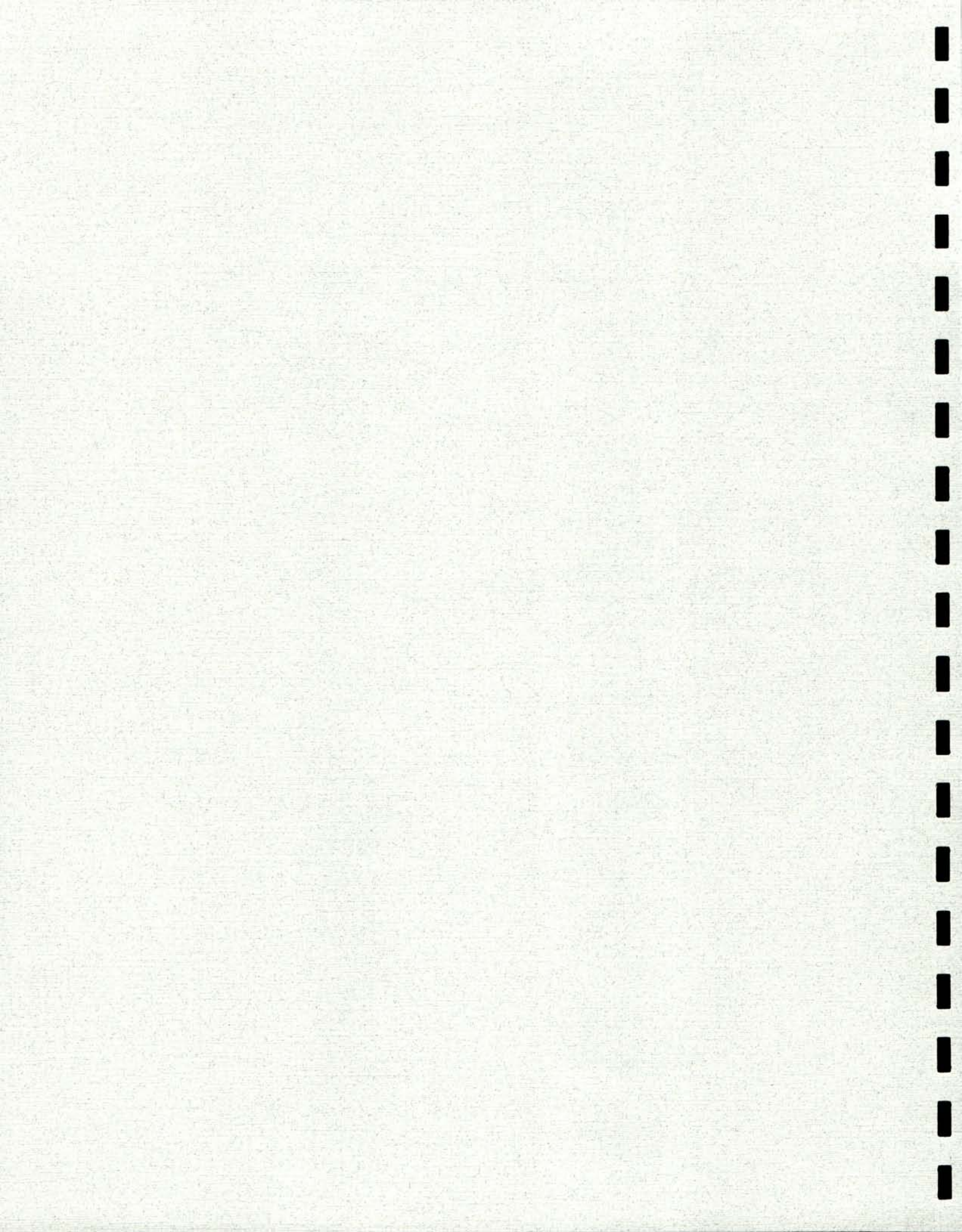
Board Member

Renee van de Griend
1152 Methodist Road
Hood River, Oregon 97031

Board Member

OTHER OFFICERS

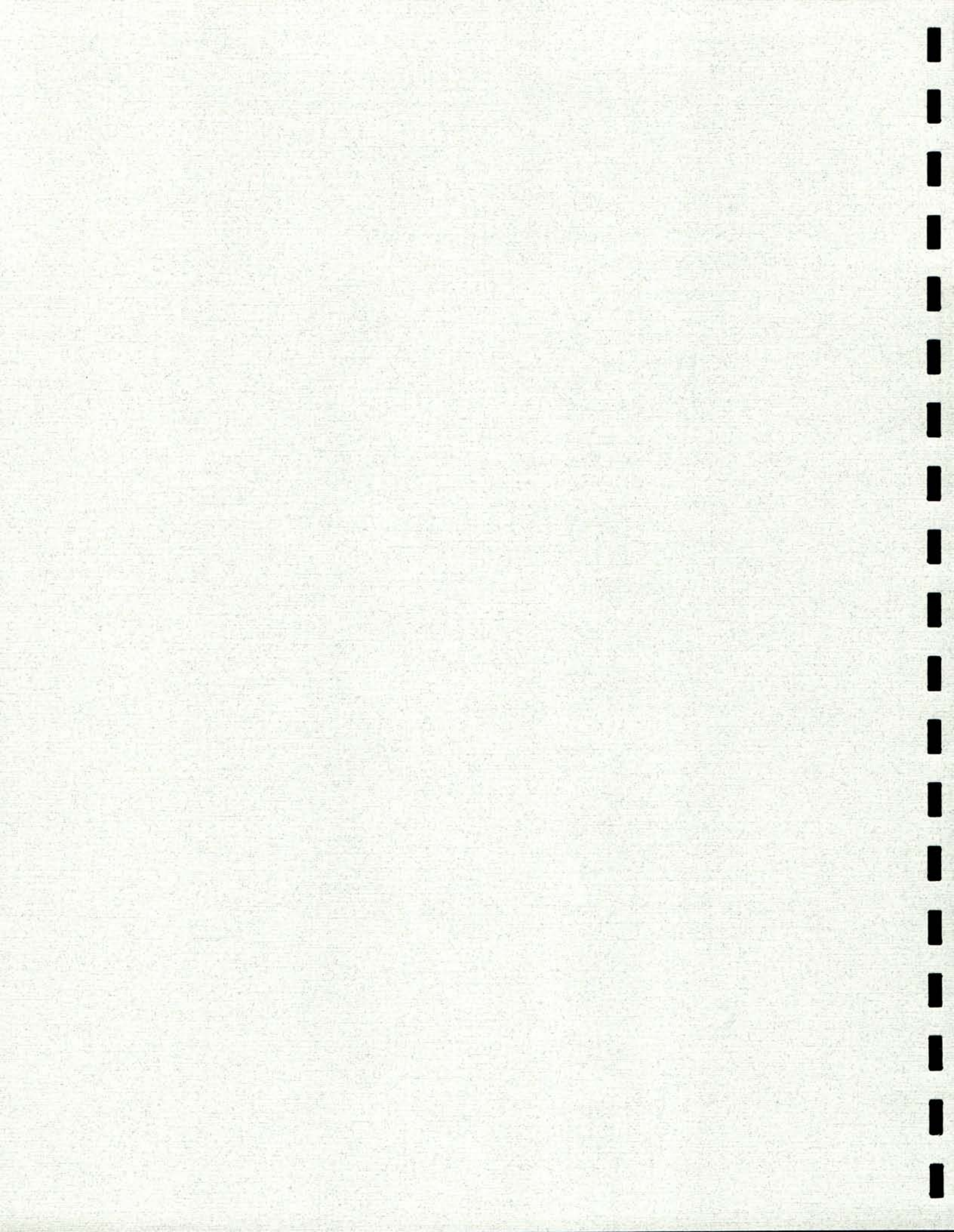
Lori Stirn, District Director
Registered Office
1601 May Street
Hood River, Oregon 97031



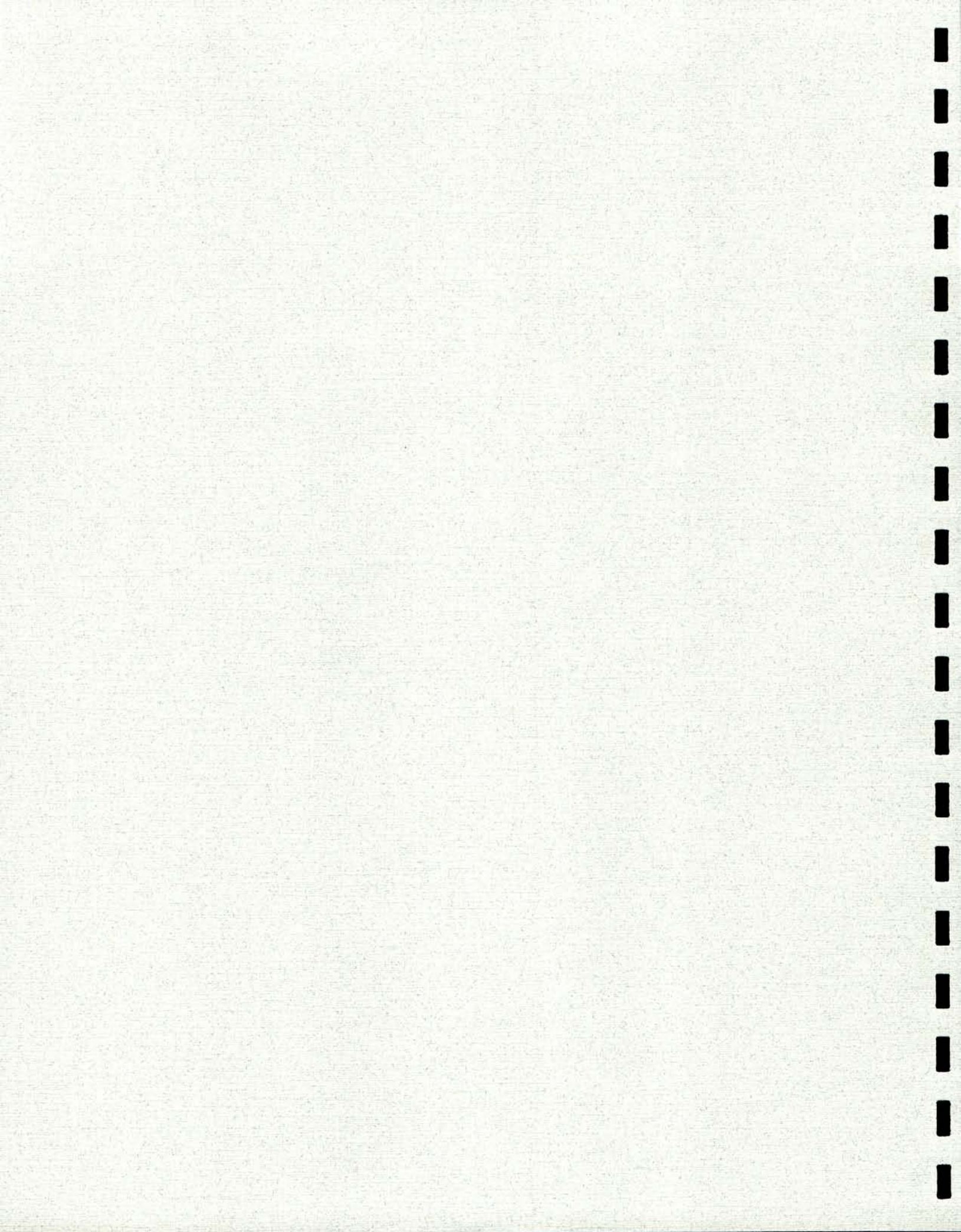
HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

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 - 8
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Notes to Financial Statements	14 - 21
Required Supplementary Information:	
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	22
System Development Charge Fund	23
Notes to Required Supplementary Information	24
Other Information:	
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Debt Service Fund	25
Improvement Fund	26
Schedule of Property Tax Transactions	27
Schedule of Long-Term Debt Transactions	28
Schedule of Future Debt Service Requirements	29
AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS	30 - 31



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, each major fund, and the aggregate remaining fund information of Hood River Valley Park and Recreation District as of and for the year ended June 30, 2014, 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, each major fund, and the aggregate remaining fund information of Hood River Valley Park and Recreation District, as of June 30, 2014, 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 8, and 23 through 25 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.

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 combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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.

Onstott, Broehl & Cyphers, P.C.

By: Kenneth Onstott
a Shareholder

February 5, 2015

Hood River Valley Parks and Recreation District
Hood River, Oregon
Management's Discussion and Analysis
For the Year Ended June 30th, 2014

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 past to expand the District's ability to expand recreational programs, trails, parks, and other recreation options. In 1998 a bond was passed to improve playfields and eliminate debt on the Aquatic Center. This bond will expire 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. An update to this Methodology is in progress and is scheduled to be completed prior to June 30th, 2015, barring any delays or postponements. The current methodology is good until 2017.

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.

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, 2014.

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 12th 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, 2014

General Operations

- Continue to operate the Aquatic Center with increased revenues and patronage; a new Point of Sale (Mind-Body) has been purchased and enables the District to take credit cards for payment.
- Received insurance discount for Special Districts Association Best Practices.
- Notice was given to increase SDC rates as of Effective July 1st, 2014, the rates for System Development Charges throughout the entire District will increase by 6% and be \$2,761 for single family dwellings, \$1,973 for multi-family and \$2,649 for manufactured homes.
- Entered into an agreement with FCS group to update the SDC methodology during the 2014-15 fiscal year.

- In response to community input the Parks District's Master plan identifies several top priorities:
 - Continue to expand a District-wide trail system
 - Improve existing parks and to expand capacity & safety
 - Improve Aquatic Center, Skatepark, Disc golf
 - Develop open space on District Property
 - Partner with other entities to increase sports field use
 - Discussions with Trust for Public Lands to assist the District:
 - TPL survey will be designed to test the following:
 - Specific ballot language and the level of voter support for a land conservation and parks funding measure;
 - Alternative funding sources and amounts;
 - Purposes for the use of funds the voters find most compelling;
 - Timing, i.e., when is the best time to bring a measure to voters; and
 - Various accountability measures that may be incorporated into the measure.
 - Other community priorities

- The survey firm and TPL staff will make a presentation to officials and interested partners of key research findings and poll results, ensuring a completely transparent and public process.

Park Development

- In 2012 the District was awarded \$494,000 grant for Barrett Park improvements; The Park District has until October 2015 to determine an allowed option for the funds for park improvements.
- Partnered with the Mt. Hood Towne Hall and the county for a playground in Mt. Hood.

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

Management's Discussion and Analysis
For the Year Ended June 30th, 2014

SUMMARY OF STATEMENT OF ACTIVITIES

	<u>2014</u>	<u>2013</u>
REVENUES:		
Program Revenues:		
Charges for services	\$270,953	\$274,842
Capital grants and contributions	6,242	60,000
General revenues:		
Property taxes	833,635	822,308
System development charges	230,144	162,839
Other	6,589	10,746
	<u>1,347,563</u>	<u>1,330,735</u>
EXPENSES:		
Program Expenses:		
General and administrative	162,875	200,415
Operations and maintenance -		
Pool facility	697,053	690,792
Other operations and maintenance	140,492	114,752
	<u>1,000,420</u>	<u>1,005,959</u>
Change in net assets	347,143	324,776
Net position - beginning of year	<u>4,108,714</u>	<u>3,783,938</u>
Net position - end of year	<u><u>\$4,455,857</u></u>	<u><u>\$4,108,714</u></u>

The change in net assets indicates a decrease of \$723,225 from operations.

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual revenues were less than the budgeted amount by \$466,549 while expenditures were \$1,052,320 under budget. The decrease in the revenues is attributed to budgeted grants and donations not received. Other categories of revenues increased slightly from the prior year.

Hood River Valley Parks and Recreation District
Hood River, Oregon
Management's Discussion and Analysis
For the Year Ended June 30th, 2014

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

SUMMARY OF STATEMENT OF NET ASSETS

	<u>2014</u>	<u>2013</u>
ASSETS:		
Current and other assets	\$1,528,015	\$1,494,093
Capital assets, net of accumulated depreciation	<u>3,708,805</u>	<u>3,715,401</u>
Total assets	<u><u>5,236,820</u></u>	<u><u>5,209,494</u></u>
LIABILITIES:		
Long-term liabilities	685,000	1,015,000
Other liabilities and deferred inflows of resources	<u>95,963</u>	<u>85,780</u>
Total liabilities and deferred inflows of resources	<u><u>780,963</u></u>	<u><u>1,100,780</u></u>
NET POSITION:		
Investment in capital assets, net of related debt	3,063,985	2,743,393
Restricted	666,745	906,612
Unrestricted	<u>725,127</u>	<u>458,709</u>
Total net position	<u><u>\$4,455,857</u></u>	<u><u>\$4,108,714</u></u>

Hood River Valley Parks and Recreation District
Hood River, Oregon
Management's Discussion and Analysis
For the Year Ended June 30th, 2014

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GENERAL FUND BUDGETARY HIGHLIGHTS

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Hood River Valley Parks and Recreation District
Hood River, Oregon
Management's Discussion and Analysis
For the Year Ended June 30th, 2014

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District anticipates a continual increase in tax assessed values as well as continued growth. We will have a new methodology for the SDC's by June, 2015.

The District looks forward to working with Trust for Public Lands in making sure that there is ample public input for future park development and ensuring a completely transparent and public process.

The Park District will continue to maintain a staff of quality employees on part-time bases for the aquatic center and throughout the District for maintenance.

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

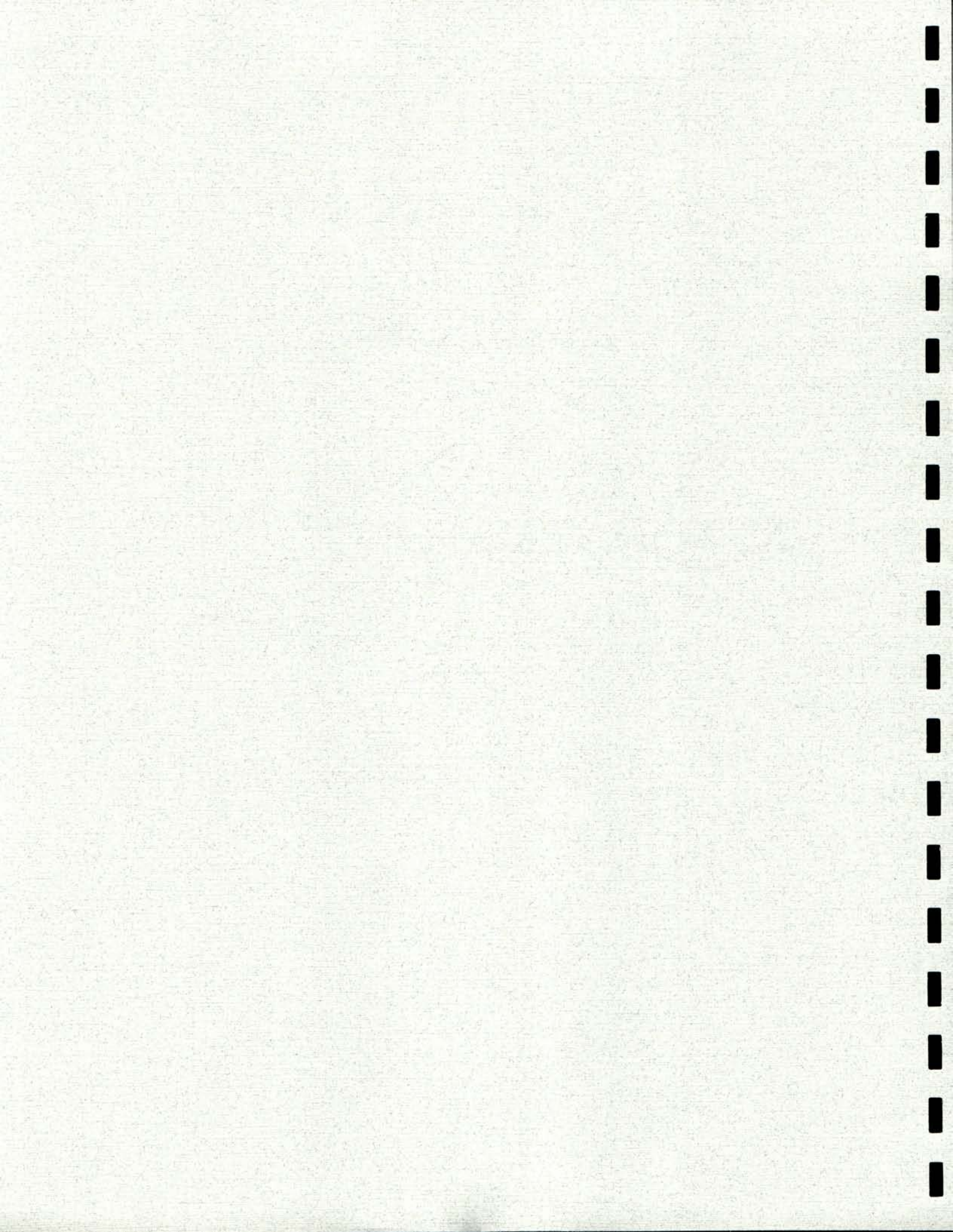
However, staff believes we are at a crossroads where additional operational funds for non-aquatic center operations are needed to continue to maintain the current level of operations and repair.

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 Lori Stirn, 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, 2014

ASSETS	<u>Governmental Activities</u>
Cash and cash equivalents	\$1,430,104
Receivables (net of allowance for uncollectibles)	50,730
Prepaid expenses	5,825
Debt issuance costs (net of amortization)	41,356
Capital assets (net of accumulated depreciation):	
Land	877,085
Buildings and improvements	430,863
Equipment	53,030
Skate park improvements	244,889
Parks and improvements	1,791,728
Trails and improvements	311,210
	<hr/>
Total Assets	<u>\$5,236,820</u>
LIABILITIES AND NET POSITION	
Liabilities:	
Accounts payable	\$28,995
Accrued payroll expenses	13,364
Unamortized bond premium	11,496
Non-current liabilities:	
Due within one year	160,000
Due in more than one year	525,000
	<hr/>
Total Liabilities	<u>738,855</u>
Deferred Inflows of Resources - Deferred taxes	<u>42,108</u>
Net Position:	
Invested in capital assets, net of related debt	3,063,985
Restricted for:	
Debt service	10,518
System development	656,227
Unrestricted	725,127
	<hr/>
Total Net Position	<u>4,455,857</u>
	<hr/>
Total Liabilities and Net Position	<u>\$5,236,820</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, 2014

Functions/Programs	Expenses	Charges for Services	Program Revenues Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:				
General government	162,875			(\$162,875)
Operations and maintenance - pool facility	697,053	\$219,516	\$6,242	(471,295)
Other operations and maintenance	140,492	51,437		(89,055)
Total Governmental Activities	\$1,000,420	\$270,953	\$6,242	(723,225)
				833,635
				230,144
				6,589
				1,070,368
				347,143
				4,108,714
				\$4,455,857

General Revenues:

Property taxes
System development charges
Unrestricted investment earnings

Total General Revenues

Change in Net Position

Net Position - July 1, 2013

Net Position - June 30, 2014

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

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Debt Service Fund	System Development Charge Fund	Improvement Fund	Total Governmental Funds
ASSETS					
Cash and investments	\$324,941	\$10,518	\$826,226	\$268,419	\$1,430,104
Property taxes receivable	45,592				45,592
Accounts receivable	5,138				5,138
Prepaid expenses	5,826				5,826
Total Assets	<u>\$381,497</u>	<u>\$10,518</u>	<u>\$826,226</u>	<u>\$268,419</u>	<u>\$1,486,660</u>
LIABILITIES					
Accounts payable	\$28,995				\$28,995
Accrued payroll	13,364				13,364
Deferred revenue	42,108				42,108
Total Liabilities	<u>84,467</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>84,467</u>
FUND EQUITY					
Fund Balances:					
Nonspendable:					
Prepays	5,826				5,826
Restricted to:					
Debt service		10,518			10,518
System development			826,226		826,226
Assigned to - capital improvements				268,419	268,419
Unassigned	291,204				291,204
Total Fund Equity	<u>297,030</u>	<u>10,518</u>	<u>826,226</u>	<u>268,419</u>	<u>1,402,193</u>
Total Liabilities and Fund Equity	<u>\$381,497</u>	<u>\$10,518</u>	<u>\$826,226</u>	<u>\$268,419</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	3,708,805
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	(685,000)
Debt issuance costs and bond premium are reported as expenses in the funds statement but are amortized over the life of the issue in the statement of net position	29,859
Net position of governmental activities	<u>\$4,455,857</u>

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

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2014

	General Fund	Debt Service Fund	System Development Charge Fund	Improvement Funds	Total Governmental Funds
REVENUES					
Property taxes	\$631,997	\$201,638			\$833,635
Pool receipts	219,516				219,516
Interest on investments	5,782		\$807		6,589
System development charges			230,144		230,144
Donations and other	57,679				57,679
Total Revenues	914,974	201,638	230,951	0	1,347,563
EXPENDITURES					
Current:					
General administration	165,036	900			165,936
Operations and maintenance - pool facility	607,616				607,616
Other operations and maintenance	28,761		66,043		94,804
Capital outlay	48,822		29,106		77,928
Debt service:					
Principal		160,000	170,000		330,000
Interest		26,913	7,495		34,408
Total Expenditures	850,235	187,813	272,644	0	1,310,692
Revenues Over Expenditures	64,739	13,825	(41,693)	0	36,871
OTHER FINANCING SOURCES (USES)					
Operating transfers in	42,000			76,006	118,006
Operating transfers out	(76,006)		(42,000)		(118,006)
Total Other Financing Sources (Uses)	(34,006)	0	(42,000)	76,006	0
Revenues and Other Sources (Uses) Over Expenditures	30,733	13,825	(83,693)	76,006	36,871
FUND BALANCE (DEFICIT) - July 1, 2013	266,297	(3,307)	909,919	192,413	1,365,322
FUND BALANCE - June 30, 2014	\$297,030	\$10,518	\$826,226	\$268,419	\$1,402,193

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, 2014

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

Net change in fund balances - total governmental funds		\$36,871
<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	\$95,548	
Depreciation expense	<u>(102,146)</u>	(6,598)
<p>Amortization of bond issuance and refunding costs is reported as an expense in the government wide statement but was reported as an expenditure in the government funds statement when incurred</p>		
		(13,130)
<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>330,000</u>
Change in net position of governmental activities		<u><u>\$347,143</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, 2014

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, 2014

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.

Additionally the District reports the following fund types:

Special revenue funds that account for revenues derived from specific sources that have been restricted to finance particular functions or activities. The *improvement fund* is considered a non-major fund.

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, 2014

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.

During a prior year the District entered into an intergovernmental agreement to loan the District of Hood River \$64,000 with interest at 5%. The last of the annual payments of interest plus principal was made during the year.

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.

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Financial Statements

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, Liabilities, and Net Position or Equity – continued

Capital Assets - 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.

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 2014.

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

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

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.

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Financial Statements

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, Liabilities, and Net Position or Equity – continued

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.

NOTE 2 – DETAILED NOTES ON ALL FUNDS

Deposits

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

Cash on hand	\$35,047
Cash in bank	674,930
Cash with Hood River County	<u>720,127</u>
Total cash and cash equivalents	<u>\$1,430,104</u>

At June 30, 2014 the District's investment balance was as follows:

	Carrying Amount	Reported Amount/ Fair Value
Cash with Hood River County	<u>\$ 720,127</u>	<u>\$ 720,127</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, 2014, the carrying amount of the District's deposits was \$674,930 and the bank balance was \$681,394. Of the bank balance \$258,120 was covered by Federal depository insurance and the balance was collateralized in accordance with Oregon Revised Statutes.

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.

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Financial Statements

June 30, 2014

NOTE 2 – DETAILED NOTES ON ALL FUNDS – continued

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.

Receivables

Receivables as of June 30, 2014 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	\$ 5,138
Taxes	<u>45,592</u>
	<u>\$50,730</u>

Capital assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Balances</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2014</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	<u>\$1,145,254</u>	<u>\$45,793</u>		<u>\$1,191,047</u>
Capital assets, being depreciated:				
Buildings and improvements	1,829,802	11,016	\$2,000	1,838,818
Equipment	90,290	11,952	10,000	92,242
Skate park improvements	423,889			423,889
Parks and improvements	<u>2,094,452</u>	<u>26,789</u>		<u>2,121,241</u>
Total capital assets being depreciated	<u>4,438,433</u>	<u>49,757</u>	<u>12,000</u>	<u>4,476,190</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,364,498)	(45,457)	(2,000)	(1,407,955)
Equipment	(42,485)	(6,727)	(10,000)	(39,212)
Skate park improvements	(159,982)	(19,018)		(179,000)
Parks and improvements	<u>(301,321)</u>	<u>(30,944)</u>		<u>(332,265)</u>
Total accumulated depreciation	<u>(1,868,286)</u>	<u>(102,146)</u>	<u>(12,000)</u>	<u>(1,958,432)</u>
Total capital assets, being depreciated, net	<u>2,570,147</u>	<u>(52,389)</u>	<u>0</u>	<u>2,517,758</u>
Governmental activities capital assets, net	<u>\$3,715,401</u>	<u>(\$6,596)</u>	<u>\$0</u>	<u>\$3,708,805</u>

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Financial Statements

June 30, 2014

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:	
Operations and maintenance - pool facility	\$52,184
Other operations and maintenance	<u>49,962</u>
Total depreciation expense - governmental activities	<u><u>\$102,146</u></u>

Interfund Transfers

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

	Transfer In		
Transfer Out:	General	Improvement	Total
General		\$76,006	\$76,006
System Development	\$42,000		42,000
	<u>\$42,000</u>	<u>\$76,006</u>	<u>\$118,006</u>

Long-term Debt

Series 2010 Bonds

On June 1, 2010, the District issued \$1,320,000 of General Obligation Bonds, Series 2010, with an average interest rate of 2.867%. The bonds consist of serial bonds bearing various fixed rates ranging from 2.0% to 4.0% with annual maturities from January, 2010 through January, 2018. The principal payments are payable January 1 of each year with interest payments due January 1 and July 1 of each year. Interest in the amount of \$26,913 is included as a direct expense on the statement of activities.

The net proceeds were used to advance refund the Series 1998 bonds with a total principal amount of \$1,270,000 and an average interest rate of 4.975%.

The net proceeds were deposited with an escrow agent to provide for the call and redemption of the refunded bonds on July 1, 2010. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. The advance refunding was done in order to reduce debt payments in the short-term and overall debt service payments.

Flexlease Financing

During a previous year the District incurred long-term debt of \$250,000 under a flexlease program of the Special Districts Association of Oregon. During the year the District repaid the remaining balance in full.

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Financial Statements

June 30, 2014

NOTE 2 – DETAILED NOTES ON ALL FUNDS – continued

Long-term Debt – continued

Maturities of bond principal at June 30, 2014 were as follows:

	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2014-15	\$160,000	\$24,512
2015-16	170,000	19,713
2016-17	175,000	13,762
2017-18	<u>180,000</u>	<u>7,200</u>
	<u>\$685,000</u>	<u>\$65,187</u>

Change in long-term debt was as follows:

	<u>General Obligation Bonds Series 2010</u>	<u>Flexlease Financing</u>	<u>Total</u>
Governmental activities:			
Balance - July 1, 2013	\$845,000	\$170,000	\$1,015,000
Principal payments	<u>(160,000)</u>	<u>(170,000)</u>	<u>(330,000)</u>
Balance - June 30, 2014	<u>\$685,000</u>	<u>\$0</u>	<u>\$685,000</u>

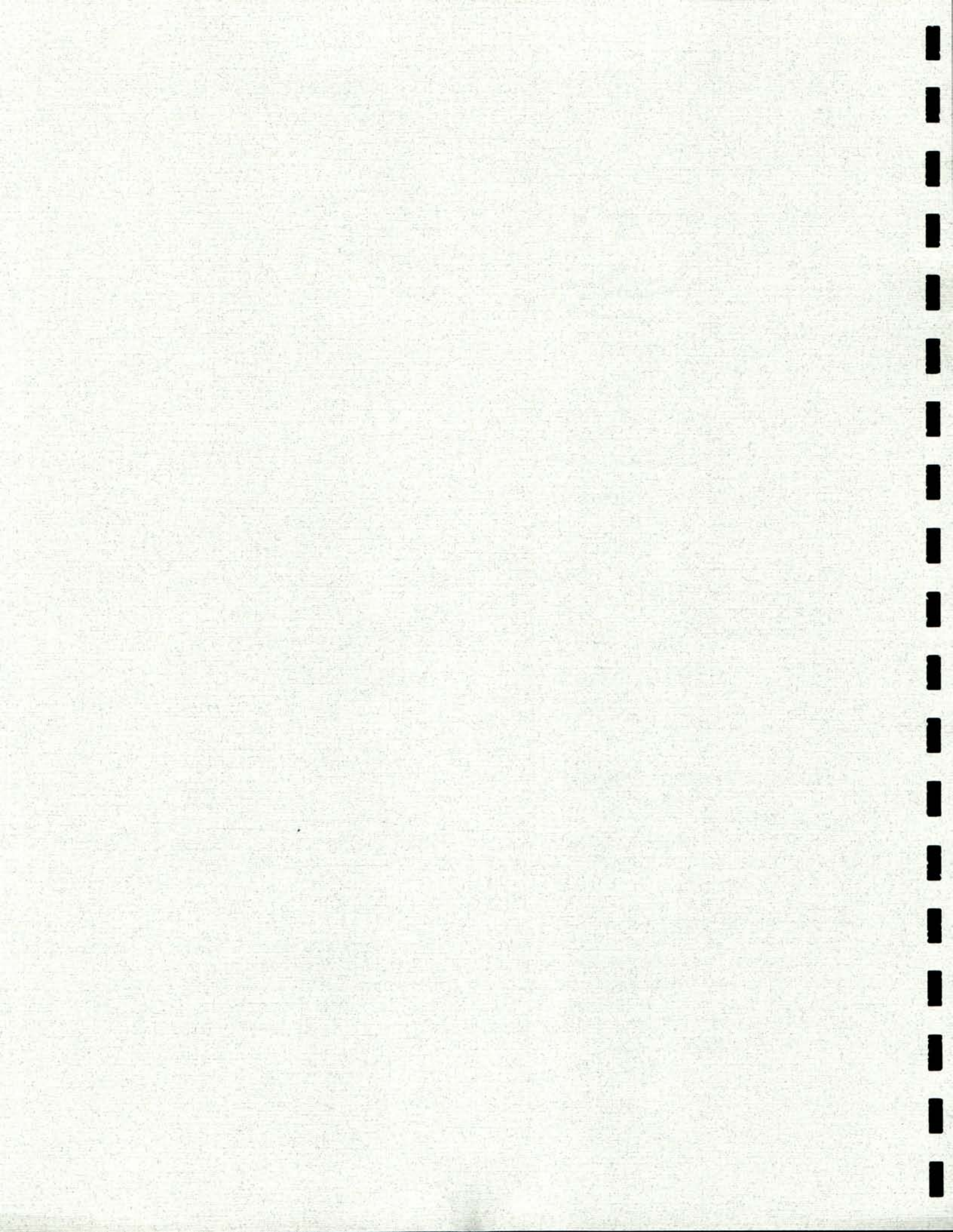
NOTE 3 – OTHER INFORMATION

Risk Management

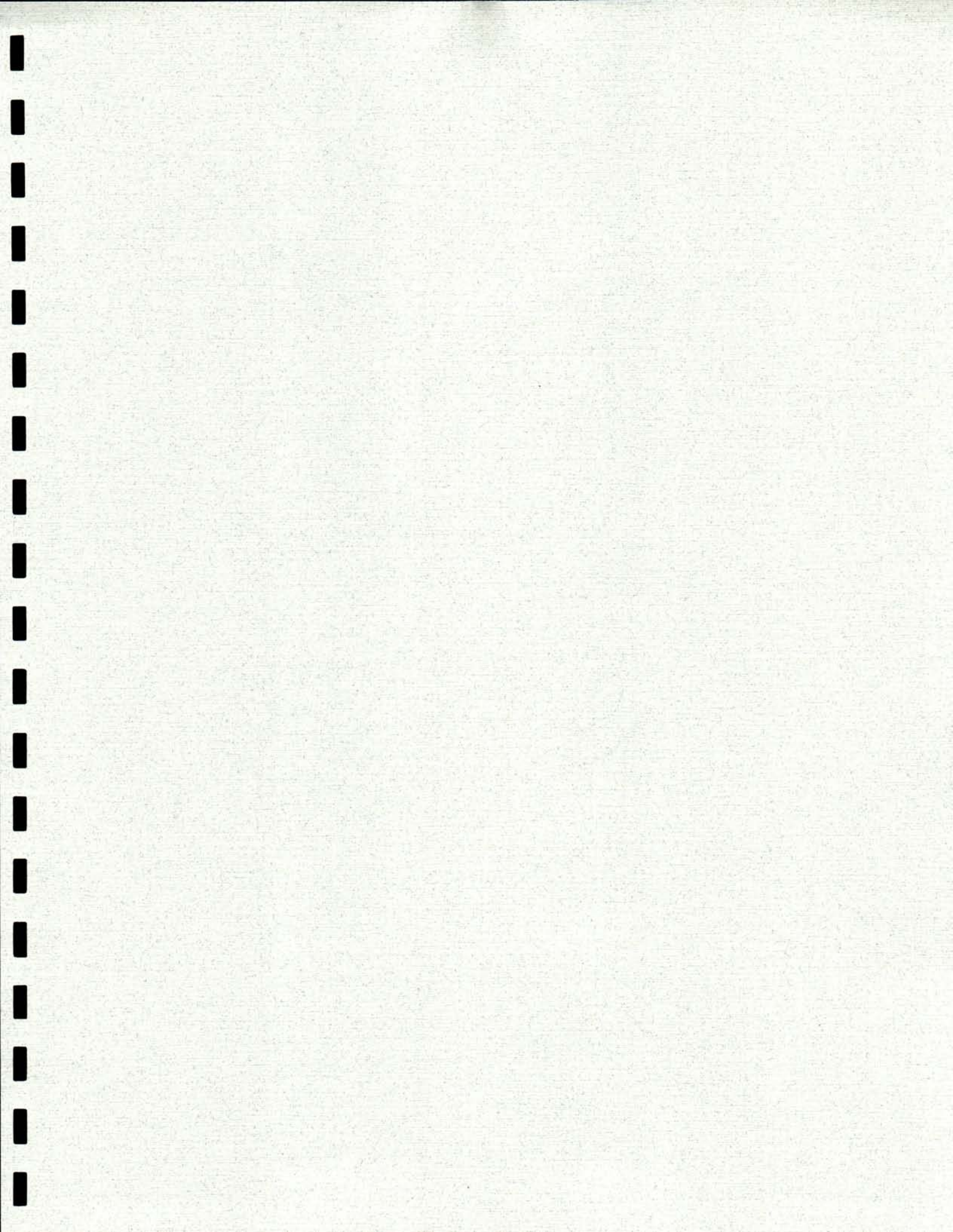
The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

Employee Retirement Plan

Since June 30, 2001, the District has maintained a Simple IRA plan. Each employee who earns at least \$5,000 during the year can participate. The District will match 3% with a possible 2% addition 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, 2014, were \$14,391 by the District and \$12,537 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, 2014

	Original Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$623,469	\$631,997	\$8,528
Pool revenues	219,000	219,516	516
Innovative revenues	8,000	14,434	6,434
Supplies sold	18,000	19,780	1,780
Interest on investments	3,000	5,099	2,099
Grants and donations	497,000	7,052	(489,948)
Miscellaneous	12,370	16,412	4,042
Total Revenues	1,380,839	914,290	(466,549)
EXPENDITURES			
Personal Services:			
Pool personnel	259,300	242,947	16,353
District personnel	208,298	200,994	7,304
Payroll expenses	87,322	78,353	8,969
Total Personal Services	554,920	522,294	32,626
Materials and Services:			
Attorney fees	33,000	1,883	31,117
Audit fees	9,450	9,750	(300)
Bank charges	0	2,434	(2,434)
Donations	0	5,000	(5,000)
Dues and fees	1,200	1,455	(255)
Employee enhancement	2,500	2,022	478
Insurance	10,200	10,965	(765)
Licenses	2,000	813	1,187
Marketing and advertising	13,000	8,294	4,706
Merchandise sold	12,000	14,197	(2,197)
Miscellaneous	1,200	(2,278)	3,478
Office supplies	10,965	6,578	4,387
Pool supplies	35,200	26,472	8,728
Pool expense - other	6,000	966	5,034
Professional fees	1,000	375	625
Program supplies	0	289	(289)
Repairs and maintenance	63,200	51,035	12,165
Skate park expense	0	2,833	(2,833)
Barrett rental expense	13,000	3,734	9,266
Travel and training	15,100	12,541	2,559
Uniforms	3,500	3,584	(84)
Utilities	125,020	116,175	8,845
Total Materials and Services	357,535	279,117	78,418
Capital outlay	980,098	48,822	931,276
Contingency	10,000	0	10,000
Total Expenditures	1,902,553	850,233	1,052,320
Revenues Over (Under) Expenditures	(521,714)	64,057	585,771
OTHER FINANCING SOURCES (USES)			
Operating transfers in	404,402	42,000	(362,402)
Loan repayment from City of Hood River	14,319	14,319	0
Operating transfers out	(76,006)	(76,006)	0
Total Other Financing Sources (Uses)	342,715	(19,687)	(362,402)
Revenues and Other (Uses) Over (Under) Expenditures	(178,999)	44,370	223,369
FUND BALANCE - July 1, 2013	363,113	260,848	(102,265)
FUND BALANCE - June 30, 2014	\$184,114	\$305,218	\$121,104

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
System Development Charge Fund
Year Ended June 30, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Investment earnings	\$4,100	\$807	(\$3,293)
License, fees, & permits	135,000	230,144	95,144
Total Revenues	<u>139,100</u>	<u>230,951</u>	<u>91,851</u>
EXPENDITURES			
Materials and services	86,400	66,043	20,357
Capital outlay	545,832	203,019	342,813
Total Expenditures	<u>632,232</u>	<u>269,062</u>	<u>363,170</u>
Revenues Over (Under) Expenditures	<u>(493,132)</u>	<u>(38,111)</u>	<u>455,021</u>
OTHER FINANCING SOURCES (USES)			
Loan payment	0	(3,581)	(3,581)
Transfers out	(172,560)	(42,000)	130,560
Total Other Financing Sources (Uses)	<u>(172,560)</u>	<u>(45,581)</u>	<u>126,979</u>
Revenues Over Expenditures and Other Sources (Uses)	(665,692)	(83,692)	582,000
FUND BALANCE - July 1, 2013	<u>665,692</u>	<u>909,919</u>	<u>244,227</u>
FUND BALANCE - June 30, 2014	<u><u>\$0</u></u>	<u><u>\$826,227</u></u>	<u><u>\$826,227</u></u>

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Required Supplementary Information
June 30, 2014

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

Reconciliation of Budgetary Information with GAAP Information

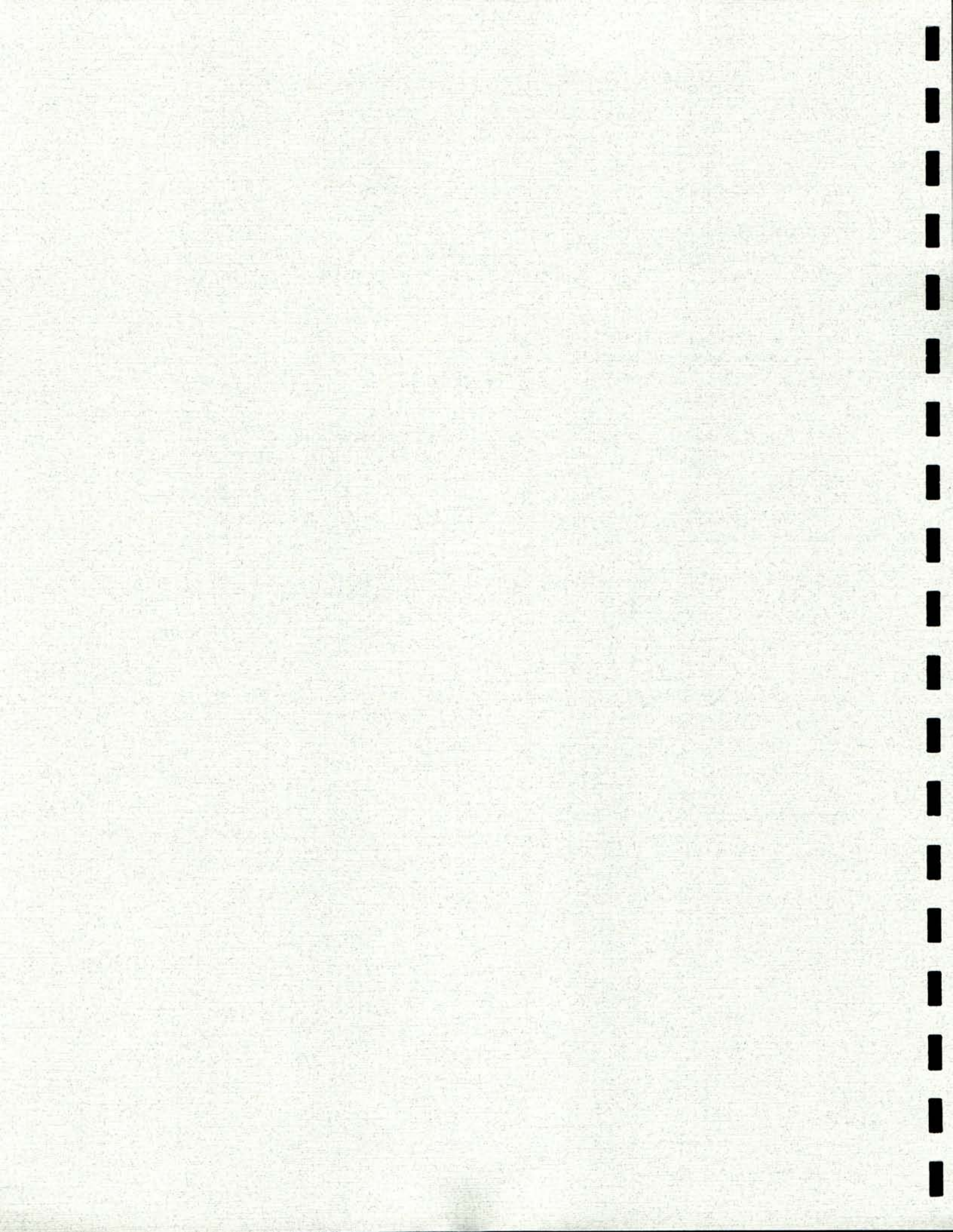
Following is a reconciliation of the budgetary basis of accounting with the GAAP basis of accounting for the General Fund:

Revenues over expenditures and other uses - Budget basis	\$44,370
City of Hood River loan principal repayment	(13,637)
Capitalized expenses	95,548
Depreciation expense	(102,146)
Change in net position - GAAP basis	<u>\$24,135</u>

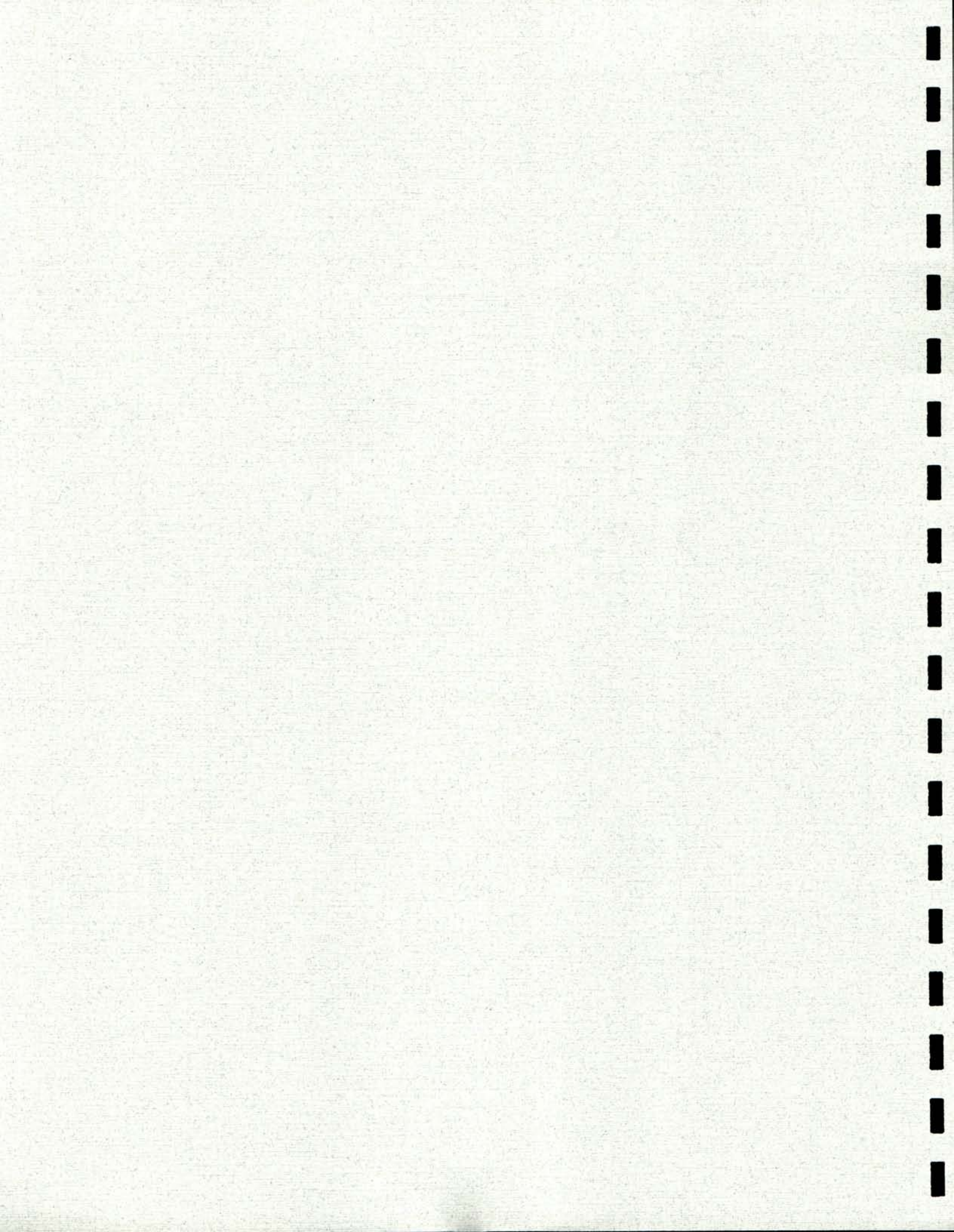
Excess of expenditures over appropriations

For the year ended June 30, 2014, expenditures exceeded appropriations in the following fund and category:

System Development Fund	Loan payment	3,581
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OTHER INFORMATION



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, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$197,973	\$201,638	\$3,665
Investment earnings	100	0	(100)
Other	2,779	0	(2,779)
Total Revenues	200,852	201,638	786
EXPENDITURES			
Debt Service	199,313	186,912	12,401
Amortization expense	3,279	900	2,379
Total Expenditures	202,592	187,812	14,780
Revenues Over (Under) Expenditures	(1,740)	13,826	15,566
FUND BALANCE - July 1, 2013	1,740	(3,307)	(5,047)
FUND BALANCE - June 30, 2014	<u>\$0</u>	<u>\$10,519</u>	<u>\$10,519</u>

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance
 Improvement Fund
Year Ended June 30, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$76,006	\$76,006	\$0
Transfers out	<u>(231,842)</u>	<u>0</u>	<u>231,842</u>
Total Other Financing Sources (Uses)	<u>(155,836)</u>	<u>76,006</u>	<u>231,842</u>
Other Sources (Uses) Over (Under) Expenditures	(155,836)	76,006	231,842
FUND BALANCE - July 1, 2013	<u>155,836</u>	<u>192,413</u>	<u>36,577</u>
FUND BALANCE - June 30, 2014	<u><u>\$0</u></u>	<u><u>\$268,419</u></u>	<u><u>\$268,419</u></u>

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT
 Schedule of Property Tax Transactions
Year Ended June 30, 2014

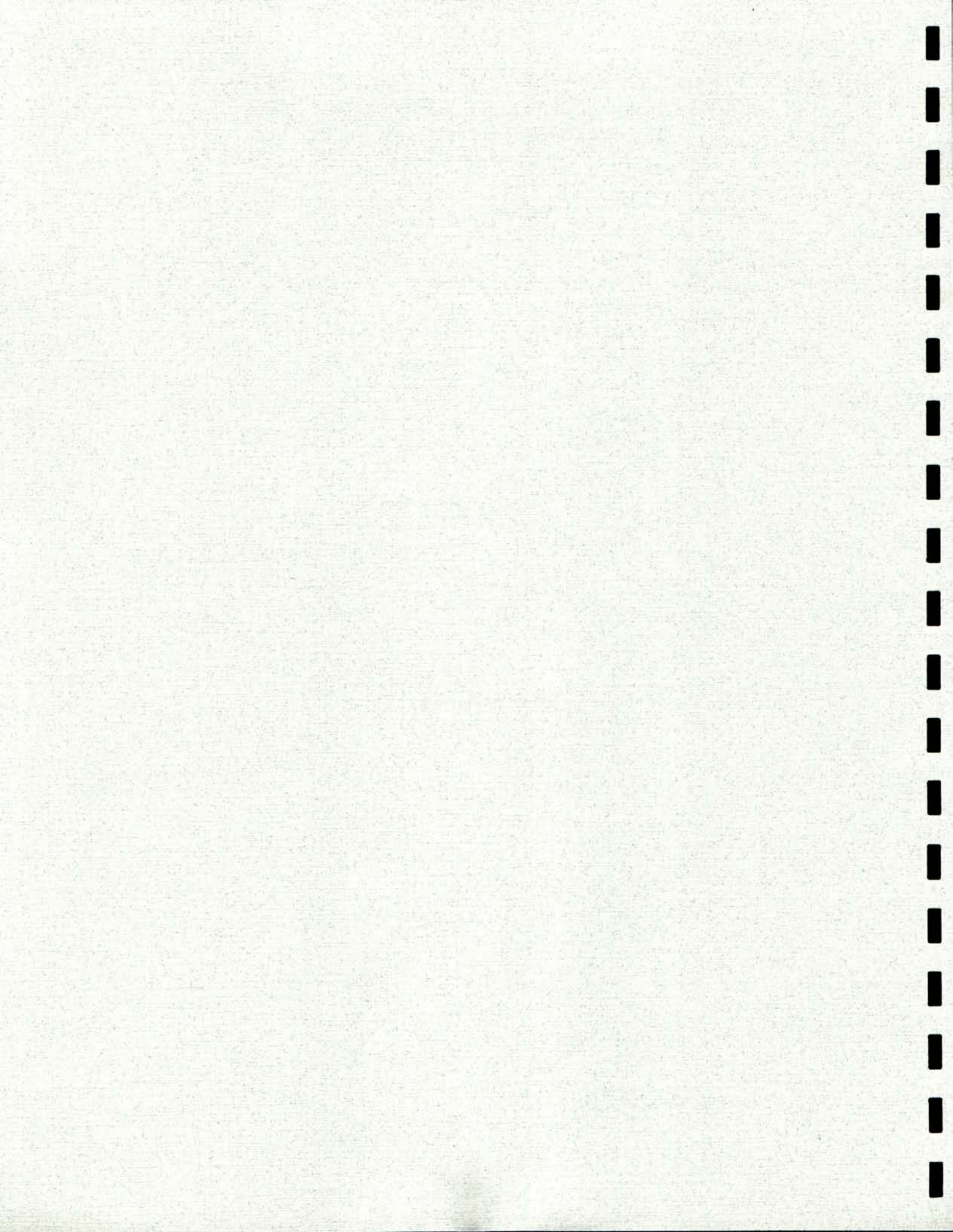
<u>Tax Year</u>	<u>Current Levy and Balance Receivable July 1, 2013</u>	<u>Adjustments</u>	<u>Discount</u>	<u>Cash Collections</u>	<u>Balance Receivable June 30, 2014</u>
2013-14	\$854,369	(\$2,003)	(\$21,627)	(\$810,702)	\$20,037
2012-13	21,010	(750)	6	(8,711)	11,555
2011-12	11,984	(712)	1	(3,322)	7,951
2010-11	7,092	(390)	2	(3,289)	3,415
2009-10	3,171	(164)	1	(1,736)	1,272
2008-09	1,169	(119)	0	(188)	862
2007-08	381	(112)	0	(68)	201
Prior	403	(104)	0	-	299
	<u>\$899,579</u>	<u>(\$4,354)</u>	<u>(\$21,617)</u>	<u>(\$828,016)</u>	<u>\$45,592</u>

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT
Schedule of Long Term Debt Transactions
Year Ended June 30, 2014

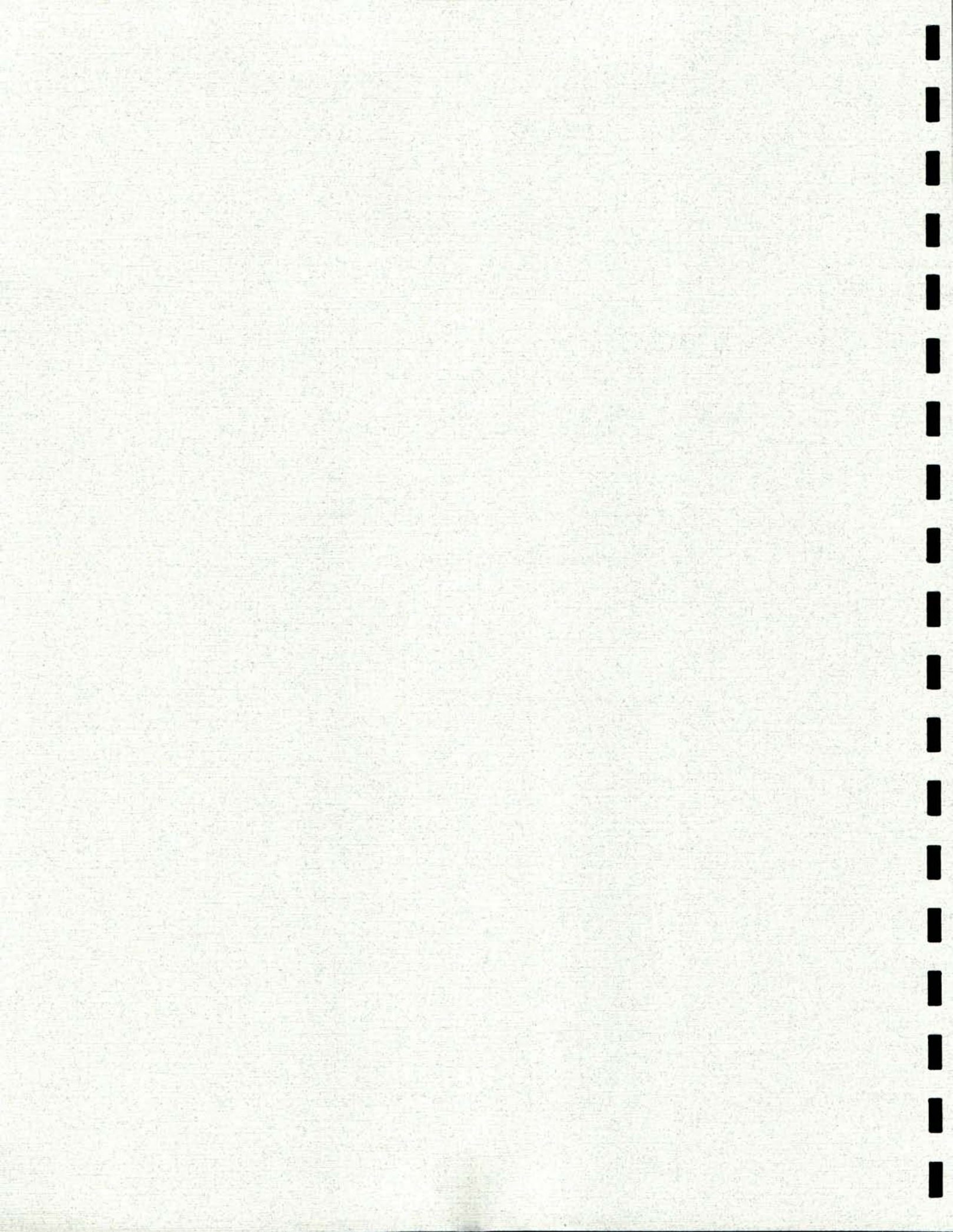
	<u>Flexlease Financing</u>		<u>2010 Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Original issue	<u>\$ 250,000</u>		<u>\$ 1,320,000</u>	
Matured during year	\$170,000	\$7,498	\$160,000	\$26,913
Paid during year	<u>(170,000)</u>	<u>(7,498)</u>	<u>(160,000)</u>	<u>(26,913)</u>
Matured and outstanding at June 30, 2014	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

HOOD RIVER VALLEY PARK AND RECREATION DISTRICT
 Schedule of Future Debt Service Requirements
Year Ended June 30, 2014

<u>Year of Maturity</u>	2010 Bonds	
	Principal	Interest
2014-15	\$160,000	\$24,512
2015-16	170,000	19,713
2016-17	175,000	13,762
2017-18	180,000	7,200
	\$685,000	\$65,187



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



Onstott, Broehl & Cyphers, P. C.

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RICK M. CYPHERS, c.p.a.

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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, 2014 and have issued our report thereon dated February 5, 2015. 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

The results of our tests disclosed one instance 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
February 5, 2015

Onstott, Broehl & Cyphers, P. C.

Certified Public Accountants

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LETTER TO MANAGEMENT

February 5, 2015

Board of Directors
Hood River Valley Park and Recreation District
Hood River, Oregon 97031

In planning and performing our audit of the financial statements of the Hood River Valley Park and Recreation District for the year ended June 30, 2014 in accordance with auditing standards generally accepted in the United States of America, we considered Hood River Valley Park and Recreation District's internal control over financial reporting (internal control) as a basis for designing 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit

attention by those charged with governance. We consider the following deficiencies in the District's internal control to be significant deficiencies.

COMMENTS AND RECOMMENDATIONS

STATUS OF ITEMS REPORTED IN PRIOR YEAR

In prior years we have commented on several items. Following is the current status of these recommendations:

Old Outstanding Checks

The reconciliation of the US Bank checking account includes a number of old outstanding checks. Some of these date back to 2007.

Current Status:

There are still old outstanding checks listed on the bank reconciliation. Again, we recommend that these be investigated to determine whether they were duplicate payments or actual uncashed checks. Should they be valid, they should be either reissued or remitted to the Oregon Department of State Lands as unclaimed property.

Chart of Accounts – Cash Accounts

The chart of accounts includes a number of different accounts for the US Bank checking account. Many of these accounts have negative balances or have not changed during the year. There does not seem to be a definite purpose for many, if not most, of these accounts.

Current Status

There appears to have been no change in this area.

Accounts Receivable Reconciliation

The balance in the accounts receivable account had not been reconciled to the detail recently. The detail listed items that had either been paid previously or were no longer valid receivables.

Current Status

Some of these have been corrected but there are still items in the listing that are not valid receivables.

CURRENT YEAR ITEMS

Prior Year Adjusting Entries

Prior year audit adjusting journal entries were not posted to the Quickbooks ledger. Consequently fund balances reflected therein were incorrect.

Recommendation

Audit adjusting journal entries should be posted to the general ledger.

Retained Earnings Entries

During the year several entries were posted to the retained earnings account in error. As a general rule, the only entries that should be made to this account are the closing entries of revenues and expenditures at year-end.

Recommendation

Routine entries should not be posted to the retained earnings account except under extraordinary circumstances.

Timely Bank Deposits

Various bank deposits during the year were not made on a timely basis. In several instances deposits were not made until two or three weeks after receipt. This increases the possibility of loss or theft

Recommendation

All receipts should be deposited on a weekly basis or more frequently when there are large amounts of cash on hand.

Approval of Invoices for Payment

In our testing it was noted that several invoices did not evidence approval for payment.

Recommendation

This is an important element of internal control. Therefore each invoice should be initialed by the executive director or department head prior to payment.

Oregon Budget Law Violation

There was one budget law violation during the year as noted in the annual financial report. This issue should be corrected.

Recommendation

The District should carefully monitor the budget during the year to assure that there are no budget categories that are overexpended.

In-house Accounting Controls

The District does not presently have a system for performing some of the necessary accounting procedures and processes. These include:

- An in-house program and system for maintaining depreciation records of the District's fixed assets.

- Personnel with the necessary training and expertise to prepare the annual financial report.
- The District uses Quickbooks for its accounting program. Quickbooks is not designed for fund accounting as it does not provide the ability to maintain self-balancing books for each individual fund.

Internal Control

Small Districts such as Hood River Valley Park and Recreation District do not have the resources or personnel to properly segregate duties in a manner that will minimize the risk of loss due to error, fraud or other irregularities.

Recommendation

This places a burden on management and the board to be vigilant in performing their duties as stewards of the assets of the District. This includes reviewing expenditures on a monthly basis, insuring that management and staff follow established procedures in safeguarding and properly caring for fixed assets, and maintaining adequate control over liquid assets such as cash and investments. Such oversight will partially compensate for the inherent weaknesses in internal control that are present in small Districts.

We appreciate the opportunity of presenting these comments to you and would be pleased to assist you in any way in their implementation.

This communication is intended solely for the information and use of the Board of Directors, State of Oregon, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Onstott, Broehl & Cyphers, P.C.